



ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2009**

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2009

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CERTIFICATE OF BOARD

College Station Independent School District
Name of School District

Brazos
County

021901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2009, at a meeting of the Board of Trustees of such school district on the 19th of January, 2010.



Signature of Board Secretary



Signature of Board President

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (the District), as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of College Station Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District as of August 31, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2010, on our consideration of College Station Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 45 through 46, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise College Station Independent School District's basic financial statements. The combining statements and required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is also not a required part of the basic financial statements of College Station Independent School District. The combining statements, required TEA schedules, and accompanying Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. Exhibit J-3 (Fund Balance and Cash Flow Calculation Worksheet) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

January 11, 2010

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2009

This discussion and analysis of College Station Independent School District's financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2009. It should be read in conjunction with the District's financial statements, which begin on page 12 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$100.5 million. Of this amount, \$33 million is unrestricted.
- The District's net assets increased by \$2 million as a result of this year's operations.
- The District's governmental fund financial statements reported a combined ending fund balance in fiscal year 2009 of \$48.7 million. Of this amount, \$12 million is committed for capital projects, with \$801,161 being reserved for food service, \$3 million for debt service, \$1 million for programs in other special revenue funds, and \$190,510 for inventory. The Board of Trustees has designated \$16 million of the fund balance for expenditures anticipated in connection with future new campuses. The remaining amount in fund balance of \$15.9 million is unreserved and undesignated.
- At the end of the current fiscal year, the total fund balance for the general fund was \$32 million, with \$16 million designated as described above. The undesignated portion of fund balance in the general fund represents 20% of the total general fund expenditures.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Most of the District's basic services are reported in the government-wide financial statements, including instruction, counseling, co-curricular activities, food services, student transportation, maintenance, community services and general administration.

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

The Statement of Net Assets includes all the District's assets and liabilities at the end of the year, with the difference between the two reported as *net assets*. This difference is similar to the total owner's equity presented by a commercial enterprise. All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, other factors should be considered as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

The purpose of the Statement of Activities is to present the revenues and expenses of the District. The items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Therefore, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

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

Fund Financial Statements

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

Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help control and manage money for particular purposes (such as campus activities).

All of the District's funds 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. Most of the District's activities are include in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The reconciliation of the differences between governmental funds (reported in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances) and governmental activities (reported in the Statement of Net Assets and the Statement of Activities) is provided in schedules following each governmental fund financial statement.

The District maintains 28 governmental funds. Information is presented separately in fund financial statements for the general fund. Data from the other governmental funds is combined into a single, aggregated presentation. Individual data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The Governmental Fund Financial Statements can be found starting on page 15 of this report.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District has two business-type activities (Enterprise Funds), which consists of Community Education and Kids Klub. These funds are combined into a single aggregated presentation in the Proprietary Fund Financial Statements found on pages 21-23 of this report. The second type of proprietary fund is the Internal Service Fund. Internal Service Funds report activities that provide supplies and services for the District’s other programs and activities – such as the District’s partially self funded workers’ compensation insurance program. These funds are combined into a single aggregated presentation in the Proprietary Fund Financial Statements found on pages 21-23 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held by the District in a trustee capacity or as an agent for the benefit of other parties. The District is the trustee, or fiduciary, for money raised by student activities and scholarships in private-purpose funds. All of the District’s fiduciary activities are reported in the Statement of Fiduciary Net Assets on page 24 of this report. We exclude these resources from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes to the financial statements (starting on page 25) provide narrative explanations or additional data needed for full disclosure in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The District has presented the general fund budget to actual comparison in the supplementary information found on pages 45-46 of this report. The combining statements for nonmajor funds are presented immediately following the required supplementary information. Combining statements can be found on pages 47-59 of this report. Schedules required by the Texas Education Agency are presented under the section titled Required TEA Schedules. Those schedules and the Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of the grants.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the District’s overall financial position and operations for the fiscal years ended August 31, 2009 and August 31, 2008, are summarized in Table 1 below. The District’s total assets exceeded total liabilities by \$100.5 million as of August 31, 2009, an increase of \$2 million over August 31, 2008.

The largest portion of the District’s net assets (62%) reflects its investment in capital assets (e.g. land and buildings) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide facilities for educational services; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District’s net assets (5%) represents sources that are restricted for future debt service payments, campus activities, and state and federal programs. The remaining balance of unrestricted net assets (\$33 million) may be used to meet the District’s ongoing obligations. In anticipation of expenditures associated with future new campuses, the Board of Trustees has designated \$16 million for that purpose.

TABLE I

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 58,457,745	\$ 98,701,000	\$ 565,486	\$ 501,952	\$ 59,023,231	\$ 99,202,952
Capital assets	154,531,409	121,847,502	21,157	29,091	154,552,566	121,876,593
Total assets	212,989,154	220,548,502	586,643	531,043	213,575,797	221,079,545
Other liabilities	7,673,815	10,250,895	363,382	316,673	8,037,197	10,567,568
Long-term liabilities	104,768,262	112,015,960	-	-	104,768,262	112,015,960
Total liabilities	112,442,077	122,266,855	363,382	316,673	112,805,459	122,583,528
Net assets:						
Invested in capital assets, net of related debt	62,614,619	58,035,373	-	-	62,614,619	58,035,373
Restricted	5,076,672	6,229,590	-	-	5,076,672	6,229,590
Unrestricted	32,855,786	34,016,684	223,261	214,370	33,079,047	34,231,054
Total Net Assets	\$ 100,547,077	\$ 98,281,647	\$ 223,261	\$ 214,370	\$ 100,770,338	\$ 98,496,017

Total assets decreased \$7.5 million with \$40 million representing a decrease in cash and cash equivalents, primarily due to the use of 2007 bond issue proceeds for construction of two elementary schools and a number of other renovation projects associated with the bond package. This decrease was offset by an increase in capital assets of \$32.5 million related to those same capital projects.

Total liabilities decreased \$9.7 million, representing a decrease in accounts payable due to the District's near completion of major construction projects at fiscal year end, and a decrease in annual debt service payments.

Table 2 provides a comparison of changes in net assets for the year ended August 31, 2009, compared to August 31, 2008.

TABLE 2

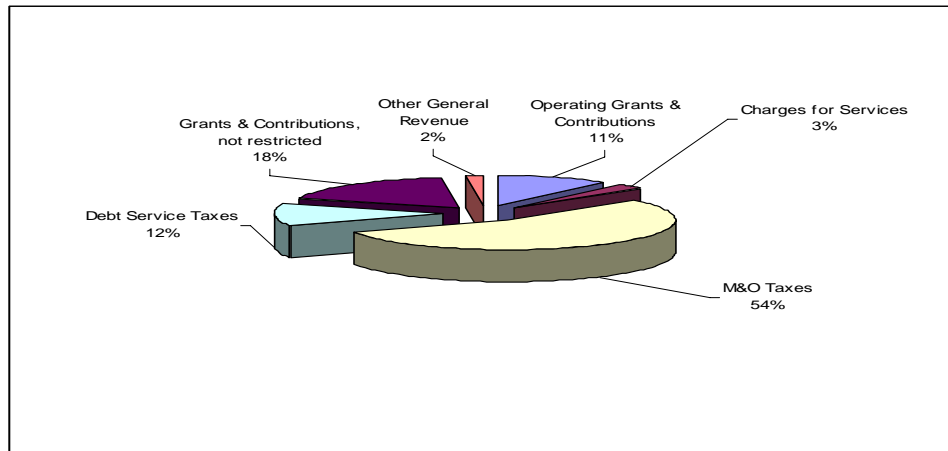
COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues:						
Charges for services	\$ 2,807,118	\$ 2,660,452	\$ 1,377,229	\$ 1,236,049	\$ 4,184,347	\$ 3,896,501
Operating grants and contributions	11,016,381	9,278,552	-	-	11,016,381	9,278,552
General revenues and special item:						
Maintenance and operations taxes	54,589,077	49,114,061	-	-	54,589,077	49,114,061
Debt service taxes	12,099,589	11,799,000	-	-	12,099,589	11,799,000
Grants and contributions not restricted	18,519,681	17,308,724	-	-	18,519,681	17,308,724
Investment earnings	1,578,241	4,395,420	-	-	1,578,241	4,395,420
Miscellaneous local and intermediate	106,384	1,302,053	-	-	106,384	1,302,053
Total revenues	<u>100,716,471</u>	<u>95,858,262</u>	<u>1,377,229</u>	<u>1,236,049</u>	<u>102,093,700</u>	<u>97,094,311</u>
EXPENSES						
Instruction	50,732,376	42,825,741	-	-	50,732,376	42,825,741
Instructional resources and media	1,235,870	1,134,316	-	-	1,235,870	1,134,316
Curriculum and staff development	1,440,411	1,360,112	-	-	1,440,411	1,360,112
Instructional leadership	1,898,638	1,939,548	-	-	1,898,638	1,939,548
School leadership	4,085,740	3,700,309	-	-	4,085,740	3,700,309
Guidance, counseling and evaluation	2,476,316	2,416,469	-	-	2,476,316	2,416,469
Social work services	9,614	9,032	-	-	9,614	9,032
Health services	813,746	775,303	-	-	813,746	775,303
Student (pupil) transportation	2,252,906	1,896,604	-	-	2,252,906	1,896,604
Food services	4,054,359	3,431,985	-	-	4,054,359	3,431,985
Co-curricular/extracurricular activities	2,974,028	2,518,796	-	-	2,974,028	2,518,796
General administration	2,194,010	2,153,902	-	-	2,194,010	2,153,902
Plant maintenance and operations	8,029,781	7,997,717	-	-	8,029,781	7,997,717
Security and monitoring services	166,523	71,784	-	-	166,523	71,784
Data processing services	1,188,203	1,302,615	-	-	1,188,203	1,302,615
Community services	413,684	365,783	-	-	413,684	365,783
Debt service - interest on long-term debt	4,828,851	4,956,649	-	-	4,828,851	4,956,649
Debt service - bond issuance cost and fees	67,962	58,172	-	-	67,962	58,172
Contracted instructional services	-	-	-	-	-	-
between schools	8,317,875	5,677,648	-	-	8,317,875	5,677,648
Payments to fiscal agent	75,464	29,740	-	-	75,464	29,740
Payments to Juvenile Justice Alt. Ed. Prg.	4,362	-	-	-	4,362	-
Payments to tax increment fund	493,613	478,707	-	-	493,613	478,707
Other intergovernmental charges	696,709	648,198	-	-	696,709	648,198
Community education	-	-	409,654	379,510	409,654	379,510
Kids Klub	-	-	958,684	925,339	958,684	925,339
Total expenses	<u>98,451,041</u>	<u>85,749,130</u>	<u>1,368,338</u>	<u>1,304,849</u>	<u>99,819,379</u>	<u>87,053,979</u>
INCREASE (DECREASE) IN NET ASSETS	2,265,430	10,109,132	8,891	(68,800)	2,274,321	10,040,332
NET ASSETS, BEGINNING	<u>98,281,647</u>	<u>88,172,515</u>	<u>214,370</u>	<u>283,170</u>	<u>98,496,017</u>	<u>88,455,685</u>
NET ASSETS, ENDING	<u>\$ 100,547,077</u>	<u>\$ 98,281,647</u>	<u>\$ 223,261</u>	<u>\$ 214,370</u>	<u>\$ 100,770,338</u>	<u>\$ 98,496,017</u>

