

**COLLEGE STATION INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2011**



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

<u>Exhibit Number</u>	<u>Page Number</u>
	ii
Certificate of Board .....	ii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	2
Management's Discussion and Analysis .....	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Assets .....	13
B-1 Statement of Activities .....	14
Fund Financial Statements:	
C-1 Balance Sheet - Governmental Funds .....	16
C-1R Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	19
C-2 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	20
C-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
C-4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund .....	23
D-1 Statement of Net Assets - Proprietary Funds .....	24
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds .....	25
D-3 Statement of Cash Flows - Proprietary Funds .....	26
E-1 Statement of Fiduciary Assets and Liabilities - Fiduciary Funds .....	27
Notes to the Financial Statements .....	28
<b>Combining Statements:</b>	
H-1 Combining Balance Sheet – Nonmajor Special Revenue Funds .....	44
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	50
<b>Other Supplementary Information:</b>	
J-1 Schedule of Delinquent Taxes Receivable .....	58
J-2 Schedule of Expenditures for Computation of Indirect Cost for 2012-2013 .....	60
J-3 Budgetary Comparison Schedule - National School Breakfast and Lunch Program .....	61
J-4 Budgetary Comparison Schedule - Debt Service Fund .....	62
<b>Overall Compliance, Internal Control Section and Federal Awards:</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> Standards .....	64
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 .....	66
Schedule of Findings and Questioned Costs .....	69
Summary Schedule of Prior Audit Findings .....	70
Corrective Action Plan .....	71
K-1 Schedule of Expenditures of Federal Awards .....	72
Notes to Schedule of Expenditures of Federal Awards .....	73

**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, 2011 at a meeting of the Board of Trustees of such school district on the 19th day of December, 2011.

\_\_\_\_\_  
**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**



## 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 the College Station Independent School District (District), as of and for the year ended August 31, 2011, 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, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining statements and other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information 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**  
**November 11, 2011**

## 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, 2011. 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 \$102,709,934 (net assets). Of this amount, \$39,440,413 (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 \$10,067,199 from current operations and the sale of land for \$4,000,000.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$55,021,318, an increase of \$2,528,876 as compared to the preceding year. The current period increase in fund balances of the governmental funds was primarily due to the increase in state funding and debt service tax revenue.
- At the end of the year, unassigned fund balance of the general fund was \$19,339,179, or 26 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$56,261,463 (42 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, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Current Debt Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, Payments to Tax Increment Fund, and Other Intergovernmental Charges*. The business-type activities of the District include the Enterprise Funds for *Community Education and Kids Klub*.

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

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

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

The District maintained thirty 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-seven 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 \$102,709,934, an increase of \$10,067,199 from current operations and the prior year adjustment of \$8,985,538 decreased net assets.

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

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
	Amount	Amount	Amount	Amount	Amount	Amount
Current and Other Assets	\$ 69,426,964	\$ 67,363,024	\$ 362,346	\$ 555,377	\$ 69,789,310	\$ 67,918,401
Capital Assets, net of Depreciation	235,413,642	172,112,779	7,795	16,516	235,421,437	172,129,295
<b>Total Assets</b>	<b>\$ 304,840,606</b>	<b>\$ 239,475,803</b>	<b>\$ 370,141</b>	<b>\$ 571,893</b>	<b>\$ 305,210,747</b>	<b>\$ 240,047,696</b>
Noncurrent Liabilities Outstanding	191,553,013	135,443,338	-	-	191,553,013	135,443,338
Other Liabilities	10,827,843	11,600,608	119,957	361,015	10,947,800	11,961,623
<b>Total Liabilities</b>	<b>\$ 202,380,856</b>	<b>\$ 147,043,946</b>	<b>\$ 119,957</b>	<b>\$ 361,015</b>	<b>\$ 202,500,813</b>	<b>\$ 147,404,961</b>
<b>Net Assets:</b>						
Invested in Capital Assets, net of Related Debt	\$ 57,674,532	\$ 56,621,972	\$ 7,795	\$ 16,516	\$ 57,682,327	\$ 56,638,488
Restricted	5,587,194	4,217,718	-	-	5,587,194	4,217,718
Unrestricted	39,198,024	31,592,167	242,389	194,362	39,440,413	31,786,529
<b>Total Net Assets</b>	<b>\$ 102,459,750</b>	<b>\$ 92,431,857</b>	<b>\$ 250,184</b>	<b>\$ 210,878</b>	<b>\$ 102,709,934</b>	<b>\$ 92,642,735</b>

The largest portion of the District's net assets are unrestricted. Investment in capital assets (e.g., capitalized bond and debt issuance cost, land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represent 56 percent of the District's net assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets (\$5,587,194 or 5 percent of net assets) are restricted for debt service. The remaining balance unrestricted net assets (\$39,440,413) 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 \$10,027,893. 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	
	2011	2010	2011	2010	2011	2010
	Amount	Amount	Amount	Amount	Amount	Amount
<b>Revenue:</b>						
Program Revenues:						
Charges for Services	\$ 3,531,050	\$ 3,597,487	\$ 1,504,015	\$ 1,433,097	\$ 5,035,065	\$ 5,030,584
Operating Grants and Contributions	15,297,509	15,391,194	-	-	15,297,509	15,391,194
General Revenues:						
Property Taxes, Levied for General Purpose	58,675,446	58,023,016	-	-	58,675,446	58,023,016
Property Taxes, Levied for Debt Service	18,180,730	14,764,080	-	-	18,180,730	14,764,080
Grants and Contributions Not Restricted	14,321,707	7,058,388	-	-	14,321,707	7,058,388
Investment Earnings	374,983	261,254	-	-	374,983	261,254
Miscellaneous Local and Intermediate	3,962,140	426,009	-	-	3,962,140	426,009
<b>Total Revenues</b>	<b>\$ 114,343,565</b>	<b>\$ 99,521,428</b>	<b>\$ 1,504,015</b>	<b>\$ 1,433,097</b>	<b>\$ 115,847,580</b>	<b>\$ 100,954,525</b>
<b>Expenses:</b>						
Instruction	55,865,287	50,936,905	-	-	55,865,287	50,936,905
Instructional Resources and Media Services	1,247,699	1,265,292	-	-	1,247,699	1,265,292
Curriculum and Development	1,920,790	1,708,760	-	-	1,920,790	1,708,760
Instructional Leadership	1,834,874	1,843,698	-	-	1,834,874	1,843,698
School Leadership	4,568,038	4,212,210	-	-	4,568,038	4,212,210
Guidance, Counseling, and Evaluation Services	2,782,624	2,785,168	-	-	2,782,624	2,785,168
Social Work Services	22,040	13,686	-	-	22,040	13,686
Health Services	960,189	941,177	-	-	960,189	941,177
Student Transportation	3,126,041	604,942	-	-	3,126,041	604,942
Food Service	4,712,444	4,444,842	-	-	4,712,444	4,444,842
Cocurricular/Extracurricular Activities	3,357,874	3,119,403	-	-	3,357,874	3,119,403
General Administration	2,205,649	2,315,925	-	-	2,205,649	2,315,925
Plant Maintenance and Operations	8,822,716	8,900,526	-	-	8,822,716	8,900,526
Security and Monitoring Services	178,376	302,920	-	-	178,376	302,920
Data Processing Services	1,507,947	1,734,436	-	-	1,507,947	1,734,436
Community Services	710,726	497,961	-	-	710,726	497,961
Interest on Long-term Debt	7,885,860	6,021,319	-	-	7,885,860	6,021,319
Current Debt Fees	93,530	84,881	-	-	93,530	84,881
Facilities Repair and Maintenance	668,806	5,094,174	-	-	668,806	5,094,174
Contracted Instructional Services						
Between Schools	1,016,608	413,912	-	-	1,016,608	413,912
Payments Related to Shared Services						
Arrangements	72,304	97,923	-	-	72,304	97,923
Payments to Juvenile Justice Alternative						
Education Programs	3,404	1,753	-	-	3,404	1,753
Payments to Tax Increment Fund	-	585,180	-	-	-	585,180
Other Intergovernmental Charges	751,846	724,117	-	-	751,846	724,117
Community Education	-	-	467,938	447,841	467,938	447,841
Kids Club	-	-	996,771	997,639	996,771	997,639
<b>Total Expenses</b>	<b>\$ 104,315,672</b>	<b>\$ 98,651,110</b>	<b>\$ 1,464,709</b>	<b>\$ 1,445,480</b>	<b>\$ 105,780,381</b>	<b>\$ 100,096,590</b>
Change in Net Assets	10,027,893	870,318	39,306	(12,383)	10,067,199	857,935
Net Assets - Beginning	92,431,857	100,547,077	210,878	223,261	92,642,735	100,770,338
Prior Period Adjustment	-	(8,985,538)	-	-	-	(8,985,538)
<b>Net Assets - Ending</b>	<b>\$ 102,459,750</b>	<b>\$ 92,431,857</b>	<b>\$ 250,184</b>	<b>\$ 210,878</b>	<b>\$ 102,709,934</b>	<b>\$ 92,642,735</b>

The increase in net assets was primarily the result of an increase in debt service property tax revenue, resulting from an increase in property tax rates, an increase in state funding, and the sale of land, that exceeded the increases in instructional and student transportation costs.