The total cost of all governmental activities was \$98.5 million, an increase of \$12.7 million over the previous year. This increase was primarily due to an increase in maintenance and operations taxes due to an increase in property values over fiscal year 2008. Additionally, grants and contributions increased as a result of increased foundation school program payments due to enrollment growth. The District was required to remit over \$8 million to its partner district to equalize its property value wealth in fiscal year 2009, an increase of \$2.6 million compared to the prior year.

Revenues by Source – Governmental Activities



Property taxes made up 66% of total revenues for governmental activities. Program revenues for governmental activities provided 14% of governmental revenues. The remaining 20% of all governmental revenues was derived from grants and contributions not restricted, and other general revenue.

The District has been designated as a District subject to the provisions of Chapter 41 of the Texas Education Code. The District's property values per student in weighted average daily attendance exceeded the state threshold level of \$319,500. For the 2008-2009 year, the District's property value per student in weighted average daily attendance was \$470,866. The District was required to remit \$8.3 million to the State of Texas to equalize its property value wealth level to \$319,500 per student in weighted average daily attendance. That payment amount represents an increase of \$2.6 million compared to the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the Financial Accountability System Resource Guide, Texas Education Agency, with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred.

Revenues from all governmental funds totaled \$100.7 million for the fiscal year ended August 31, 2009, an increase of 5% from the prior fiscal year. Local revenues, including property taxes, increased \$2.4 million, and remain the largest source of revenue received by the District. State revenues increased \$1.8 million or 9% from fiscal year 2008. This is due, in part, to the District's increase in enrollment. However, the primary reason for the significant increase is due to the implementation of the Texas Legislature's House Bill 1 concerning the financing of public schools. Federal revenues increased \$405,000 from fiscal year 2008.

Expenditures for governmental operations totaled \$139 million during fiscal year 2009, an increase of 20% from fiscal year 2008. Expenditures in the capital projects funds for facilities acquisition and construction were \$12 million more than in 2008 due to the construction projects continuing as a result of the 2007 bond issue and projects starting as a result of the 2009 bond issue.

The governmental funds reported a combined fund balance of approximately \$48.7 million, a decrease of \$38 million. The net decrease of the combined fund balances was comprised of a \$35 million decrease in the fund balance of the capital projects funds, a \$2.4 million decrease in the fund balance of the general fund, and a decrease in the debt service fund of \$61,000. Other non-major governmental fund balances decreased \$166,000. Out of the combined fund balances, \$31.7 million constitutes unreserved, undesignated fund balances. The remainder of the fund balance is reserved or designated to indicate that it is not available for spending because it has already been committed.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$32 million while total fund balances for all funds reached \$48.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance to the total general fund expenditures. Unreserved fund balance represents 40% of the total general fund expenditures. It is important to note, that the District is required to use its reserves for operating costs which occur prior to the receipt of tax payments which are due January 31st.

Proprietary Funds

The District maintains enterprise and internal service funds. Information is presented separately in the Proprietary Funds Combining Statement of Net Assets and the Proprietary Funds combining Statement of Revenues, Expenses, and Changes in Fund Net Assets. Net assets in these funds as of August 31, 2009, were \$207,579.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the year, the District responds to changing circumstances by amending its budget as necessary. Over the course of the year, the Board of Trustees approved various amendments to the District's budget as recommended by the administrative staff. The District's major budget amendments presented to the Board of Trustees throughout the year are summarized as follows:

- The expenditure budget was increased \$1.2 million. This increase was primarily due to instructional costs associated with growth in student enrollment.
- The state revenue budget was increased \$386,000. That increase is primarily attributable to growth in student enrollment.

The District's General Fund balance of \$32 million differs only \$400,000 from the General Fund's budgetary fund balance of \$31.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District has approximately \$154.5 million (net of accumulated depreciation) invested in a broad range of capital assets, including instructional facilities and equipment, athletic facilities, and administrative and maintenance buildings and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$32.7 million over the prior year as illustrated in Table 3 below.

	Governmental Activities	
	2009	2008
Land	\$ 6,984,265	\$ 6,984,265
Buildings and improvements	86,730,712	89,920,018
Furniture and equipment	5,640,328	3,839,300
Capital lease assets	1,830,645	1,261,037
Construction in progress	<u>53,345,459</u>	<u>19,842,882</u>
Total Capital Assets, net of depreciation	<u>\$ 154,531,409</u>	<u>\$ 121,847,502</u>

This increase in capital assets net of depreciation was due to the continuing construction of Creek View and College Hills Elementary schools and various other construction projects. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Debt

At year-end, the District had approximately \$105 million in bonds and capital leases outstanding versus approximately \$112 million in the prior year as illustrated in Table 4 below. Total debt decreased by \$7.2 million, a result of bond a capital lease payments.

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 103,185,000	\$ 110,435,000
Premiums on bonds issued	1,213,680	1,380,087
Deferral on bond refunding	(684,181)	(779,888)
Capital leases	563,742	543,410
Compensated absences	490,021	437,351
Total Outstanding Debt	\$ <u>104,768,262</u>	\$ <u>112,015,960</u>

The District's underlying bond rating assigned by Standard & Poors was confirmed at the AA- rating with the issue of the 2009 Unlimited Tax School Building Bonds. The underlying ratings assigned by Fitch and Moody's as a result of the issuance of the 2009 Unlimited Tax School Building Bonds was AA and A1, respectively. Additional detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2010 budget and tax rates. The District expects tax revenue to increase modestly for fiscal year 2010. However, the revenues that will be available for the District to spend in the foreseeable future will be limited by the provisions of House Bill 3646, 81st Texas Legislature. The future revenues are limited to a "hold harmless" amount based on the number of students in weighted average daily attendance.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 AUGUST 31, 2009