Revenues, aggregating \$114,343,565, were generated primarily from two sources. Property taxes \$76,856,176 represent 67 percent of total revenues while grants and contributions (program and general), totaling \$29,619,216, represent 26 percent of total revenues. The remaining 7 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is *Instruction* \$55,865,287, which represents 54 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 \$39,306 primarily due to the rise in fees for community education did not exceed the related increase in operating expenses.

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

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

**Governmental funds.** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$55,021,318, an increase of \$2,528,876 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 \$19,339,179, while total fund balance was \$36,761,871. 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 26 percent of total general fund expenditures, while total fund balance represents 50 percent of that same total. The fund balance of the general fund increased \$7,563,204 during the year, primarily due to the increase in state funding and the sale of land exceeded the slight increase in total expenditures.

The debt service fund ended the year with a total fund balance of \$5,492,216, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased \$1,406,533 during the year, primarily due to the increase in property tax revenue resulting from a rate increase.

The capital projects fund has a total fund balance of \$11,462,686 all of which is reserved for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$6,340,701. The decrease was due to the issuance of bonds was exceeded by the expenditures on capital projects.

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

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

**General Fund Budgetary Highlights**

Differences between the originally-adopted budget and the final amended budget of the general fund were to increase appropriations \$649,906. The most significant changes were to decrease instructional appropriations which were reappropriated in the special revenue stimulus funds. There were no significant variations between the final budget and actual expenditures. Amendments were approved by the governing body.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental and business-type activities as of August 31, 2011 was \$235,421,437 (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 \$63,292,142.

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

- Furniture and Equipment totaling \$1,048,680.
- Construction in Progress totaling \$69,523,177.

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

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
	Amount	Amount	Amount	Amount	Amount	Amount
Land	\$ 8,871,609	\$ 9,141,157	\$ -	\$ -	\$ 8,871,609	\$ 9,141,157
Buildings and Improvements	127,313,925	131,339,083	-	-	127,313,925	131,339,083
Furniture and Equipment	5,401,106	6,325,364	7,795	16,516	5,408,901	6,341,880
Construction in Progress	93,827,002	25,307,175	-	-	93,827,002	25,307,175
<b>Totals</b>	<b>\$ 235,413,642</b>	<b>\$ 172,112,779</b>	<b>\$ 7,795</b>	<b>\$ 16,516</b>	<b>\$ 235,421,437</b>	<b>\$ 172,129,295</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 \$190,109,551. 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 \$919,764, and compensated absences of \$523,698.

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

	Governmental Activities					
	2011		2010		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 190,109,551	100	\$ 133,848,088	99	\$ 56,261,463	100
Notes Payable	-	-	206,042	-	(206,042)	-
Workers' Compensation	919,764	-	868,500	1	51,264	-
Compensated Absences	523,698	-	520,708	-	2,990	-
<b>Totals</b>	<b>\$ 191,553,013</b>	<b>100</b>	<b>\$ 135,443,338</b>	<b>100</b>	<b>\$ 56,109,675</b>	

The District's total bonded debt increased by \$56,261,463. The key factor was the issuance of a new bond.

The District is rated "AAA" by Standard and Poor's and "AAA" by Fitch'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 2010-11 Budgets**

- School year (2011-12) student enrollment is, 10,632, a 3 percent increase from the preceding year.
- District staff totals 1,604 employees in 2011-12, excluding substitutes and other part-time employees, of which 729 are teachers and 313 are teacher aides and secretaries.
- The District maintains 14 regular education campuses.
- Property values of the District are projected to decrease 6% for the 2011-12 year.
- A maintenance and operations tax rate of \$1.00005 and a debt service tax rate of \$.33498, a total rate of \$1.33503 was adopted for 2011-12. Preceding year rates were \$1.00005, \$.30988 and \$1.30993, respectively.

All of these factors and others were considered in preparing the District's budget for the 2011-12 fiscal year.

During 2010-11, fund balance in the general fund increased to \$36,761,871. The District plans to commit \$13,000,000 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**

EXHIBIT A-1

STATEMENT OF NET ASSETS

AUGUST 31, 2011

Data Control Codes		1	2	3
		Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 39,514,483	362,346	39,876,829
1120	Current Investments	23,223,857	-	23,223,857
1225	Property Taxes Receivable (Net)	2,447,398	-	2,447,398
1240	Due from Other Governments	3,073,302	-	3,073,302
1250	Accrued Interest	21,486	-	21,486
1310	Inventories	230,304	-	230,304
1410	Deferred Expenses	8,379	-	8,379
1420	Capitalized Bond and Other Debt Issuance Costs	907,755	-	907,755
	Capital Assets:	-	-	-
1510	Land	8,871,609	-	8,871,609
1520	Buildings and Improvements, net	127,313,925	-	127,313,925
1530	Furniture and Equipment, net	5,401,106	7,795	5,408,901
1580	Construction in Progress	93,827,002	-	93,827,002
1000	Total Assets	<u>304,840,606</u>	<u>370,141</u>	<u>305,210,747</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	8,157,462	3,364	8,160,826
2140	Interest Payable	345,469	-	345,469
2165	Accrued Liabilities	2,216,145	58,225	2,274,370
2180	Due to Other Governments	34,107	-	34,107
2300	Unearned Revenue	74,660	58,368	133,028
	Noncurrent Liabilities:	-	-	-
2501	Due within One Year	10,653,462	-	10,653,462
2502	Due in More Than One Year	180,899,551	-	180,899,551
2000	Total Liabilities	<u>202,380,856</u>	<u>119,957</u>	<u>202,500,813</u>
<b>NET ASSETS</b>				
3200	Invested in Capital Assets, Net of Related Debt	57,674,532	7,795	57,682,327
	Restricted For:			
3850	Debt Service	5,587,194	-	5,587,194
3900	Unrestricted	39,198,024	242,389	39,440,413
3000	Total Net Assets	<u>\$ 102,459,750</u>	<u>\$ 250,184</u>	<u>\$ 102,709,934</u>

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	<b>Governmental Activities:</b>			
11	Instruction	\$ 55,865,287	\$ 444,320	\$ 9,137,979
12	Instructional Resources and Media Services	1,247,699	86,157	52,990
13	Curriculum and Staff Development	1,920,790	14,701	1,004,512
21	Instructional Leadership	1,834,874	-	666,191
23	School Leadership	4,568,038	39,193	336,073
31	Guidance, Counseling, & Evaluation Services	2,782,624	7,491	511,086
32	Social Work Services	22,040	-	22,040
33	Health Services	960,189	-	173,007
34	Student Transportation	3,126,041	34,540	181,269
35	Food Service	4,712,444	2,281,500	2,237,347
36	Cocurricular/Extracurricular Activities	3,357,874	556,275	20,224
41	General Administration	2,205,649	1,416	99,433
51	Plant Maintenance and Operations	8,822,716	51,403	282,388
52	Security and Monitoring Services	178,376	-	1,892
53	Data Processing Services	1,507,947	-	52,229
61	Community Services	710,726	14,054	518,849
72	Interest on Long-term Debt	7,885,860	-	-
73	Current Debt Fees	93,530	-	-
81	Facilities Repair and Maintenance	668,806	-	-
91	Contracted Instructional Services between Schools	1,016,608	-	-
93	Payments Related to Shared Services Arrangements	72,304	-	-
95	Payments to Juvenile Justice Alternative Ed. Programs	3,404	-	-
99	Other Intergovernmental Charges	751,846	-	-
TP	Total Governmental Activities	<u>104,315,672</u>	<u>3,531,050</u>	<u>15,297,509</u>
	<b>Business-type-Activities:</b>			
01	Community Education	467,938	495,559	-
02	Kids Klub	996,771	1,008,456	-
TB	Total Business-type Activities	<u>1,464,709</u>	<u>1,504,015</u>	-
TP	Total Primary Government	<u>\$ 105,780,381</u>	<u>\$ 5,035,065</u>	<u>\$ 15,297,509</u>
	<b>General Revenues:</b>			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net 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

Governmental Activities	Business-type Activities	Total
\$ (46,282,988)		(46,282,988)
(1,108,552)		(1,108,552)
(901,577)		(901,577)
(1,168,683)		(1,168,683)
(4,192,772)		(4,192,772)
(2,264,047)		(2,264,047)
-		-
(787,182)		(787,182)
(2,910,232)		(2,910,232)
(193,597)		(193,597)
(2,781,375)		(2,781,375)
(2,104,800)		(2,104,800)
(8,488,925)		(8,488,925)
(176,484)		(176,484)
(1,455,718)		(1,455,718)
(177,823)		(177,823)
(7,885,860)		(7,885,860)
(93,530)		(93,530)
(668,806)		(668,806)
(1,016,608)		(1,016,608)
(72,304)		(72,304)
(3,404)		(3,404)
(751,846)		(751,846)
<u>(85,487,113)</u>		<u>(85,487,113)</u>
-	\$ 27,621	27,621
-	11,685	11,685
-	39,306	39,306
<u>(85,487,113)</u>	<u>39,306</u>	<u>(85,447,807)</u>
58,675,446	-	58,675,446
18,180,730	-	18,180,730
374,983	-	374,983
14,321,707	-	14,321,707
3,962,140	-	3,962,140
<u>95,515,006</u>	<u>-</u>	<u>95,515,006</u>
10,027,893	39,306	10,067,199
92,431,857	210,878	92,642,735
\$ <u>102,459,750</u>	\$ <u>250,184</u>	\$ <u>102,709,934</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2011

Data Control Codes	199	599
	General Fund	Debt Service Fund
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ 26,185,927	\$ 2,823,982
1120 Current Investments	10,202,521	2,662,297
1225 Taxes Receivable, Net	2,006,951	440,447
1240 Due from Other Governments	1,988,360	3,283
1250 Accrued Interest	13,549	2,654
1260 Due from Other Funds	967,111	-
1310 Inventories	66,350	-
1410 Deferred Expenditures	8,379	-
1000 Total Assets	<u>\$ 41,439,148</u>	<u>\$ 5,932,663</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 391,527	\$ -
2165 Accrued Wages Payable	2,216,145	-
2170 Due to Other Funds	3,592	-
2180 Due to Other Governments	33,622	-
2300 Deferred Revenue	2,032,391	440,447
2000 Total Liabilities	<u>4,677,277</u>	<u>440,447</u>
<b>FUND BALANCES:</b>		
3410 Nonspendable Inventories	66,350	-
3430 Nonspendable Prepaid Items	8,379	-
3450 Restricted for Federal/State funds grant restrictions	-	-
3470 Restricted for Capital Acquisition Program and Contractual Obligations	-	-
3480 Restricted for Retirement of Long-term Debt	-	5,492,216
3510 Committed Fund Balance - Construction	13,000,000	-
3540 Committed Fund Balance - Self-Insurance	347,963	-
3545 Other Committed Fund Balance	4,000,000	-
3600 Unassigned Fund Balance	19,339,179	-
3000 Total Fund Balances	<u>36,761,871</u>	<u>5,492,216</u>
4000 Total Liabilities and Fund Balances	<u>\$ 41,439,148</u>	<u>\$ 5,932,663</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

699 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 8,705,286	\$ 1,228,409	\$ 38,943,604
10,002,538	355,579	23,222,935
-	-	2,447,398
-	1,081,659	3,073,302
5,030	41	21,274
-	4,169	971,280
-	163,954	230,304
-	-	8,379
<u>\$ 18,712,854</u>	<u>\$ 2,833,811</u>	<u>\$ 68,918,476</u>
\$ 7,250,168	\$ 511,873	\$ 8,153,568
-	-	2,216,145
-	967,688	971,280
-	485	34,107
-	49,220	2,522,058
<u>7,250,168</u>	<u>1,529,266</u>	<u>13,897,158</u>
-	124,734	191,084
-	-	8,379
-	50,012	50,012
11,462,686	-	11,462,686
-	-	5,492,216
-	-	13,000,000
-	-	347,963
-	1,129,799	5,129,799
-	-	19,339,179
<u>11,462,686</u>	<u>1,304,545</u>	<u>55,021,318</u>
<u>\$ 18,712,854</u>	<u>\$ 2,833,811</u>	<u>\$ 68,918,476</u>

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS*  
 AUGUST 31, 2011

EXHIBIT C-1R

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 55,021,318

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	\$	314,103,017	
Accumulated Depreciation of Governmental Capital Assets		<u>(78,689,375)</u>	235,413,642

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. 2,447,398

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. 907,755

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

Bonds Payable, at Original Par	\$	(189,245,000)	
Premium on Bonds Payable		(1,405,616)	
Deferred Interest Expense Adjustment		541,065	
Accrued Interest on the Bonds		(345,469)	
Compensated Absences		<u>(523,698)</u>	(190,978,718)

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. (351,645)

**Total Net Assets - Governmental Activities (Exhibit A-1)** \$ 102,459,750

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 59,561,336	\$ 18,182,211
5800 <i>State Program Revenues</i>	17,793,560	-
5900 <i>Federal Program Revenues</i>	-	-
5020 <b>Total Revenues</b>	<u>77,354,896</u>	<u>18,182,211</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	44,278,411	-
0012 <i>Instructional Resources and Media Services</i>	1,029,519	-
0013 <i>Curriculum and Staff Development</i>	904,551	-
0021 <i>Instructional Leadership</i>	1,224,580	-
0023 <i>School Leadership</i>	4,110,192	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	2,293,920	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	788,533	-
0034 <i>Student Transportation</i>	2,315,316	-
0035 <i>Food Service</i>	-	-
0036 <i>Cocurricular/Extracurricular Activities</i>	2,469,874	-
0041 <i>General Administration</i>	2,094,520	-
0051 <i>Plant Maintenance and Operations</i>	8,288,301	-
0052 <i>Security and Monitoring Services</i>	179,373	-
0053 <i>Data Processing Services</i>	1,550,278	-
0061 <i>Community Services</i>	206,256	-
0071 <i>Principal on Long-term Debt</i>	206,042	8,895,000
0072 <i>Interest on Long-term Debt</i>	8,942	7,880,678
0073 <i>Bond Issuance Costs and Fees</i>	-	-
0081 <i>Capital Outlay</i>	-	-
0091 <i>Contracted Instructional Services between Public Schools</i>	1,016,608	-
0093 <i>Payments to Shared Service Arrangements</i>	72,304	-
0095 <i>Payments to Juvenile Justice Alternative Education Programs</i>	3,404	-
0099 <i>Other Intergovernmental Charges</i>	751,846	-
6030 <b>Total Expenditures</b>	<u>73,792,770</u>	<u>16,775,678</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>3,562,126</u>	<u>1,406,533</u>
Other Financing Sources and (Uses):		
7911 <i>Issuance of Refunding and Capital Bonds</i>	-	-
7912 <i>Sale of Real or Personal Property</i>	4,001,078	-
7916 <i>Premium or Discount on Issuance of Bonds</i>	-	-
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>4,001,078</u>	<u>-</u>
1200 <b>Net Change in Fund Balances</b>	<u>7,563,204</u>	<u>1,406,533</u>
0100 <b>Fund Balances - Beginning</b>	<u>29,198,667</u>	<u>4,085,683</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 36,761,871</u>	<u>\$ 5,492,216</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

699	Other Governmental Funds	98 Total Governmental Funds
<u>Capital Projects Fund</u>	<u>Funds</u>	<u>Funds</u>
\$ 117,929	\$ 3,070,094	\$ 80,931,570
-	829,462	18,623,022
-	10,996,194	10,996,194
<u>117,929</u>	<u>14,895,750</u>	<u>110,550,786</u>
403,872	6,946,341	51,628,624
-	80,162	1,109,681
-	997,883	1,902,434
-	602,461	1,827,041
-	145,599	4,255,791
-	387,043	2,680,963
-	22,040	22,040
-	127,774	916,307
-	96,915	2,412,231
-	4,672,205	4,672,205
-	298,378	2,768,252
-	6,100	2,100,620
368,579	91,621	8,748,501
-	-	179,373
-	-	1,550,278
-	521,388	727,644
-	-	9,101,042
-	-	7,889,620
253,500	-	253,500
70,686,179	-	70,686,179
-	-	1,016,608
-	-	72,304
-	-	3,404
-	-	751,846
<u>71,712,130</u>	<u>14,995,910</u>	<u>177,276,488</u>
<u>(71,594,201)</u>	<u>(100,160)</u>	<u>(66,725,702)</u>
65,000,000	-	65,000,000
-	-	4,001,078
253,500	-	253,500
<u>65,253,500</u>	<u>-</u>	<u>69,254,578</u>
(6,340,701)	(100,160)	2,528,876
17,803,387	1,404,705	52,492,442
<u>\$ 11,462,686</u>	<u>\$ 1,304,545</u>	<u>\$ 55,021,318</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, 2011*

**Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ 2,528,876

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>	\$ 70,571,857	
Depreciation Expense	<u>(7,001,446)</u>	63,570,411

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a increase (decrease) to net assets. (269,548)

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. 58,591

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

Bond Issuance Costs <i>increased</i>	\$ 236,798	
Amortization of Issuance Costs	<u>(88,979)</u>	147,819

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	\$ (65,000,000)	
(Premium) Discount	<u>(253,500)</u>	(65,253,500)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 8,895,000

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 206,042

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>	\$ (85,384)	
Accrued Interest on Notes Payable <i>decreased</i>	4,258	
Amortization of Bond Premium	198,599	
Amortization of Defeasance Costs	<u>(101,562)</u>	15,911

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. (2,990)