Data Control Codes	1	2	3
	Governmental Activities	Primary Government Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 53,082,385	\$ 565,486	\$ 53,647,871
1220 Property Taxes Receivable (Delinquent)	2,203,646	-	2,203,646
1230 Allowance for Uncollectible Taxes	(462,766)	-	(462,766)
1240 Due from Other Governments	2,862,092	-	2,862,092
1290 Other Receivables, net	2,009	-	2,009
1300 Inventories	193,510	-	193,510
1410 Deferred Expenses	2,110	-	2,110
1420 Capitalized Bond and Other Debt Issuance Costs	574,759	-	574,759
Capital Assets:			
1510 Land	6,984,265	-	6,984,265
1520 Buildings, Net	86,730,712	-	86,730,712
1530 Furniture and Equipment, Net	5,640,328	21,157	5,661,485
1550 Leased Property Under Capital Leases, Net	1,830,645	-	1,830,645
1580 Construction in Progress	53,345,459	-	53,345,459
1000 Total Assets	<u>212,989,154</u>	<u>586,643</u>	<u>213,575,797</u>
LIABILITIES			
2110 Accounts Payable	3,967,944	14,629	3,982,573
2140 Interest Payable	208,191	-	208,191
2160 Accrued Wages Payable	3,347,681	62,284	3,409,965
2180 Due to Other Governments	33,160	-	33,160
2300 Deferred Revenues	116,839	286,469	403,308
Noncurrent Liabilities			
2501 Due Within One Year	6,586,404	-	6,586,404
2502 Due in More Than One Year	98,181,858	-	98,181,858
2000 Total Liabilities	<u>112,442,077</u>	<u>363,382</u>	<u>112,805,459</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	62,614,619	21,157	62,635,776
Restricted for:			
3820 Restricted for Federal and State Programs	1,540,580	-	1,540,580
3850 Restricted for Debt Service	3,045,537	-	3,045,537
3870 Restricted for Campus Activities	490,555	-	490,555
3900 Unrestricted Net Assets	32,855,786	202,104	33,057,890
3000 Total Net Assets	<u>\$ 100,547,077</u>	<u>\$ 223,261</u>	<u>\$ 100,770,338</u>

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 50,732,376	\$ 345,682	\$ 5,868,438
12 Instructional Resources and Media Services	1,235,870	-	115,321
13 Curriculum and Instructional Staff Development	1,440,411	-	651,317
21 Instructional Leadership	1,898,638	-	617,118
23 School Leadership	4,085,740	-	211,158
31 Guidance, Counseling and Evaluation Services	2,476,316	-	372,407
32 Social Work Services	9,614	-	9,614
33 Health Services	813,746	-	75,897
34 Student (Pupil) Transportation	2,252,906	-	164,064
35 Food Services	4,054,359	2,232,242	1,789,114
36 Extracurricular Activities	2,974,028	155,586	267,223
41 General Administration	2,194,010	40,669	86,282
51 Plant Maintenance and Operations	8,029,781	32,939	490,684
52 Security and Monitoring Services	166,523	-	32,783
53 Data Processing Services	1,188,203	-	44,121
61 Community Services	413,684	-	220,840
72 Debt Service - Interest on Long Term Debt	4,828,851	-	-
73 Debt Service - Bond Issuance Cost and Fees	67,962	-	-
91 Contracted Instructional Services Between Schools	8,317,875	-	-
93 Payments to Fiscal Agent/Member Districts of SSA	75,464	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	4,362	-	-
97 Payments to Tax Increment Fund	493,613	-	-
99 Other Intergovernmental Charges	696,709	-	-
[TG] Total Governmental Activities:	<u>98,451,041</u>	<u>2,807,118</u>	<u>11,016,381</u>
BUSINESS-TYPE ACTIVITIES:			
01 Community Education	409,654	427,759	-
02 Kids Klub	958,684	949,470	-
[TB] Total Business-Type Activities:	<u>1,368,338</u>	<u>1,377,229</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 99,819,379</u>	<u>\$ 4,184,347</u>	<u>\$ 11,016,381</u>
Data Control Codes	General Revenues:		
MT	Taxes:		
DT	Property Taxes, Levied for General Purposes		
GC	Property Taxes, Levied for Debt Service		
IE	Grants and Contributions not Restricted		
MI	Investment Earnings		
TR	Miscellaneous Local and Intermediate Revenue		
	Total General Revenues		
CN	Change in Net Assets		
NB	Net Assets--Beginning		
NE	Net Assets--Ending		

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (44,518,256)	\$ -	\$ (44,518,256)
(1,120,549)	-	(1,120,549)
(789,094)	-	(789,094)
(1,281,520)	-	(1,281,520)
(3,874,582)	-	(3,874,582)
(2,103,909)	-	(2,103,909)
-	-	-
(737,849)	-	(737,849)
(2,088,842)	-	(2,088,842)
(33,003)	-	(33,003)
(2,551,219)	-	(2,551,219)
(2,067,059)	-	(2,067,059)
(7,506,158)	-	(7,506,158)
(133,740)	-	(133,740)
(1,144,082)	-	(1,144,082)
(192,844)	-	(192,844)
(4,828,851)	-	(4,828,851)
(67,962)	-	(67,962)
(8,317,875)	-	(8,317,875)
(75,464)	-	(75,464)
(4,362)	-	(4,362)
(493,613)	-	(493,613)
(696,709)	-	(696,709)
(84,627,542)	-	(84,627,542)
-	18,105	18,105
-	(9,214)	(9,214)
-	8,891	8,891
(84,627,542)	8,891	(84,618,651)
54,589,077	-	54,589,077
12,099,589	-	12,099,589
18,519,681	-	18,519,681
1,578,241	-	1,578,241
106,384	-	106,384
86,892,972	-	86,892,972
2,265,430	8,891	2,274,321
98,281,647	214,370	98,496,017
\$ 100,547,077	\$ 223,261	\$ 100,770,338

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 2009 Construction
ASSETS			
1110 Cash and Cash Equivalents	\$ 32,766,008	\$ 2,963,761	\$ -
1220 Property Taxes - Delinquent	1,836,599	367,047	-
1230 Allowance for Uncollectible Taxes (Credit)	(385,686)	(77,080)	-
1240 Due from Other Governments	2,389,082	-	-
1260 Due from Other Funds	359,497	-	-
1290 Other Receivables	-	-	-
1300 Inventories	48,908	-	-
1410 Deferred Expenditures	2,110	-	-
1000 Total Assets	<u>\$ 37,016,518</u>	<u>\$ 3,253,728</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 398,718	\$ -	\$ 1,063,193
2160 Accrued Wages Payable	3,188,946	-	-
2170 Due to Other Funds	-	-	359,497
2180 Due to Other Governments	33,160	-	-
2300 Deferred Revenues	1,420,945	276,555	-
2000 Total Liabilities	<u>5,041,769</u>	<u>276,555</u>	<u>1,422,690</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	45,908	-	-
3450 Food Service	-	-	-
Unreserved Designated For:			
3590 Other Purposes	16,000,000	-	-
Unreserved and Undesignated:			
3600 Reported in the General Fund	15,928,841	-	-
3610 Reported in Special Revenue Funds	-	-	-
3620 Reported in Capital Projects Funds	-	-	(1,422,690)
3640 Reported in Debt Service Funds	-	2,977,173	-
3000 Total Fund Balances	<u>31,974,749</u>	<u>2,977,173</u>	<u>(1,422,690)</u>
4000 Total Liabilities and Fund Balances	<u>\$ 37,016,518</u>	<u>\$ 3,253,728</u>	<u>\$ -</u>

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

60 2007 Construction	Other Funds	Total Governmental Funds
\$ 14,865,721	\$ 2,277,398	\$ 52,872,888
-	-	2,203,646
-	-	(462,766)
-	473,010	2,862,092
-	202,256	561,753
-	2,009	2,009
-	144,602	193,510
-	-	2,110
<u>\$ 14,865,721</u>	<u>\$ 3,099,275</u>	<u>\$ 58,235,242</u>
\$ 1,990,654	\$ 290,200	\$ 3,742,765
13,230	145,505	3,347,681
-	202,256	561,753
-	-	33,160
-	79,634	1,777,134
<u>2,003,884</u>	<u>717,595</u>	<u>9,462,493</u>
-	144,602	190,510
-	801,161	801,161
-	-	16,000,000
-	-	15,928,841
-	1,088,372	1,088,372
12,861,837	347,545	11,786,692
-	-	2,977,173
<u>12,861,837</u>	<u>2,381,680</u>	<u>48,772,749</u>
<u>\$ 14,865,721</u>	<u>\$ 3,099,275</u>	<u>\$ 58,235,242</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, 2009

Total Fund Balances - Governmental Funds	\$	48,772,749
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to decrease net assets.		(15,682)
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$175,966,115 and the accumulated depreciation was \$54,118,613. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		10,266,369
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.		44,817,876
4 The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(4,285,802)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying proceeds of capital leases as an increase in capital leases payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		991,567
19 Net Assets of Governmental Activities	<u>\$</u>	<u>100,547,077</u>

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 2009 Construction
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 55,597,654	\$ 12,072,231	\$ -
5800 State Program Revenues	21,584,235	-	-
5900 Federal Program Revenues	10,975	-	-
5020 Total Revenues	<u>77,192,864</u>	<u>12,072,231</u>	<u>-</u>
EXPENDITURES:			
Current:			
0011 Instruction	42,969,415	-	-
0012 Instructional Resources and Media Services	950,709	-	-
0013 Curriculum and Instructional Staff Development	792,581	-	-
0021 Instructional Leadership	1,337,406	-	-
0023 School Leadership	3,799,433	-	-
0031 Guidance, Counseling and Evaluation Services	2,117,344	-	-
0032 Social Work Services	-	-	-
0033 Health Services	749,306	-	-
0034 Student (Pupil) Transportation	2,653,471	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,388,755	-	-
0041 General Administration	2,012,906	-	-
0051 Facilities Maintenance and Operations	8,465,137	-	-
0052 Security and Monitoring Services	134,543	-	-
0053 Data Processing Services	1,153,007	-	-
0061 Community Services	194,143	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	598,167	7,250,000	-
0072 Debt Service - Interest on Long Term Debt	16,179	4,878,479	-
0073 Debt Service - Bond Issuance Cost and Fees	-	4,596	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	296,090	-	1,422,690
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	8,317,875	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	75,464	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	4,362	-	-
0097 Payments to Tax Increment Fund	493,613	-	-
0099 Other Intergovernmental Charges	696,709	-	-
6030 Total Expenditures	<u>80,216,615</u>	<u>12,133,075</u>	<u>1,422,690</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,023,751)</u>	<u>(60,844)</u>	<u>(1,422,690)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	3,399	-	-
7913 Capital Leases	618,499	-	-
7915 Transfers In	21,640	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>643,538</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	(2,380,213)	(60,844)	(1,422,690)
0100 Fund Balance - September 1 (Beginning)	<u>34,354,962</u>	<u>3,038,017</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 31,974,749</u>	<u>\$ 2,977,173</u>	<u>\$ (1,422,690)</u>

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

60 2007 Construction	Other Funds	Total Governmental Funds
\$ 1,081,014	\$ 2,993,653	\$ 71,744,552
-	1,151,143	22,735,378
-	6,069,731	6,080,706
<u>1,081,014</u>	<u>10,214,527</u>	<u>100,560,636</u>
1,273,399	3,747,084	47,989,898
118,679	71,804	1,141,192
-	627,422	1,420,003
-	551,866	1,889,272
-	22,255	3,821,688
-	256,887	2,374,231
-	9,614	9,614
-	34,823	784,129
-	93,771	2,747,242
-	3,926,328	3,926,328
-	241,558	2,630,313
8,599	43,762	2,065,267
-	286,057	8,751,194
-	31,980	166,523
-	-	1,153,007
-	211,607	405,750
-	-	7,848,167
-	-	4,894,658
-	-	4,596
33,496,190	202,614	35,417,584
-	-	8,317,875
-	-	75,464
-	-	4,362
-	-	493,613
-	-	696,709
<u>34,896,867</u>	<u>10,359,432</u>	<u>139,028,679</u>
<u>(33,815,853)</u>	<u>(144,905)</u>	<u>(38,468,043)</u>
-	-	3,399
-	-	618,499
-	-	21,640
-	(21,640)	(21,640)
-	(21,640)	621,898
<u>(33,815,853)</u>	<u>(166,545)</u>	<u>(37,846,145)</u>
<u>46,677,690</u>	<u>2,548,225</u>	<u>86,618,894</u>
<u>\$ 12,861,837</u>	<u>\$ 2,381,680</u>	<u>\$ 48,772,749</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2009

Total Net Change in Fund Balances - Governmental Funds	\$	(37,846,145)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.		95,793
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase net assets.		44,817,876
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(4,285,802)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of capital leases, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(516,292)
Change in Net Assets of Governmental Activities	\$	2,265,430

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

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2009

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 565,486	\$ 209,497
Total Current Assets	565,486	209,497
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	39,670	-
Depreciation on Furniture and Equipment	(18,513)	-
Total Noncurrent Assets	21,157	-
Total Assets	586,643	209,497
LIABILITIES		
Current Liabilities:		
Accounts Payable	14,629	225,179
Accrued Wages Payable	62,284	-
Deferred Revenues	286,469	-
Total Liabilities	363,382	225,179
NET ASSETS		
Investments in Capital Assets, Net of Debt	21,157	-
Unrestricted Net Assets	202,104	(15,682)
Total Net Assets	\$ 223,261	\$ (15,682)

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

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 1,377,229	\$ 346,867
Total Operating Revenues	1,377,229	346,867
OPERATING EXPENSES:		
Payroll Costs	951,142	-
Professional and Contracted Services	54,205	3,800
Supplies and Materials	135,487	-
Other Operating Costs	227,504	191,654
Total Operating Expenses	1,368,338	195,454
Operating Income	8,891	151,413
Total Net Assets - September 1 (Beginning)	214,370	(167,095)
Total Net Assets - August 31 (Ending)	\$ 223,261	\$ (15,682)

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

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total	Internal
	Enterprise	Service Fund
	Funds	
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 1,416,429	\$ 346,867
Cash Payments to Employees for Services	(938,538)	-
Cash Payments for Insurance Claims	-	(228,132)
Cash Payments for Suppliers	(135,487)	-
Cash Payments for Other Operating Expenses	(278,870)	(35,112)
Net Cash Provided by Operating Activities	63,534	83,623
Net Increase in Cash and Cash Equivalents	63,534	83,623
Cash and Cash Equivalents at Beginning of the Year:	501,952	125,874
Cash and Cash Equivalents at the End of the Year:	\$ 565,486	\$ 209,497
<u>Reconciliation of Operating Income to Net Cash</u>		
<u> Provided by Operating Activities:</u>		
Operating Income:	\$ 8,891	\$ 151,413
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	7,934	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	(5,095)	(67,790)
Increase (decrease) in Accrued Wages Payable	12,604	-
Increase (decrease) in Deferred Revenue	39,200	-
Net Cash Provided by Operating Activities	\$ 63,534	\$ 83,623

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2009

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 479,132
Total Assets	<u>\$ 479,132</u>
LIABILITIES	
Due to Student Groups	\$ 479,132
Total Liabilities	<u>\$ 479,132</u>

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District reports the following major governmental funds:

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

Debt Service 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.

2009 Construction Fund – The 2009 Construction Fund accounts for the proceeds and expenditures related to the 2009 Construction Bonds.

2007 Construction Fund – The 2007 Construction Fund accounts for the proceeds and expenditures related to the 2007 Construction Bonds.

Additionally, the District reports the following fund types:

Internal Service Funds – Revenue and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an Internal Service Fund. The District’s Internal Service Fund is for self-insured Workers’ Compensation.

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

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

2. Receivables and Payables

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

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

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

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate approved by the Board. For the year ended August 31, 2009, the rates were \$1.00005 and \$0.22100, respectively, per \$100 of assessed value.

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventory*

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

4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental or business-type activities columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Long-term Obligations*

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

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

6. *Compensated Absences*

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Reserves are as indicated on the balance sheet. A designation of general fund in the amount of \$16 million is for expenditures anticipated in connection with new campuses.

8. *Net Assets*

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue and recapture cost for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2009, will change.

10. *Data Control Codes*

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

II. COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance

As of August 31, 2009, the 2009 Construction Fund had a deficit balance in the amount of \$1,422,690. This deficit fund balance will be funded with bonds issued on September 1, 2009.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2009, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 23,317,329	44
Lone Star Investment Pool	<u>27,624,010</u>	<u>56</u>
Total portfolio	<u>\$ 50,941,339</u>	<u>50</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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

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

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2009, the District's deposit balance of \$3,741,453 was collateralized with securities held by the pledging financial institution in the District's name or FDIC insurance.

Credit Risk

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

Tex Pool	AAAm
Lone Star Investment Pool	AAAm

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,836,599	\$ 367,047	\$ -	\$ 2,203,646
Intergovernmental	2,389,082	-	473,010	2,862,092
Other	<u>-</u>	<u>-</u>	<u>2,009</u>	<u>2,009</u>
Gross receivables	4,225,681	367,047	475,019	5,067,747
Less: allowance for uncollectibles	<u>(385,686)</u>	<u>(77,080)</u>	<u>-</u>	<u>(462,766)</u>
Net total receivables	<u>\$ 3,839,995</u>	<u>\$ 289,967</u>	<u>\$ 475,019</u>	<u>\$ 4,604,981</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General fund)	\$ 1,383,740	\$ -
Delinquent property taxes receivable (Debt Service fund)	276,555	-
Extracurricular activities	-	27,204
Other	-	10,000
Grants drawn down prior to meeting all eligibility requirements	<u>-</u>	<u>79,635</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 1,660,295</u>	<u>\$ 116,839</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital assets activity for the year ended August 31, 2009, was as follows:

	Beginning Balance 09/01/08	Increases	Decreases/ Reclassifications	Ending Balance 08/31/09
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,984,265	\$ -	\$ -	\$ 6,984,265
Construction work in progress	19,842,882	34,571,687	(1,069,110)	53,345,459
Total capital assets, not being depreciated	26,827,147	34,571,687	(1,069,110)	60,329,724
Capital assets, being depreciated:				
Buildings and improvements	137,247,278	746,972	-	137,994,250
Furniture and equipment	10,459,229	1,779,723	322,138	12,561,090
Leased property under capital leases	1,432,461	618,299	-	2,050,760
Total capital assets, being depreciated	149,138,968	3,144,994	322,138	152,606,100
Less accumulated depreciation for:				
Buildings and improvements	(47,327,260)	(3,936,278)	-	(51,263,538)
Furniture and equipment	(6,619,929)	(300,833)	-	(6,920,762)
Leased property under capital leases	(171,424)	(48,691)	-	(220,115)
Total accumulated depreciation	(54,118,613)	(4,285,802)	-	(58,404,415)
Total capital assets, being depreciated, net	95,020,355	(1,140,808)	322,138	94,201,685
Governmental activities capital assets, net	\$ 121,847,502	\$ 33,430,879	\$(746,972)	\$ 154,531,409
	Beginning Balance 09/01/08	Increases	Decreases/ Reclassifications	Ending Balance 08/31/09
Business-type activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 39,670	\$ -	\$ -	\$ 39,670
Total capital assets, being depreciated	39,670	-	-	39,670
Less accumulated depreciation for:				
Furniture and equipment	(10,579)	(7,934)	-	(18,513)
Total accumulated depreciation	(10,579)	(7,934)	-	(18,513)
Total capital assets, being depreciated, net	29,091	(7,934)	-	21,157
Business-type activities capital assets, net	\$ 29,091	\$(7,934)	\$ -	\$ 21,157