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. 131,281

**Change in Net Assets for Governmental Activities (Exhibit B-1)** \$ 10,027,893

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, 2011

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original		Final				
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 60,526,579	\$ 60,546,583	\$ 59,561,336	\$ (985,247)		
5800	State Program Revenues	13,983,020	14,574,829	17,793,560	3,218,731		
5900	Federal Program Revenues	8,529	8,529	-	(8,529)		
5020	Total Revenues	<u>74,518,128</u>	<u>75,129,941</u>	<u>77,354,896</u>	<u>2,224,955</u>		
<b>EXPENDITURES:</b>							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	44,047,833	44,594,334	44,278,411	315,923		
0012	Instructional Resources and Media Services	1,045,729	1,054,669	1,029,519	25,150		
0013	Curriculum and Staff Development	1,003,506	914,033	904,551	9,482		
	Total Instruction & Instr. Related Services	<u>46,097,068</u>	<u>46,563,036</u>	<u>46,212,481</u>	<u>350,555</u>		
Instructional and School Leadership:							
0021	Instructional Leadership	1,278,930	1,293,896	1,224,580	69,316		
0023	School Leadership	3,952,614	4,125,950	4,110,192	15,758		
	Total Instructional & School Leadership	<u>5,231,544</u>	<u>5,419,846</u>	<u>5,334,772</u>	<u>85,074</u>		
Support Services - Student (Pupil):							
0031	Guidance, Counseling, and Evaluation Services	2,235,962	2,356,406	2,293,920	62,486		
0033	Health Services	799,469	804,601	788,533	16,068		
0034	Student Transportation	2,032,440	2,360,617	2,315,316	45,301		
0036	Cocurricular/Extracurricular Activities	2,495,696	2,498,941	2,469,874	29,067		
	Total Support Services - Student (Pupil)	<u>7,563,567</u>	<u>8,020,565</u>	<u>7,867,643</u>	<u>152,922</u>		
Administrative Support Services:							
0041	General Administration	2,332,656	2,213,895	2,094,520	119,375		
	Total Administrative Support Services	<u>2,332,656</u>	<u>2,213,895</u>	<u>2,094,520</u>	<u>119,375</u>		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	8,840,428	8,514,512	8,288,301	226,211		
0052	Security and Monitoring Services	170,145	180,351	179,373	978		
0053	Data Processing Services	1,737,182	1,684,777	1,550,278	134,499		
	Total Support Services - Nonstudent Based	<u>10,747,755</u>	<u>10,379,640</u>	<u>10,017,952</u>	<u>361,688</u>		
Ancillary Services:							
0061	Community Services	201,457	209,506	206,256	3,250		
		<u>201,457</u>	<u>209,506</u>	<u>206,256</u>	<u>3,250</u>		
Debt Service:							
0071	Principal on Long-term Debt	206,043	206,043	206,042	1		
0072	Interest on Long-term Debt	8,942	8,942	8,942	-		
	Total Debt Service	<u>214,985</u>	<u>214,985</u>	<u>214,984</u>	<u>1</u>		
Intergovernmental Charges:							
0091	Contracted Instructional Services between Public Schools	1,299,159	1,299,159	1,016,608	282,551		
0093	Payments to Shared Service Arrangements	90,000	90,000	72,304	17,696		
0095	Payments to Juvenile Justice Alternative Education Programs	-	4,000	3,404	596		
0099	Other Intergovernmental Charges	739,192	751,847	751,846	1		
	Total Intergovernmental Charges	<u>2,128,351</u>	<u>2,145,006</u>	<u>1,844,162</u>	<u>300,844</u>		
6030	Total Expenditures	<u>74,517,383</u>	<u>75,166,479</u>	<u>73,792,770</u>	<u>1,373,709</u>		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	745	(36,538)	3,562,126	3,598,664		
Other Financing Sources (Uses):							
7912	Sale of Real or Personal Property	-	-	4,001,078	4,001,078		
7080	Total Other Financing Sources and (Uses)	-	-	4,001,078	4,001,078		
1200	Net Change in Fund Balance	745	(36,538)	7,563,204	7,599,742		
0100	Fund Balance - Beginning	29,198,667	29,198,667	29,198,667	-		
3000	Fund Balance - Ending	<u>\$ 29,199,412</u>	<u>\$ 29,162,129</u>	<u>\$ 36,761,871</u>	<u>\$ 7,599,742</u>		

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT D-1

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 AUGUST 31, 2011

Data Control Codes	Business-type Activities - Enterprise Funds			Governmental Activities	
	Community Education	Kids Klub	Total Enterprise Funds	773 Workers Compensation Internal Service Fund	
<b>ASSETS:</b>					
Current Assets:					
1110	Cash and Cash Equivalents	\$ 209,416	\$ 152,930	\$ 362,346	\$ 570,879
1120	Current Investments	-	-	-	922
1250	Accrued Interest	-	-	-	212
1490	Other Current Assets	209,416	152,930	362,346	572,013
	Total Current Assets				
Noncurrent Assets:					
Capital Assets:					
1530	Furniture and Equipment	7,902	39,670	47,572	-
1570	Accumulated Depreciation	(6,058)	(33,719)	(39,777)	-
	Total Noncurrent Assets	1,844	5,951	7,795	-
1000	Total Assets	211,260	158,881	370,141	572,013
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	610	2,754	3,364	3,894
2160	Accrued Wages Payable	-	58,225	58,225	-
2300	Deferred Revenue	-	58,368	58,368	-
	Total Current Liabilities	610	119,347	119,957	3,894
Noncurrent Liabilities:					
2530	Other Long-Term Liabilities	-	-	-	919,764
	Total Noncurrent Liabilities	-	-	-	919,764
2000	Total Liabilities	610	119,347	119,957	923,658
<b>NET ASSETS:</b>					
3200	Investment in Capital Assets, Net of Related Debt	1,844	5,951	7,795	-
3900	Unrestricted	208,806	33,583	242,389	(351,645)
3000	Total Net Assets	\$ 210,650	\$ 39,534	\$ 250,184	\$ (351,645)

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, 2011

Data Control Codes	Business-type Activities - Enterprise Funds			Governmental Activities	
	Community Education	Kids Klub	Total Enterprise Funds	773 Workers Compensation Internal Service Fund	
<b>OPERATING REVENUES:</b>					
5700	<i>Local and Intermediate Sources</i>	\$ 495,559	\$ 1,008,456	\$ 1,504,015	\$ 409,268
5020	Total Revenues	<u>495,559</u>	<u>1,008,456</u>	<u>1,504,015</u>	<u>409,268</u>
<b>OPERATING EXPENSES:</b>					
6100	<i>Payroll Costs</i>	309,599	698,411	1,008,010	-
6200	<i>Professional and Contracted Services</i>	9,698	52,442	62,140	4,117
6300	<i>Supplies and Materials</i>	36,775	74,555	111,330	-
6400	<i>Other Operating Costs</i>	111,866	171,363	283,229	276,528
6030	Total Expenses	<u>467,938</u>	<u>996,771</u>	<u>1,464,709</u>	<u>280,645</u>
	Operating Income	27,621	11,685	39,306	128,623
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
7955	<i>Earnings from Temp. Deposits and Investments</i>	-	-	-	2,658
8030	Total Non-operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,658</u>
1300	Change in Net Assets	27,621	11,685	39,306	131,281
0100	Total Net Assets - Beginning	183,029	27,849	210,878	(482,926)
3300	Total Net Assets - Ending	<u>\$ 210,650</u>	<u>\$ 39,534</u>	<u>\$ 250,184</u>	<u>\$ (351,645)</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

**EXHIBIT D-3**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Community Education</u>	<u>Kids Klub</u>	<u>Total Enterprise Funds</u>	<u>773</u>
				<u>Workers Compensation Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from User Charges	\$ 495,559	\$ 1,008,456	\$ 1,504,015	\$ 409,268
Cash Payments for Employees Services & Benefits	(126,346)	(389,220)	(515,566)	-
Cash Payments for Insurance Claims	-	-	-	(221,370)
Cash Payments for Other Operating Expenses	(356,072)	(825,408)	(1,181,480)	(4,117)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>13,141</u>	<u>(206,172)</u>	<u>(193,031)</u>	<u>183,781</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Received	\$ -	\$ -	\$ -	\$ 2,446
Purchase of Investments	-	-	-	(2)
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,444</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,141	(206,172)	(193,031)	186,225
Cash and Cash Equivalents at the Beginning of the Year	196,275	359,102	555,377	384,654
<b>Cash and Cash Equivalents at the End of the Year</b>	<u>\$ 209,416</u>	<u>\$ 152,930</u>	<u>\$ 362,346</u>	<u>\$ 570,879</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income	\$ 27,621	\$ 11,685	\$ 39,306	\$ 128,623
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Depreciation	1,449	7,272	8,721	-
<b>EFFECT OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:</b>				
Increase (Decrease) in Accounts Payable	(15,929)	(225,129)	(241,058)	3,894
Increase (Decrease) in Claims Payable	-	-	-	51,264
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 13,141</u>	<u>\$ (206,172)</u>	<u>\$ (193,031)</u>	<u>\$ 183,781</u>

The accompanying notes are an integral part of this statement.



# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

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

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

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

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

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

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

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

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

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

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

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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, 2011

### 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, 2011. 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, 2011

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	20-39
Furniture and Equipment	5-7

### 5. Compensated Absences

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

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

### 6. Long-term Obligations

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

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

### 7. Fund Equity

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, 2011

- 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.

Beginning fund balances for the Districts governmental funds have been restated to reflect the above classifications.

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 amendments made in the general fund were primarily to increase appropriations for instruction.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2011

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

The District did not make any supplemental budgetary appropriations in the debt service fund during the year.

**B. Excess of Expenditures Over Appropriations**

For the year ended August 31, 2011, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
National School Breakfast & Lunch Program	Food Service	\$ 4,505,561	\$ 4,672,205	\$ (166,644)

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

As of August 31, 2011, the District had the following governmental activities investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Texpool	\$ 11,770,756	0.23
Lone Star	11,453,101	0.40
<b>Total Fair Value</b>	<b>\$ 23,223,857</b>	
<b>Portfolio Weighted Average Maturity</b>		<b>0.31</b>

*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 reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 180 days, diversification, and by holding securities to maturity.

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

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

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

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2011, District's banks' balance of \$41,518,526 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.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

*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 yearend 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	Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>Receivables:</b>					
Property Taxes	\$ 2,028,248	\$ 445,121	\$ -	\$ -	\$ 2,473,369
Due From Other Governments	1,988,360	3,283	-	1,081,659	3,073,302
Accrued Interest	13,549	2,654	5,030	41	21,274
Gross Receivables	<u>4,030,157</u>	<u>451,058</u>	<u>5,030</u>	<u>1,081,700</u>	<u>5,567,945</u>
Less: Allowance for Uncollectibles	(21,297)	(4,674)	-	-	(25,971)
<b>Net Total Receivables</b>	<b><u>\$ 4,008,860</u></b>	<b><u>\$ 446,384</u></b>	<b><u>\$ 5,030</u></b>	<b><u>\$ 1,081,700</u></b>	<b><u>\$ 5,541,974</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	\$ 19,451
Uncollectibles Related to Debt Service Property Taxes	3,328
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b><u>\$ 22,779</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)	\$ 2,006,951	\$ -
Delinquent Property Taxes Receivable (Debt Service Fund)	440,447	-
Athletic Tickets (General Fund)	-	25,440
Grant Funds Received Prior to Meeting all Eligibility Requirements (Special Revenue Funds)	-	49,220
<b>Total Deferred/Unearned Revenue For Governmental Funds</b>	<b><u>\$ 2,447,398</u></b>	<b><u>\$ 74,660</u></b>

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

The composition of interfund balances as of August 31, 2011, is as follows:

Due From/To Other Funds	Interfund Receivables	Interfund Payables
General fund	\$ 967,111	\$ 3,592
Governmental Funds Nonmajor	4,169	967,688
<b>Totals</b>	<b><u>\$ 971,280</u></b>	<b><u>\$ 971,280</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.

### 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, 2011.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2011**

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions and Adjustments	Transfers	Ending Balance
<b>Governmental Activities:</b>					
<b>Capital Assets, not being Depreciated:</b>					
Land	\$ 9,141,157	\$ -	\$ (269,548)	\$ -	\$ 8,871,609
Construction in Progress	25,307,175	69,523,177	-	(1,003,350)	93,827,002
<b>Total Capital Assets, not being Depreciated</b>	<b>34,448,332</b>	<b>69,523,177</b>	<b>(269,548)</b>	<b>(1,003,350)</b>	<b>102,698,611</b>
<b>Capital Assets, being Depreciated:</b>					
Building and Improvements	192,005,414	-	-	1,003,350	193,008,764
Furniture and Equipment	17,390,028	1,048,680	(43,066)	-	18,395,642
<b>Total Capital Assets, being Depreciated</b>	<b>209,395,442</b>	<b>1,048,680</b>	<b>(43,066)</b>	<b>1,003,350</b>	<b>211,404,406</b>
<b>Less Accumulated Depreciation for:</b>					
Building and Improvements	(60,666,331)	(5,028,508)	-	-	(65,694,839)
Furniture and Equipment	(11,064,664)	(1,972,938)	43,066	-	(12,994,536)
<b>Total Accumulated Depreciation</b>	<b>(71,730,995)</b>	<b>(7,001,446)</b>	<b>43,066</b>	<b>-</b>	<b>(78,689,375)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>137,664,447</b>	<b>(5,952,766)</b>	<b>-</b>	<b>1,003,350</b>	<b>132,715,031</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 172,112,779</b>	<b>\$ 63,570,411</b>	<b>\$ (269,548)</b>	<b>\$ -</b>	<b>\$ 235,413,642</b>
<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	(31,056)	(8,722)	-	-	(39,778)
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 16,516</b>	<b>\$ (8,722)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,794</b>

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	\$ 4,323,521
12 Instructional Resources and Media Services	138,442
13 Curriculum and Instructional Staff Development	18,885
21 Instructional Leadership	8,760
23 School Leadership	314,196
31 Guidance, Counseling, and Evaluation Services	102,849
33 Health Services	44,302
34 Student (Pupil) Transportation	864,470
35 Food Service	155,799
36 Extracurricular Activities	595,737
41 General Administration	105,834
51 Plant Maintenance and Operations	262,678
53 Data Processing	54,363
61 Community Service	11,610
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$ 7,001,446</b>
<b>Governmental Activities:</b>	
Community Education	1,449
Kids Klub	7,272
<b>Total Depreciation Expense-Business-Type Activities</b>	<b>\$ 8,721</b>

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

### Construction Commitments

The District has active construction projects as of August 31, 2011. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
Greens Prairie Elementary School	\$ 608,156
College Station High School	32,791,899
Admin. Renovations to Rock Prairie Elem. And Oakwood Int.	223,557
<b>Totals</b>	<b>\$ 33,623,612</b>

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

### E. Long-term Liabilities

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

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 133,140,000	\$ 65,000,000	\$ (8,895,000)	\$ 189,245,000	\$ 9,210,000
Deferred Amounts:					
For Issuance Premiums (Discount)	1,350,715	253,500	(198,599)	1,405,616	-
Deferred Interest Expense Adjustment	(642,627)	-	101,562	(541,065)	-
<b>Total Bonds Payable, net</b>	<b>133,848,088</b>	<b>65,253,500</b>	<b>(8,992,037)</b>	<b>190,109,551</b>	<b>9,210,000</b>
Notes Payable	206,042	-	(206,042)	-	-
Workers' Compensation	868,500	225,169	(173,905)	919,764	919,764
Compensated Absences	520,708	40,218	(37,228)	523,698	523,698
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 135,443,338</b>	<b>\$ 65,518,887</b>	<b>\$ (9,409,212)</b>	<b>\$ 191,553,013</b>	<b>\$ 10,653,462</b>

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

### General Obligation Bonds

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

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2002	4.125-5%	12,770,000	2012	260,000	-	(130,000)	130,000
2004	2.5-4.4%	14,000,000	2024	10,915,000	-	(610,000)	10,305,000
2004	2-5%	18,095,000	2016	11,800,000	-	(1,895,000)	9,905,000
2006	3.875-5%	9,350,000	2019	9,350,000	-	-	9,350,000
2007	4.125-5%	67,420,000	2027	59,885,000	-	(2,620,000)	57,265,000
2009	3.50%	37,500,000	2034	36,010,000	-	(1,485,000)	34,525,000
2009	2-3.75%	4,920,000	2020	4,920,000	-	(425,000)	4,495,000
2010	2-4%	65,000,000	2035	-	65,000,000	(1,730,000)	63,270,000
<b>Totals</b>				<b>\$ 133,140,000</b>	<b>\$ 65,000,000</b>	<b>\$ (8,895,000)</b>	<b>\$ 189,245,000</b>

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

Year Ending August 31	Principal Value	Interest	Total Requirements
2012	\$ 9,210,000	\$ 7,758,946	\$ 16,968,946
2013	9,465,000	7,424,731	16,889,731
2014	9,825,000	7,045,075	16,870,075
2015	9,430,000	6,653,156	16,083,156
2016	9,740,000	6,271,293	16,011,293
2017	10,315,000	5,877,302	16,192,302
2018	10,395,000	5,453,855	15,848,855
2019	10,795,000	5,038,260	15,833,260
2020	8,290,000	4,649,491	12,939,491
2021	8,025,000	4,307,884	12,332,884
2022	8,370,000	3,945,886	12,315,886
2023	8,735,000	3,590,964	12,325,964
2024	9,110,000	3,198,264	12,308,264
2025	8,475,000	2,788,294	11,263,294
2026	8,865,000	2,403,831	11,268,831
2027	9,250,000	1,999,594	11,249,594
2028	4,640,000	1,590,094	6,230,094
2029	4,835,000	1,396,244	6,231,244
2030	5,040,000	1,194,219	6,234,219
2031	5,260,000	981,337	6,241,337
2032	5,490,000	824,025	6,314,025
2033	5,735,000	659,500	6,394,500
2034	5,990,000	414,425	6,404,425
2035	3,960,000	158,400	4,118,400
<b>Totals</b>	<b>\$ 189,245,000</b>	<b>\$ 85,625,070</b>	<b>\$ 274,870,070</b>

As of August 31, 2011, the District has \$41,700,000 authorized but unissued bonds.