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental activities:		
Instructional services		\$ 2,860,986
Library services		101,703
Curriculum and staff development		20,408
Instructional administration		9,366
School administration		264,052
Guidance and counseling		102,085
Health services		29,617
Student transportation		214,696
Food services		128,031
Extracurricular		343,715
General administration		76,073
Maintenance/operations		91,940
Data processing (central)		35,196
Community services		<u>7,934</u>
Total depreciation expense - governmental activities		\$ <u>4,285,802</u>
Business-type activities:		
Kids Klub		\$ <u>7,934</u>
Total depreciation expense - business-type activities		\$ <u>7,934</u>

D. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of August 31, 2009, is as follows:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 359,497
Nonmajor governmental	Nonmajor governmental	<u>202,256</u>
		\$ <u>561,753</u>

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

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables and Payables and Transfers (Continued)

Interfund transfers

	<u>Transfers in General Fund</u>
Transfers out:	
Nonmajor governmental	\$ <u>21,640</u>
Total interfund transfers	\$ <u><u>21,640</u></u>

The transfer was made to move monies collected in the Special Revenue Fund to the General Fund where they were expended.

E. Long-term Debt

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

	<u>Balance 09/01/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 08/31/09</u>	<u>Amounts Due in One Year</u>
Bonds	\$ 110,435,000	\$ -	\$ 7,250,000	\$ 103,185,000	\$ 6,060,000
Premium on issuance of bonds	1,380,087	-	166,407	1,213,680	166,407
Deferred loss on refunding	(779,888)	-	(95,707)	(684,181)	(95,707)
Capital leases	543,410	618,499	598,167	563,742	357,700
Compensated absences	<u>437,351</u>	<u>52,670</u>	<u>-</u>	<u>490,021</u>	<u>98,004</u>
Totals	<u>\$ 112,015,960</u>	<u>\$ 671,169</u>	<u>\$ 7,918,867</u>	<u>\$ 104,768,262</u>	<u>\$ 6,586,404</u>

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

1. *Bonds Payable*

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

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

1. Bonds Payable (Continued)

A summary of changes in general obligation bonds payable for the year ended August 31, 2009, is as follows:

Description	Interest Rate Payable	Amount Original Issue	Interest Current Year	Amount Outstanding 09/01/08	Issued	Retired	Amount Outstanding 08/31/09
Unlimited Tax School Building Bonds, Series 1999	4.125 to 6.125%	\$ 8,000,000	\$ 237,293	\$ 5,650,000	\$ -	\$ 360,000	\$ 5,290,000
Unlimited Tax Refunding Bonds, Series 2002	4.125 to 5.0%	12,770,000	95,536	3,150,000	-	2,145,000	1,005,000
Unlimited Tax School Building Bonds, Series 2004	2.5 to 4.4%	14,000,000	472,825	12,090,000	-	580,000	11,510,000
Unlimited Tax Refund Bonds, Series 2004	2.0 to 5.0%	18,095,000	681,813	15,370,000	-	1,745,000	13,625,000
Unlimited Tax Refund Bonds, Series 2006	3.875 to 5.0%	9,350,000	384,775	9,350,000	-	-	9,350,000
Unlimited Tax School Building Bonds, Series 2007	4.125 to 5.0%	67,420,000	3,006,238	64,825,000	-	2,420,000	62,405,000
Totals			\$ 4,878,480	\$ 110,435,000	\$ -	\$ 7,250,000	\$ 103,185,000

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

1. *Bonds Payable* (Continued)

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2010	\$ 6,060,000	\$ 4,608,902	\$ 10,668,902
2011	5,650,000	4,371,252	10,021,252
2012	5,900,000	4,121,765	10,021,765
2013	6,025,000	3,861,294	9,886,294
2014	6,300,000	3,592,144	9,892,144
2015 - 2019	35,305,000	13,559,523	48,864,523
2020 - 2024	24,200,000	7,000,095	31,200,095
2025 - 2028	<u>13,745,000</u>	<u>1,396,000</u>	<u>15,141,000</u>
Total	<u>\$ 103,185,000</u>	<u>\$ 42,510,975</u>	<u>\$ 145,695,975</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2009, there were no bonds considered defeased and still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2009.

2. *Capital Leases*

The District has entered into lease agreements as lessee for financing the acquisition of certain buses and other equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The imputed interest on the capital leases ranges from 3.91% to 5.09%.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt (Continued)

2. *Capital Leases* (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2009, were as follows:

Year Ending August 31,	Governmental Activities
2010	\$ 381,671
2011	<u>214,985</u>
Total minimum lease payments	596,656
Less: amount representing interest	<u>32,914</u>
Present value of minimum lease payments	<u>\$ 563,742</u>

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

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

(continued)

IV. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

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 a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2009, 2008 and 2007, and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal years 2009 and 2008 and 6.00% for fiscal year 2007. State contributions to TRS made on behalf of College Station Independent School District's employees for the years ended August 31, 2009, 2008 and 2007 were \$3,075,021, \$2,472,157 and \$2,211,501, respectively. College Station Independent School District paid additional state contributions for the years ended August 31, 2009, 2008, and 2007 in the amount of \$739,728, \$598,850 and \$523,846, respectively, on the portion of the employees' salaries that exceeded the statutory minimum. These contributions equaled the required contributions each year, respectively.

B. Health Care Coverage

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

The contract between the District and the licensed insurer is renewable January 1, 2009, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the insurer are available for the year ended December 31, 2008, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

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

(continued)

IV. OTHER INFORMATION (Continued)

C. 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 post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2009, 2008, and 2007. 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, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$503,265, \$405,147, and \$390,764, respectively, the active member contributions were \$327,122, \$263,346, and \$253,997, respectively, and the school district's contributions were \$276,796, \$222,831, and \$214,920, respectively, which equaled the required contributions each year.

Medicare Part D – On-behalf Payments. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$115,283 and \$103,288 were recognized for the years ended August 31, 2009 and 2008, respectively, as equal revenues and expenditures.

(continued)

IV. OTHER INFORMATION (Continued)

D. Risk Management

1. *General*

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

2. *Workers' Compensation – Self-funded*

During the year ended August 31, 2009, College Station ISD met its statutory workers' compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. As a self-funded member of the TASB Risk Management Fund, College Station ISD is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service. The member is protected against higher than expected claims costs through the purchase of stop-loss coverage. Stop-loss coverage was in effect for annual individual claims exceeding \$250,000. There were no claims against the stop-loss coverage in the past two years.

The following is a summary of the changes in the balances of claim liabilities for workers' compensation for the years ended August 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Liability, beginning of period	\$ 292,969	\$ 338,099
Claims incurred during the period	154,174	254,603
Payments on claims	<u>(228,132)</u>	<u>(299,733)</u>
Liability, end of period	<u>\$ 219,011</u>	<u>\$ 292,969</u>

The Fund engages the services of Ernst & Young to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2008, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

(continued)

IV. OTHER INFORMATION (Continued)

D. Risk Management (Continued)

3. Unemployment Compensation Pool

During the year ended August 31, 2009, College Station ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for unemployment compensation pool members.

The Fund engages the services of Ernst & Young to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2008, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

E. Commitments and Contingencies

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

(continued)

IV. OTHER INFORMATION (Continued)

F. Joint Venture Shared Service Arrangements

1. State Supplemental Visually Impaired Fund

The District participates in a shared service arrangement for the education of students with a visual impairment, funded under State Supplemental Visually Impaired funds, TEC Section 30.002, 19 TAC 89.238(6) with 24 other districts and cooperatives and the Education Service Center, Region VI. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement.

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

The District participates in a shared service arrangement to be used to develop an age-appropriate comprehensive violence and drug/alcohol education prevention program. The shared services arrangement is funded under ESEA, Title IV, Safe and Drug-free School and Communities Act. The District participated with 39 other districts, 1 charter school, and the Education Service Center, Region VI in the fiscal year 2009 grant. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement.