**Notes Payable**

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

Description	Interest Rate Payable	Amount Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2008- Buses and Vehicle	3.91%	\$ 579,974	2011	\$ 206,042	\$ -	\$ (206,042)	\$ -
<b>Totals</b>				<b>\$ 206,042</b>	<b>\$ -</b>	<b>\$ (206,042)</b>	<b>\$ -</b>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*AUGUST 31, 2011*

**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	553,605
Campus Activity	576,194
<b>Total Other Committed Fund Balance</b>	<b>\$ <u>5,129,799</u></b>

**G. Revenues from Local and Intermediate Sources**

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Property Taxes	\$ 58,665,182	\$ 18,132,403	\$ -	\$ -	\$ 76,797,585
Tuition and Fees	213,521	-	-	-	213,521
Investment Income	202,422	49,808	117,929	2,166	372,325
Food Sales	-	-	-	2,224,815	2,224,815
Co-curricular Student Activities	229,038	-	-	-	229,038
Other	251,173	-	-	843,113	1,094,286
<b>Total</b>	<b>\$ <u>59,561,336</u></b>	<b>\$ <u>18,182,211</u></b>	<b>\$ <u>117,929</u></b>	<b>\$ <u>3,070,094</u></b>	<b>\$ <u>80,931,570</u></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 2011, the District purchased commercial insurance for claims related to all risks.

**Health Care Coverage**

During the year ended August 31, 2011, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$325 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to 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, 2011, 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, 2010 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

### Workers' Compensation

During the year ended August 31, 2011, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$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, 2011, 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 8/31/2011	Year Ended 8/31/2010
Unpaid Claims, Beginning of Fiscal Year	\$ 868,500	\$ 219,011
Incurred Claims (including IBNRs and changes in provisions)	225,169	746,781
Claim Payments	(173,905)	(97,292)
Unpaid Claims, End of Fiscal Year	<u>\$ 919,764</u>	<u>\$ 868,500</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, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

### B. Contingent Liabilities

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

The District is a defendant in a legal matter. Although the outcome of this legal matter is not presently determinable, in the opinion of the District, the resolution of this matter will not have a material adverse effect on the financial condition of the District.

### 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.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

### **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. Subsequent Events**

In September 2011, the District sold \$41,700,000 in unlimited tax school building bonds.

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

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

*Plan Description.* The College Station Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of the employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly-available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, [www.trstate.tx.us](http://www.trstate.tx.us), under the TRS Publications heading, or 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 by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action(s), the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, (3) if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2011, 2010, and 2009 and a state contribution rate of 6.644% for the fiscal years 2011 and 2010, and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the College Station Independent School District's employees for the years ended August 31, 2011, 2010, and 2009 were \$2,965,001, \$2,831,873, and \$3,075,021, respectively. The District paid additional state contributions for the years ended August 31, 2011, 2010, and 2009 in the amount of \$820,621, \$831,795, and \$739,728, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

### **F. School District Retiree Health Plan**

*Plan Description.* The College Station Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The 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 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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010, and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2011, 2010, and 2009, the States contributions to TRS-Care were \$529,952, \$517,606, and \$503,265, respectively, the active member contributions were \$370,356, \$362,875, and \$327,122, respectively, and the school district's contributions were \$313,378, \$307,048, and \$276,796, respectively, which equaled the required contributions each year. In addition, the State of Texas contributed \$150,670, \$138,309, and \$115,283 in 2011, 2010, and 2009, respectively, for on-behalf payments for Medicare Part D.

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## COMBINING STATEMENTS

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 10,455	\$ -	\$ 237,053	\$ -
1120 Current Investments	-	-	-	-
1240 Due from Other Governments	8,051	87,145	17,119	884
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	57	-	-	-
1310 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 18,563</u>	<u>\$ 87,145</u>	<u>\$ 254,172</u>	<u>\$ 884</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 17,955	\$ -	\$ 254,172	\$ -
2170 Due to Other Funds	608	87,145	-	884
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenue	-	-	-	-
2000 Total Liabilities	<u>18,563</u>	<u>87,145</u>	<u>254,172</u>	<u>884</u>
<b>FUND BALANCES:</b>				
3410 Nonspendable Inventories	-	-	-	-
3450 Restricted for Federal/State funds grant restrictions	-	-	-	-
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 18,563</u>	<u>\$ 87,145</u>	<u>\$ 254,172</u>	<u>\$ 884</u>

240	244	255	263	266
National School Breakfast/Lunch Program	Career and Tech Basic Grant	ESEA Title II Training & Recruiting	English Language Acquisition and Enhancement	ARRA Title XIV State Fiscal Stabilization
\$ 330,147	\$ -	\$ -	\$ 6,569	\$ -
355,579	-	-	-	-
81,571	4,604	146,464	-	286,700
-	-	-	-	-
4,112	-	-	-	-
163,954	-	-	-	-
<u>\$ 935,363</u>	<u>\$ 4,604</u>	<u>\$ 146,464</u>	<u>\$ 6,569</u>	<u>\$ 286,700</u>
\$ 216,852	\$ -	\$ 8,104	\$ 6,569	\$ -
952	4,119	138,360	-	286,700
-	485	-	-	-
39,220	-	-	-	-
<u>257,024</u>	<u>4,604</u>	<u>146,464</u>	<u>6,569</u>	<u>286,700</u>
124,734	-	-	-	-
-	-	-	-	-
553,605	-	-	-	-
<u>678,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 935,363</u>	<u>\$ 4,604</u>	<u>\$ 146,464</u>	<u>\$ 6,569</u>	<u>\$ 286,700</u>

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2011

Data Control Codes	279 Enhancing Education through Technology-	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARRA	285 ESEA Title I Part A Improving Basic	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 1,234
1120	Current Investments	-	-	-	-
1240	Due from Other Governments	463	409,846	3,949	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1310	Inventories	-	-	-	-
1000	Total Assets	\$ 463	\$ 409,846	\$ 3,949	\$ 1,234
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 1,234
2170	Due to Other Funds	463	409,846	3,949	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenue	-	-	-	-
2000	Total Liabilities	463	409,846	3,949	1,234
<b>FUND BALANCES:</b>					
3410	Nonspendable Inventories	-	-	-	-
3450	Restricted for Federal/State funds grant restriction	-	-	-	-
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 463	\$ 409,846	\$ 3,949	\$ 1,234

EXHIBIT H-1  
Continued

287	289	385	394	397
American History	LEP Summer School	Visually Impaired	Life Skills/Student Parent	Advanced Placement Incentives
\$ 7,463	\$ 1,235	\$ 114	\$ -	\$ 3,400
-	-	-	-	-
-	-	-	2,301	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 7,463</u>	<u>\$ 1,235</u>	<u>\$ 114</u>	<u>\$ 2,301</u>	<u>\$ 3,400</u>
\$ -	\$ -	\$ 114	\$ 517	\$ -
-	-	-	1,784	-
-	-	-	-	-
7,463	1,235	-	-	-
<u>7,463</u>	<u>1,235</u>	<u>114</u>	<u>2,301</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	3,400
-	-	-	-	-
-	-	-	-	<u>3,400</u>
<u>\$ 7,463</u>	<u>\$ 1,235</u>	<u>\$ 114</u>	<u>\$ 2,301</u>	<u>\$ 3,400</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2011

Data Control Codes	404 Student Success Initiatives	410 EMAT	411 Technology Allotment	415 Kindergarten and Pre-Kindergarten Grants
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 45,661	\$ -
1120 Current Investments	-	-	-	-
1240 Due from Other Governments	10,288	-	-	22,157
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	-	-	-	-
1310 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 10,288</u>	<u>\$ -</u>	<u>\$ 45,661</u>	<u>\$ 22,157</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 69	\$ -
2170 Due to Other Funds	10,288	-	-	22,157
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenue	-	-	-	-
2000 Total Liabilities	<u>10,288</u>	<u>-</u>	<u>69</u>	<u>22,157</u>
<b>FUND BALANCES:</b>				
3410 Nonspendable Inventories	-	-	-	-
3450 Restricted for Federal/State funds grant restrictions	-	-	45,592	-
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>45,592</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,288</u>	<u>\$ -</u>	<u>\$ 45,661</u>	<u>\$ 22,157</u>

EXHIBIT H-1  
Continued

427	429 State Funded Special Revenue	461 Campus Activity Funds	481 Education Foundation	483 BV Tech Prep	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Apprenticeship					
\$ -	\$ 1,020	\$ 582,756	\$ 1,302	\$ -	\$ 1,228,409
-	-	-	-	-	355,579
-	-	-	-	117	1,081,659
-	-	41	-	-	41
-	-	-	-	-	4,169
-	-	-	-	-	163,954
<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ 582,797</u>	<u>\$ 1,302</u>	<u>\$ 117</u>	<u>\$ 2,833,811</u>
\$ -	\$ -	\$ 6,287	\$ -	\$ -	\$ 511,873
-	-	316	-	117	967,688
-	-	-	-	-	485
-	-	-	1,302	-	49,220
<u>-</u>	<u>-</u>	<u>6,603</u>	<u>1,302</u>	<u>117</u>	<u>1,529,266</u>
-	-	-	-	-	124,734
-	1,020	-	-	-	50,012
-	-	576,194	-	-	1,129,799
<u>-</u>	<u>1,020</u>	<u>576,194</u>	<u>-</u>	<u>-</u>	<u>1,304,545</u>
<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ 582,797</u>	<u>\$ 1,302</u>	<u>\$ 117</u>	<u>\$ 2,833,811</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, 2011

Data Control Codes	205 <u>Head Start</u>	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-	-	-
5900 <i>Federal Program Revenues</i>	<u>2,178,529</u>	<u>1,089,540</u>	<u>878,178</u>	<u>25,051</u>
5020 <b>Total Revenues</b>	<u>2,178,529</u>	<u>1,089,540</u>	<u>878,178</u>	<u>25,051</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	1,003,339	1,005,808	705,350	25,051
0012 <i>Instructional Resources and Media Services</i>	-	1,982	-	-
0013 <i>Curriculum and Staff Development</i>	361,231	42,372	240	-
0021 <i>Instructional Leadership</i>	203,126	11,700	48,573	-
0023 <i>School Leadership</i>	-	-	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	27,678	65,673	-
0032 <i>Social Work Services</i>	22,040	-	-	-
0033 <i>Health Services</i>	69,432	-	58,342	-
0034 <i>Student Transportation</i>	5	-	-	-
0035 <i>Food Service</i>	-	-	-	-
0036 <i>Cocurricular/Extracurricular Activities</i>	-	-	-	-
0041 <i>General Administration</i>	4,331	-	-	-
0051 <i>Plant Maintenance and Operations</i>	36,754	-	-	-
0061 <i>Community Services</i>	478,271	-	-	-
6030 <b>Total Expenditures</b>	<u>2,178,529</u>	<u>1,089,540</u>	<u>878,178</u>	<u>25,051</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	-
1200 <b>Net Change in Fund Balances</b>	-	-	-	-
0100 <b>Fund Balances - Beginning</b>	-	-	-	-
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240	244	255	263	266
National School Breakfast/Lunch Program	Career and Tech Basic Grant	ESEA Title II Training & Recruiting	English Language Acquisition and Enhancement	ARRA Title XIV State Fiscal Stabilization
\$ 2,315,049	\$ -	\$ -	\$ -	\$ -
27,233	-	-	-	183,797
<u>2,236,388</u>	<u>79,630</u>	<u>411,093</u>	<u>63,540</u>	<u>2,659,725</u>
<u>4,578,670</u>	<u>79,630</u>	<u>411,093</u>	<u>63,540</u>	<u>2,843,522</u>
-	38,332	-	59,843	2,451,068
-	-	-	-	-
-	-	411,093	3,276	-
-	-	-	421	226,974
-	-	-	-	110,035
-	41,298	-	-	55,445
-	-	-	-	-
-	-	-	-	-
4,672,205	-	-	-	-
-	-	-	-	-
54,867	-	-	-	-
-	-	-	-	-
<u>4,727,072</u>	<u>79,630</u>	<u>411,093</u>	<u>63,540</u>	<u>2,843,522</u>
(148,402)	-	-	-	-
<u>(148,402)</u>	-	-	-	-
826,741	-	-	-	-
<u>\$ 678,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	279 Enhancing Education through Technology-	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARRA	285 ESEA Title I, Part A Improving Basic
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	2,051	1,090,895	252,175
5020	Total Revenues	<u>2,051</u>	<u>1,090,895</u>	<u>252,175</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	-	701,936	252,175
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Staff Development	2,051	-	-
0021	Instructional Leadership	-	111,667	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	183,532	90
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0034	Student Transportation	-	93,760	-
0035	Food Service	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0061	Community Services	-	-	-
6030	Total Expenditures	<u>2,051</u>	<u>1,090,895</u>	<u>252,175</u>
1100	Excess (Deficiency) of Revenues Over (Under)	-	-	-
	Expenditures	-	-	-
1200	Net Change in Fund Balances	-	-	-
0100	Fund Balances - Beginning	-	-	-
3000	Fund Balances - Ending	\$ -	\$ -	\$ -

EXHIBIT H-2  
Continued

287	289	385	394	397
American History	LEP Summer School	Visually Impaired	Life Skills/Student Parent	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,856	15,164	16,714
3,097	7,360	-	-	-
<u>3,097</u>	<u>7,360</u>	<u>5,856</u>	<u>15,164</u>	<u>16,714</u>
-	7,360	-	9,352	14,299
-	-	-	-	-
3,097	-	-	3,424	22,242
-	-	-	-	-
-	-	5,856	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	484	-
-	-	-	-	-
-	-	-	1,904	-
<u>3,097</u>	<u>7,360</u>	<u>5,856</u>	<u>15,164</u>	<u>36,541</u>
-	-	-	-	(19,827)
-	-	-	-	(19,827)
-	-	-	-	23,227
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,400</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, 2011

Data Control Codes	404 Student Success Initiatives	410 EMAT	411 Technology Allotment	415 Kindergarten and Pre-Kindergarten Grants
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	48,953	93,052	285,727	135,464
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>48,953</u>	<u>93,052</u>	<u>285,727</u>	<u>135,464</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	45,803	93,052	280,911	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Staff Development	-	-	-	135,464
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Service.	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student Transportation	3,150	-	-	-
0035 Food Service	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>48,953</u>	<u>93,052</u>	<u>280,911</u>	<u>135,464</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	4,816	-
1200 Net Change in Fund Balances	-	-	4,816	-
0100 Fund Balances - Beginning	-	-	40,776	-
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,592</u>	<u>\$ -</u>

EXHIBIT H-2  
Continued

	427	429 State Funded Special Revenue Fund	461 Campus Activity Funds	481 Education Foundation	483 BV Tech Prep	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
	Apprenticeship					
\$	-	\$ -	\$ 682,425	\$ 60,274	\$ 12,346	\$ 3,070,094
	17,434	68	-	-	-	829,462
	11,026	-	-	-	-	10,996,194
	<u>28,460</u>	<u>68</u>	<u>682,425</u>	<u>60,274</u>	<u>12,346</u>	<u>14,895,750</u>
	-	-	181,333	59,704	3,799	6,946,341
	-	-	78,180	-	-	80,162
	-	-	12,823	570	-	997,883
	-	-	-	-	-	602,461
	-	-	35,564	-	-	145,599
	-	-	200	-	7,271	387,043
	-	-	-	-	-	22,040
	-	-	-	-	-	127,774
	-	-	-	-	-	96,915
	-	-	-	-	-	4,672,205
	-	-	297,102	-	1,276	298,378
	-	-	1,285	-	-	6,100
	-	-	-	-	-	91,621
	28,460	-	12,753	-	-	521,388
	<u>28,460</u>	<u>-</u>	<u>619,240</u>	<u>60,274</u>	<u>12,346</u>	<u>14,995,910</u>
	-	68	63,185	-	-	(100,160)
	-	68	63,185	-	-	(100,160)
	-	952	513,009	-	-	1,404,705
\$	<u>-</u>	<u>1,020</u>	<u>576,194</u>	<u>-</u>	<u>-</u>	<u>1,304,545</u>

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**OTHER SUPPLEMENTARY INFORMATION**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2011*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance	Debt Service	Maintenance	Debt Service		
2002 and Prior Years	\$	Various	\$	Various	\$	Various
2003		1.50		0.29		2,977,367,765
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 (School Year Under Audit)		1.00005		0.30988		5,867,839,885

1000 Totals

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

10 Beginning Balance 9/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/11
\$ 137,389	\$ -	\$ 4,823	\$ 932	\$ (45,044)	\$ 86,590
48,748	-	1,813	351	(2,368)	44,216
58,360	-	1,841	332	(1,752)	54,435
52,151	-	4,583	825	(2,277)	44,466
367,148	-	42,366	4,943	(15,047)	304,792
329,640	-	47,917	5,404	7,156	283,475
345,609	-	41,107	9,906	(31,086)	263,510
387,841	-	25,420	5,617	(56,896)	299,908
710,671	-	168,634	42,723	(48,949)	450,365
-	76,864,595	58,097,017	18,002,204	(123,762)	641,612
<u>\$ 2,437,557</u>	<u>\$ 76,864,595</u>	<u>\$ 58,435,521</u>	<u>\$ 18,073,237</u>	<u>\$ (320,025)</u>	<u>\$ 2,473,369</u>
		\$ -	\$ -		