G. Subsequent Events

In the May 2009 school bond election, voters authorized the District to issue \$144,200,000 in new bonds. Subsequently, on September 1, 2009, the District issued Unlimited Tax School Building Bonds, Series 2009 in the amount of \$37,500,000, maturing August 15, 2034, with an average interest rate of 4.1%. The purpose of the bonds is to construct, acquire, and equip school buildings in the District and purchase necessary sites therefore.

At the October 1, 2009, Board of Trustees' meeting, the Trustees authorized the issuance of Unlimited Tax Refunding Bonds, Series 2009 in the amount of \$5,290,000. The purpose of the issuance is to repay the outstanding Unlimited Tax School Building Bonds, Series 1999 due to favorable economic conditions. The transaction represents a total cash savings of approximately \$450,000 over 10 years with a net present value of just over \$400,000.

REQUIRED SUPPLEMENTARY INFORMATION

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 56,673,110	\$ 56,805,327	\$ 55,597,654	\$ (1,207,673)
5800 State Program Revenues	19,945,336	20,331,039	21,584,235	1,253,196
5900 Federal Program Revenues	-	-	10,975	10,975
5020 Total Revenues	76,618,446	77,136,366	77,192,864	56,498
EXPENDITURES:				
Current:				
0011 Instruction	40,606,578	42,282,714	42,969,415	(886,701)
0012 Instructional Resources and Media Services	1,032,268	938,709	950,709	(12,000)
0013 Curriculum and Instructional Staff Development	800,229	787,226	792,581	(5,355)
0021 Instructional Leadership	1,380,085	1,336,819	1,337,406	(587)
0023 School Leadership	3,411,060	3,732,986	3,799,433	(66,447)
0031 Guidance, Counseling and Evaluation Services	2,220,715	2,120,474	2,117,344	3,130
0033 Health Services	740,605	747,226	749,306	(2,080)
0034 Student (Pupil) Transportation	2,279,288	2,821,184	2,653,471	167,713
0036 Extracurricular Activities	2,301,475	2,388,460	2,388,755	(295)
0041 General Administration	2,975,997	2,064,903	2,012,906	51,997
0051 Facilities Maintenance and Operations	8,839,430	8,467,753	8,465,137	2,616
0052 Security and Monitoring Services	67,806	127,223	134,543	(7,320)
0053 Data Processing Services	1,294,684	1,173,279	1,153,007	20,272
0061 Community Services	213,684	195,693	194,143	1,550
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	583,183	594,183	598,167	(3,984)
0072 Debt Service - Interest on Long Term Debt	20,557	20,557	16,179	4,378
Capital Outlay:				
0081 Facilities Acquisition and Construction	220,360	298,815	296,090	2,725
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	9,084,698	9,127,482	8,317,875	809,607
0093 Payments to Fiscal Agent/Member Districts of SSA	26,600	75,464	75,464	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	-	4,362	4,362	-
0097 Payments to Tax Increment Fund	478,000	493,613	493,613	-
0099 Other Intergovernmental Charges	696,709	696,709	696,709	-
6030 Total Expenditures	79,274,011	80,495,834	80,216,615	279,219
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,655,565)	(3,359,468)	(3,023,751)	335,717
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	3,399	3,399
7913 Capital Leases	-	601,056	618,499	17,443
7915 Transfers In	-	-	21,640	21,640
7080 Total Other Financing Sources (Uses)	-	601,056	643,538	42,482
1200 Net Change in Fund Balances	(2,655,565)	(2,758,412)	(2,380,213)	378,199
0100 Fund Balance - September 1 (Beginning)	34,354,962	34,354,962	34,354,962	-
3000 Fund Balance - August 31 (Ending)	\$ 31,699,397	\$ 31,596,550	\$ 31,974,749	\$ 378,199

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2009

Budgetary Information

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

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

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

Excess of Expenditures over Appropriations

The District exceeded appropriations in the General Fund in various functions, see Exhibit G-1. These overruns were funded by unexpected revenues and existing fund balance.

COMBINING STATEMENTS

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	117,212	56,658	123,763
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 117,212</u>	<u>\$ 56,658</u>	<u>\$ 123,763</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 88,200	\$ 10,332	\$ 36,280
2160	Accrued Wages Payable	-	29,012	22,623	28,328
2170	Due to Other Funds	-	-	23,703	59,155
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>117,212</u>	<u>56,658</u>	<u>123,763</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 117,212</u>	<u>\$ 56,658</u>	<u>\$ 123,763</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	283 IDEA, Pt. B ARRA Formula	289 Other Federal Special Revenue Funds
\$ 146	\$ 981,324	\$ -	\$ -	\$ -	\$ 390	\$ -	\$ 7,366
1,043	52,248	1,615	45,649	-	1,717	10,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	144,602	-	-	-	-	-	-
<u>\$ 1,189</u>	<u>\$ 1,178,174</u>	<u>\$ 1,615</u>	<u>\$ 45,649</u>	<u>\$ -</u>	<u>\$ 2,107</u>	<u>\$ 10,000</u>	<u>\$ 7,366</u>
\$ 411	\$ 132,156	\$ 101	\$ 1,966	\$ -	\$ 417	\$ -	\$ -
778	48,712	630	-	-	1,690	-	-
-	-	884	43,683	-	-	10,000	-
-	51,543	-	-	-	-	-	7,366
<u>1,189</u>	<u>232,411</u>	<u>1,615</u>	<u>45,649</u>	<u>-</u>	<u>2,107</u>	<u>10,000</u>	<u>7,366</u>
-	144,602	-	-	-	-	-	-
-	801,161	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	945,763	-	-	-	-	-	-
<u>\$ 1,189</u>	<u>\$ 1,178,174</u>	<u>\$ 1,615</u>	<u>\$ 45,649</u>	<u>\$ -</u>	<u>\$ 2,107</u>	<u>\$ 10,000</u>	<u>\$ 7,366</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

Data Control Codes	385	394	397	404
	Visually Impaired	Pregnancy, Education and Parenting	Advanced Placement Incentives	Student Success Initiative
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ 41,194	\$ -
1240 Due from Other Governments	-	1,713	-	61,392
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 1,713</u>	<u>\$ 41,194</u>	<u>\$ 61,392</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 283
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	1,713	-	61,109
2300 Deferred Revenues	-	-	20,725	-
2000 Total Liabilities	<u>-</u>	<u>1,713</u>	<u>20,725</u>	<u>61,392</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	-
3450 Food Service	-	-	-	-
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	20,469	-
3620 Reported in Capital Projects Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>20,469</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,713</u>	<u>\$ 41,194</u>	<u>\$ 61,392</u>

411 Technology Allotment	427 Apprent- iceship	428 High School Allotment	429 Ready To Read	461 Campus Activity Funds	481 Education Foundation	483 Brazos Valley Technology Preparation	Total Nonmajor Special Revenue Funds
\$ 122,943	\$ -	\$ 278,415	\$ 819	\$ 495,991	\$ -	\$ -	\$ 1,928,588
-	-	-	-	-	-	-	473,010
-	-	202,256	-	-	-	-	202,256
-	-	-	-	-	2,009	-	2,009
-	-	-	-	-	-	-	144,602
<u>\$ 122,943</u>	<u>\$ -</u>	<u>\$ 480,671</u>	<u>\$ 819</u>	<u>\$ 495,991</u>	<u>\$ 2,009</u>	<u>\$ -</u>	<u>\$ 2,750,465</u>
\$ -	\$ -	\$ 14,551	\$ -	\$ 4,238	\$ -	\$ -	\$ 288,935
-	-	12,534	-	1,198	-	-	145,505
-	-	-	-	-	2,009	-	202,256
-	-	-	-	-	-	-	79,634
<u>-</u>	<u>-</u>	<u>27,085</u>	<u>-</u>	<u>5,436</u>	<u>2,009</u>	<u>-</u>	<u>716,330</u>
-	-	-	-	-	-	-	144,602
-	-	-	-	-	-	-	801,161
122,943	-	453,586	819	490,555	-	-	1,088,372
-	-	-	-	-	-	-	-
<u>122,943</u>	<u>-</u>	<u>453,586</u>	<u>819</u>	<u>490,555</u>	<u>-</u>	<u>-</u>	<u>2,034,135</u>
<u>\$ 122,943</u>	<u>\$ -</u>	<u>\$ 480,671</u>	<u>\$ 819</u>	<u>\$ 495,991</u>	<u>\$ 2,009</u>	<u>\$ -</u>	<u>\$ 2,750,465</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