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-2

**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**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	\$ -	\$ -	\$ 264,527	\$ 2,162,785	\$ -	\$ 111,285	\$ 2,538,597
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	-	-	68,918	-	-	-	68,918
6212	Audit Services	-	-	-	39,500	-	-	39,500
6213	Tax Appraisal and Collection	-	751,846	-	-	-	-	751,846
621X	Other Prof. Services	-	-	-	5,857	-	-	5,857
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	149,651	-	149,651
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	48,030	-	-	48,030
6290	Miscellaneous Contr.	-	-	-	140,174	-	22,071	162,245
6310	Operational Supplies, Materials	-	-	-	7,228	-	-	7,228
6320	Textbooks and Reading	634	-	1,932	454	-	-	3,020
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	290	-	1,405	291,683	-	41,929	335,307
6410	Travel, Subsistence, Stipends	5,882	-	6,393	28,379	-	2,694	43,348
6420	Ins. and Bonding Costs	-	-	-	500	-	4,315	4,815
6430	Election Costs	19,536	-	-	-	-	-	19,536
6490	Miscellaneous Operating	7,614	-	5,813	87,432	-	3,749	104,608
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	95,783	95,783

Total \$ 33,956 \$ 751,846 \$ 348,988 \$ 2,812,022 \$ 149,651 \$ 281,826 \$ 4,378,289

Total Expenditures for General and Special Revenue Funds (9) \$ 88,788,680

LESS: Deductions of Unallowable Costs

	FISCAL YEAR	
Total Capital Outlay (6600)	(10)	\$ 530,391
Total Debt & Lease (6500)	(11)	\$ 214,984
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 8,264,335
Food (Function 35, 6341 and 6499)	(13)	\$ 1,916,214
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ 2,812,022

Subtotal 13,737,946

Net Allowed Direct Cost \$ 75,050,734

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 193,008,764
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)	18,395,642
Historical Cost of Furniture & Equipment over 16 years old	(19)	2,038,662
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 428,706

(8) Note A - \$1,525,823 in Function 53 expenditures and \$751,846 in Function 99 expenditures are included in this report on administrative costs.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

EXHIBIT J-3

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 2,384,200	\$ 2,397,200	\$ 2,315,049	\$ (82,151)		
5800	State Program Revenues	28,000	28,000	27,233	(767)		
5900	Federal Program Revenues	1,963,726	1,967,026	2,236,388	269,362		
5020	Total Revenues	<u>4,375,926</u>	<u>4,392,226</u>	<u>4,578,670</u>	<u>186,444</u>		
<b>EXPENDITURES:</b>							
Current:							
Support Services - Student (Pupil):							
0035	Food Service	4,461,561	4,505,561	4,672,205	(166,644)		
	Total Support Services - Student (Pupil)	<u>4,461,561</u>	<u>4,505,561</u>	<u>4,672,205</u>	<u>(166,644)</u>		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	72,300	72,300	54,867	17,433		
	Total Support Services - Student (Pupil)	<u>72,300</u>	<u>72,300</u>	<u>54,867</u>	<u>17,433</u>		
6030	Total Expenditures	<u>4,533,861</u>	<u>4,577,861</u>	<u>4,727,072</u>	<u>(149,211)</u>		
1200	Net Change in Fund Balances	<u>(157,935)</u>	<u>(185,635)</u>	<u>(148,402)</u>	<u>37,233</u>		
0100	Fund Balances - Beginning	826,741	826,741	826,741	-		
3000	Fund Balances - Ending	<u>\$ 668,806</u>	<u>\$ 641,106</u>	<u>\$ 678,339</u>	<u>\$ 37,233</u>		

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-4

*DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2011*

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>	\$ 18,256,016	\$ 18,256,016	\$ 18,182,211	\$ (73,805)
5020 <i>Total Revenues</i>	<u>18,256,016</u>	<u>18,256,016</u>	<u>18,182,211</u>	<u>(73,805)</u>
<b>EXPENDITURES:</b>				
<i>Debt Service:</i>				
0071 <i>Principal on Long-Term Debt</i>	8,895,000	8,895,000	8,895,000	-
0072 <i>Interest on Long-Term Debt</i>	8,635,193	8,635,193	7,880,678	754,515
<i>Total Debt Service</i>	<u>17,530,193</u>	<u>17,530,193</u>	<u>16,775,678</u>	<u>754,515</u>
6030 <i>Total Expenditures</i>	<u>17,530,193</u>	<u>17,530,193</u>	<u>16,775,678</u>	<u>754,515</u>
1200 <i>Net Change in Fund Balances</i>	725,823	725,823	1,406,533	680,710
0100 <i>Fund Balances - Beginning</i>	4,085,683	4,085,683	4,085,683	-
3000 <i>Fund Balances - Ending</i>	<u>\$ 4,811,506</u>	<u>\$ 4,811,506</u>	<u>\$ 5,492,216</u>	<u>\$ 680,710</u>

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



## Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

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

Respectfully submitted,

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

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

**Conroe, Texas**  
**November 11, 2011**



## 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, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

#### Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

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

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

**Conroe, Texas  
November 11, 2011**

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors’ report issued	Unqualified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
<b>FEDERAL AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors’ report issued on compliance with major programs	Unqualified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
7. Identification of Major Programs	Title I, Part A Cluster Special Education Cluster (IDEA) Head Start Cluster 84.394A ARRA Title XIV SFSF 84.367A ESEA Title II, Part A -Teacher & Principal Training & Recruiting
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$329,886
9. Auditee Qualified as a Low-Risk Auditee?	No
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2011*

***PRIOR YEAR FINDINGS***

None reported.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2011*

***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, 2011**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<b>Passed Through State Department of Education:</b>			
<b>Title I, Part A Cluster:</b>			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	11610101021901	\$ 1,061,536
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	12610101021901	28,004
<i>ARRA ESEA Title I, Part A - Improving Basic Programs</i>	84.389A	10551001021901	252,175
<b>Total Title I, Part A Cluster</b>			<b>1,341,715</b>
<b>Special Education Cluster (IDEA):</b>			
<i>IDEA-B Formula</i>	84.027A	116600010219016600	861,059
<i>IDEA-B Formula</i>	84.027A	126600010219016600	17,119
<i>IDEA-B Preschool</i>	84.173A	116610010219016610	25,051
<i>ARRA IDEA-B Formula</i>	84.391A	10554001021901	1,090,895
<i>ARRA IDEA-B Preschool</i>	84.392A	10555001021901	7,916
<b>Total Special Education Cluster (IDEA)</b>			<b>2,002,040</b>
<i>Carl D. Perkins Career and Technical Basic Grant</i>	84.048A	11420006021901	75,026
<i>Carl D. Perkins Career and Technical Basic Grant</i>	84.048A	12420006021901	4,603
<b>Total Program 84.048A</b>			<b>79,629</b>
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	11671001021901	63,540
<i>ESEA Title II, Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	11694501021901	381,258
<i>ESEA Title II, Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	12694501021901	29,836
<b>Total Program 84.367A</b>			<b>411,094</b>
<i>Improving Academic Achievement, Summer School LEP</i>	84.369A	69551002	7,360
<i>ARRA Title II, Part D - Enhancing Education Through Technology</i>	84.386A	10553001021901	2,051
<i>ARRA Title XIV State Fiscal Stabilization Fund</i>	84.394A	11557001021901	2,659,725
<b>Total Passed Through State Department of Education</b>			<b>6,567,154</b>
<b>Passed Through Navasota ISD</b>			<b>3,097</b>
<i>The Mystery and Power American History</i>	84.215X	U215X090486	3,097
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>6,570,251</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<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	057006A	286,414
<b>Cash Assistance:</b>			
<i>National School Breakfast Program</i>	10.553	71401101	404,540
<i>National School Lunch Program</i>	10.555	71301101	1,545,434
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<b>2,236,388</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Passed Through - Texas Workforce Commission:</b>			
<i>WIA Dislocated Workers</i>	17.260	1611ATP000	11,026
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Head Start Cluster:</b>			
<i>Head Start - Reg Grant</i>	93.600	06CH5550/46	72,802
<i>Head Start - Reg Grant</i>	93.600	06CH5550/45	1,193,163
<i>ARRA Head Start - Stim09-COLA</i>	93.708	06SE555001-AR	9,513
<i>ARRA Head Start - Stim09-EXPAN</i>	93.708	06SH555001-EX	25,984
<i>ARRA Head Start - Stim09-EXPAN</i>	93.708	06SH555002-EX	127,067
<i>ARRA Head Start - Stim09-EARLY</i>	93.709	06SA555002-EH	604,901
<i>ARRA Head Start - Stim09-EARLY</i>	93.709	06SA555001-EH	145,099
<b>TOTAL U.S. DEPARTMENT OF DEFENSE - HEAD START CLUSTER</b>			<b>2,178,529</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 10,996,194</b>

See Notes to Schedule of Expenditures of Federal Awards.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*

*AUGUST 31, 2011*

**Basis of Presentation:**

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

<i>Total Expenditures of Federal Awards per Exhibit K-1</i>	\$ 10,996,194
<i>Total Federal Revenues per Exhibit C-2</i>	\$ <u>10,996,194</u>