Data Control Codes	698 1998 Construction	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 348,810	\$ 2,277,398
1240 Due from Other Governments	-	473,010
1260 Due from Other Funds	-	202,256
1290 Other Receivables	-	2,009
1300 Inventories	-	144,602
1000 Total Assets	<u>\$ 348,810</u>	<u>\$ 3,099,275</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110 Accounts Payable	\$ 1,265	\$ 290,200
2160 Accrued Wages Payable	-	145,505
2170 Due to Other Funds	-	202,256
2300 Deferred Revenues	-	79,634
2000 Total Liabilities	<u>1,265</u>	<u>717,595</u>
Fund Balances:		
Reserved For:		
3410 Investments in Inventory	-	144,602
3450 Food Service	-	801,161
Unreserved and Undesignated:		
3610 Reported in Special Revenue Funds	-	1,088,372
3620 Reported in Capital Projects Funds	347,545	347,545
3000 Total Fund Balances	<u>347,545</u>	<u>2,381,680</u>
4000 Total Liabilities and Fund Balances	<u>\$ 348,810</u>	<u>\$ 3,099,275</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	5,044	1,212,486	933,338	1,540,650
5020	Total Revenues	<u>5,044</u>	<u>1,212,486</u>	<u>933,338</u>	<u>1,540,650</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	824,313	889,914	790,546
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	102,750	33,860	-
0021	Instructional Leadership	2,344	73,879	9,520	440,069
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	219,302
0032	Social Work Services	-	9,614	-	-
0033	Health Services	-	34,479	-	-
0034	Student (Pupil) Transportation	-	2,176	44	90,733
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	2,533	-	-
0051	Facilities Maintenance and Operations	-	1,933	-	-
0052	Security and Monitoring Services	2,700	-	-	-
0061	Community Services	-	160,809	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>5,044</u>	<u>1,212,486</u>	<u>933,338</u>	<u>1,540,650</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	283 IDEA, Pt. B ARRA Formula	289 Other Federal Special Revenue Funds
\$ -	\$ 2,247,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	27,437	-	-	-	-	-	-
47,863	1,806,828	79,873	328,467	9,322	91,690	10,000	4,170
47,863	4,082,200	79,873	328,467	9,322	91,690	10,000	4,170
47,863	-	55,256	-	-	83,380	-	4,170
-	-	-	-	-	-	-	-
-	-	-	328,467	9,322	8,308	10,000	-
-	-	-	-	-	-	-	-
-	-	24,617	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,926,328	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	51,476	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2	-	-
-	-	-	-	-	-	-	-
47,863	3,977,804	79,873	328,467	9,322	91,690	10,000	4,170
-	104,396	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	104,396	-	-	-	-	-	-
-	841,367	-	-	-	-	-	-
\$ -	\$ 945,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	404 Student Success Initiative
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	5,475	12,003	26,936	124,397
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>5,475</u>	<u>12,003</u>	<u>26,936</u>	<u>124,397</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	10,951	13,843	114,421
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	603	13,463	9,976
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	5,475	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	449	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>5,475</u>	<u>12,003</u>	<u>27,306</u>	<u>124,397</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(370)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	(370)	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>20,839</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,469</u>	<u>\$ -</u>

411 Technology Allotment	427 Apprent- iceship	428 High School Allotment	429 Ready To Read	461 Campus Activity Funds	481 Education Foundation	483 Brazos Valley Technology Preparation	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 680,479	\$ 21,854	\$ 11,319	\$ 2,961,587
264,690	20,032	670,063	110	-	-	-	1,151,143
-	-	-	-	-	-	-	6,069,731
<u>264,690</u>	<u>20,032</u>	<u>670,063</u>	<u>110</u>	<u>680,479</u>	<u>21,854</u>	<u>11,319</u>	<u>10,182,461</u>
41,612	-	554,600	-	291,206	21,854	3,155	3,747,084
-	-	-	-	71,804	-	-	71,804
-	-	103,653	-	7,020	-	-	627,422
-	-	26,054	-	-	-	-	551,866
-	-	1,567	-	20,688	-	-	22,255
-	-	-	-	349	-	7,144	256,887
-	-	-	-	-	-	-	9,614
-	-	-	-	344	-	-	34,823
-	-	-	-	818	-	-	93,771
-	-	-	-	-	-	-	3,926,328
-	-	-	-	240,538	-	1,020	241,558
-	-	-	-	83	-	-	3,065
232,435	-	-	-	213	-	-	286,057
-	-	-	-	29,280	-	-	31,980
-	20,032	-	-	30,764	-	-	211,607
-	-	-	-	-	-	-	-
<u>274,047</u>	<u>20,032</u>	<u>685,874</u>	<u>-</u>	<u>693,107</u>	<u>21,854</u>	<u>11,319</u>	<u>10,116,121</u>
<u>(9,357)</u>	<u>-</u>	<u>(15,811)</u>	<u>110</u>	<u>(12,628)</u>	<u>-</u>	<u>-</u>	<u>66,340</u>
-	-	-	-	-	(21,640)	-	(21,640)
-	-	-	-	-	(21,640)	-	(21,640)
(9,357)	-	(15,811)	110	(12,628)	(21,640)	-	44,700
<u>132,300</u>	<u>-</u>	<u>469,397</u>	<u>709</u>	<u>503,183</u>	<u>21,640</u>	<u>-</u>	<u>1,989,435</u>
<u>\$ 122,943</u>	<u>\$ -</u>	<u>\$ 453,586</u>	<u>\$ 819</u>	<u>\$ 490,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,034,135</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	698 1998 Construction	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 32,066	\$ 2,993,653
5800 State Program Revenues	-	1,151,143
5900 Federal Program Revenues	-	6,069,731
5020 Total Revenues	<u>32,066</u>	<u>10,214,527</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	3,747,084
0012 Instructional Resources and Media Services	-	71,804
0013 Curriculum and Instructional Staff Development	-	627,422
0021 Instructional Leadership	-	551,866
0023 School Leadership	-	22,255
0031 Guidance, Counseling and Evaluation Services	-	256,887
0032 Social Work Services	-	9,614
0033 Health Services	-	34,823
0034 Student (Pupil) Transportation	-	93,771
0035 Food Services	-	3,926,328
0036 Extracurricular Activities	-	241,558
0041 General Administration	40,697	43,762
0051 Facilities Maintenance and Operations	-	286,057
0052 Security and Monitoring Services	-	31,980
0061 Community Services	-	211,607
Capital Outlay:		
0081 Facilities Acquisition and Construction	202,614	202,614
6030 Total Expenditures	<u>243,311</u>	<u>10,359,432</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(211,245)</u>	<u>(144,905)</u>
OTHER FINANCING SOURCES (USES):		
8911 Transfers Out (Use)	-	(21,640)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(21,640)</u>
1200 Net Change in Fund Balance	(211,245)	(166,545)
0100 Fund Balance - September 1 (Beginning)	<u>558,790</u>	<u>2,548,225</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 347,545</u>	<u>\$ 2,381,680</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2009

	713	714	Total
	Community	Kids	Nonmajor
	Education	Klub	Enterprise
			Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 205,313	\$ 360,173	\$ 565,486
Total Current Assets	<u>205,313</u>	<u>360,173</u>	<u>565,486</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	-	39,670	39,670
Depreciation on Furniture and Equipment	-	(18,513)	(18,513)
Total Noncurrent Assets	<u>-</u>	<u>21,157</u>	<u>21,157</u>
Total Assets	<u>205,313</u>	<u>381,330</u>	<u>586,643</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	10,985	3,644	14,629
Accrued Wages Payable	-	62,284	62,284
Deferred Revenues	-	286,469	286,469
Total Liabilities	<u>10,985</u>	<u>352,397</u>	<u>363,382</u>
NET ASSETS			
Investments in Capital Assets, Net of Debt	-	21,157	21,157
Unrestricted Net Assets	<u>194,328</u>	<u>7,776</u>	<u>202,104</u>
Total Net Assets	<u>\$ 194,328</u>	<u>\$ 28,933</u>	<u>\$ 223,261</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

	713	714	Total Nonmajor Enterprise Funds
	Community Education	Kids Klub	
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 427,759	\$ 949,470	\$ 1,377,229
Total Operating Revenues	<u>427,759</u>	<u>949,470</u>	<u>1,377,229</u>
OPERATING EXPENSES:			
Payroll Costs	258,425	692,717	951,142
Professional and Contracted Services	12,716	41,489	54,205
Supplies and Materials	48,963	86,524	135,487
Other Operating Costs	89,550	137,954	227,504
Total Operating Expenses	<u>409,654</u>	<u>958,684</u>	<u>1,368,338</u>
Operating Income (Loss)	18,105	(9,214)	8,891
Total Net Assets - September 1 (Beginning)	<u>176,223</u>	<u>38,147</u>	<u>214,370</u>
Total Net Assets - August 31 (Ending)	<u>\$ 194,328</u>	<u>\$ 28,933</u>	<u>\$ 223,261</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

	713	714	Total
	Community	Kids	Nonmajor
	Education	Klub	Enterprise
			Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 427,759	\$ 988,670	\$ 1,416,429
Cash Payments to Employees for Services	(261,906)	(676,632)	(938,538)
Cash Payments for Suppliers	(48,963)	(86,524)	(135,487)
Cash Payments for Other Operating Expenses	(109,441)	(169,429)	(278,870)
Net Cash Provided by Operating Activities	<u>7,449</u>	<u>56,085</u>	<u>63,534</u>
Net Increase in Cash and Cash Equivalents	7,449	56,085	63,534
Cash and Cash Equivalents at Beginning of the Year:	<u>197,864</u>	<u>304,088</u>	<u>501,952</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 205,313</u>	<u>\$ 360,173</u>	<u>\$ 565,486</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss):	\$ 18,105	\$ (9,214)	\$ 8,891
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	7,934	7,934
Effect of Increases and Decreases in Current Assets and Liabilities:			
Increase (decrease) in Accounts Payable	(7,175)	2,080	(5,095)
Increase (decrease) in Accrued Wages Payable	(3,481)	16,085	12,604
Increase (decrease) in Deferred Revenue	-	39,200	39,200
Net Cash Provided by Operating Activities	<u>\$ 7,449</u>	<u>\$ 56,085</u>	<u>\$ 63,534</u>

REQUIRED TEA SCHEDULES

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2009

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	Various	Various	\$ Various
2001	1.460000	0.290000	2,433,141,821
2002	1.500000	0.290000	2,622,791,879
2003	1.500000	0.290000	2,977,367,765
2004	1.500000	0.270000	3,271,295,424
2005	1.500000	0.270000	3,556,047,062
2006	1.500000	0.175000	3,967,364,473
2007	1.330000	0.150000	4,425,403,783
2008	1.000050	0.241000	4,925,454,736
2009 (School year under audit)	1.000050	0.221000	5,452,956,472
1000	TOTALS		
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code		\$ <u>40,425,290</u>

(10) Beginning Balance 9/1/2008	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2009
\$ 161,998	\$ -	\$ 5,961	\$ 1,184	\$ (3,450)	\$ 151,403
45,878	-	876	174	(1,750)	43,078
42,099	-	1,504	291	(2,654)	37,650
59,583	-	2,131	412	(890)	56,150
71,460	-	11,754	2,116	8,082	65,672
76,708	-	20,832	3,750	16,243	68,369
401,014	-	20,223	2,359	8,323	386,755
415,042	-	35,162	3,966	(10,707)	365,207
697,143	-	190,260	45,850	(33,661)	427,372
-	66,583,325	53,941,967	11,920,579	(118,789)	601,990
<u>\$ 1,970,925</u>	<u>\$ 66,583,325</u>	<u>\$ 54,230,670</u>	<u>\$ 11,980,681</u>	<u>\$ (139,253)</u>	<u>\$ 2,203,646</u>
\$ -	\$ 493,613	\$ 493,613	\$ -	\$ -	\$ -

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2009

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 246,413	\$ 1,972,127	\$ -	\$ 87,935	\$ 2,306,475
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	3,663	-	-	3,663
6149	Leave - Separating Employees not in 41 & 53	-	-	-	27	-	-	27
6211	Legal Services	-	-	102,253	-	-	-	102,253
6212	Audit Services	-	-	-	24,765	-	-	24,765
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	696,709	-	-	-	-	696,709
621X	Other Professional Services	-	-	-	46,575	-	-	46,575
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	90	-	-	-	-	-	90
6240	Contr. Maint. and Repair	-	-	-	-	166,063	-	166,063
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	96,172	-	-	96,172
6290	Miscellaneous Contr.	-	-	225	36,638	-	-	36,863
6320	Textbooks and Reading	440	-	1,232	790	-	-	2,462
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	349	-	6,868	133,312	-	-	140,529
6410	Travel, Subsistence, Stipends	11,581	-	10,534	28,795	-	-	50,910
6420	Ins. and Bonding Costs	-	-	-	3,990	-	-	3,990
6430	Election Costs	14,279	-	-	-	-	-	14,279
6490	Miscellaneous Operating	8,855	-	2,966	76,702	-	-	88,523
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 35,594	\$ 696,709	\$ 370,491	\$ 2,423,556	\$ 166,063	\$ 87,935	\$ 3,780,348

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 90,430,918

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,452,033
Total Debt & Lease(6500)	(11)	614,346
Plant Maintenance (Function 51, 6100-6400)	(12)	8,337,390
Food (Function 35, 6341 and 6499)	(13)	1,621,757
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>2,423,556</u>

SubTotal: 14,449,082

Net Allowed Direct Cost \$ 75,981,836

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 137,994,250
Historical Cost of Building over 50 years old	(16)	\$ -
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 14,611,850
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 772,933
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$1,070,733 in Function 53 expenditures are included in this report on administrative costs.
 \$696,709 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2009

UNAUDITED

1	Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 31,974,749
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 45,908	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	16,000,000	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	15,000,000	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	7,000,000	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	-	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>38,045,908</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (6,071,159)</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,080,300	\$ 2,080,300	\$ 2,247,935	\$ 167,635
5800 State Program Revenues	27,800	27,800	27,437	(363)
5900 Federal Program Revenues	1,710,328	1,710,328	1,806,828	96,500
5020 Total Revenues	3,818,428	3,818,428	4,082,200	263,772
EXPENDITURES:				
0035 Food Services	3,719,145	3,826,145	3,926,328	(100,183)
0051 Facilities Maintenance and Operations	58,451	58,451	51,476	6,975
6030 Total Expenditures	3,777,596	3,884,596	3,977,804	(93,208)
1200 Net Change in Fund Balances	40,832	(66,168)	104,396	170,564
0100 Fund Balance - September 1 (Beginning)	841,367	841,367	841,367	-
3000 Fund Balance - August 31 (Ending)	\$ 882,199	\$ 775,199	\$ 945,763	\$ 170,564

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,143,425	\$ 12,143,425	\$ 12,072,231	\$ (71,194)
5020	Total Revenues	12,143,425	12,143,425	12,072,231	(71,194)
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	7,250,000	7,250,000	7,250,000	-
0072	Debt Service - Interest on Long Term Debt	4,878,479	4,878,479	4,878,479	-
0073	Debt Service - Bond Issuance Cost and Fees	12,000	12,000	4,596	7,404
6030	Total Expenditures	12,140,479	12,140,479	12,133,075	7,404
1200	Net Change in Fund Balances	2,946	2,946	(60,844)	(63,790)
0100	Fund Balance - September 1 (Beginning)	3,038,017	3,038,017	3,038,017	-
3000	Fund Balance - August 31 (Ending)	\$ 3,040,963	\$ 3,040,963	\$ 2,977,173	\$ (63,790)

FEDERAL AWARDS SECTION

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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
College Station, Texas

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District as of and for the year ended August 31, 2009, which collectively comprise College Station Independent School District's basic financial statements and have issued our report thereon dated January 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects College Station Independent School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

Compliance and Other Matters

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

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

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

January 11, 2010



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

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

Members of the Board:

Compliance

We have audited the compliance of College Station Independent School District (the “District”), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. The District’s major federal programs are identified in the summary of auditors’ results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

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

In our opinion, the District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

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

January 11, 2010

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through ESC Region VI</u>			
ESEA Title IV - Safe and Drug-Free Schools	84.186A	69550502	\$ 5,044
Total Passed Through ESC Region VI			\$ 5,044
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09610101021901	\$ 876,679
ESEA, Title I, Part A - Improving Basic Programs	84.010A	10610101021901	56,657
Total CFDA Number 84.010A			933,336
IDEA - Part B, Formula	84.027	0966001021901660	1,416,887
IDEA - Part B, Formula	84.027	1066001021901660	123,763
Total CFDA Number 84.027			1,540,650
Career and Technical - Basic Grant	84.048	08420006021901	78,258
Career and Technical - Basic Grant	84.048	09420006021901	1,615
Total CFDA Number 84.048			79,873
IDEA - Part B, Preschool	84.173	09661001021901661	46,820
IDEA - Part B, Preschool	84.173	10661001021901661	1,043
Total CFDA Number 84.173			47,863
Title II, Part D -Enhancing Ed. Through Technology	84.318X	09630001021901	9,322
Title III, Part A - English Language Acquisition	84.365A	09671001021901	89,974
Title III, Part A - English Language Acquisition	84.365A	1067100102901	1,717
Total CFDA Number 84.365A			91,691
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501021901	282,818
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10694501021901	45,649
Total CFDA Number 84.367A			328,467
Title VI, Part A Summer School	84.369A	69550502	4,170
IDEA, Part B, Formula - ARRA	84.391	10554001021901	10,000
Total Passed Through State Department of Education			\$ 3,045,372
TOTAL DEPARTMENT OF EDUCATION			\$ 3,050,416
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	021901	\$ 10,975
Total Passed Through Texas Dept of Human Services			\$ 10,975
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH5550/43	\$ 1,085,855
Head Start	93.600	06CH5550/44	103,652
Total CFDA Number 93.600			1,189,507
Head Start - ARRA	93.708	06SE550-AR	22,980
Total Passed Through State Department of Education			\$ 1,212,487
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 1,223,462
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
Commodity Supplemental - Non-Cash Assistance	10.565	021003A	\$ 179,645
Total Passed Through the State Department of Agriculture			\$ 179,645

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553	71400901	\$ 38,814
School Breakfast Program	10.553	71400001	296,939
Total CFDA Number 10.553			335,753
National School Lunch Program	10.555	71300901	154,062
National School Lunch Program	10.555	71300001	1,137,368
Total CFDA Number 10.555			1,291,430
Total Passed Through State Department of Education			\$ 1,627,183
TOTAL DEPARTMENT OF AGRICULTURE			\$ 1,806,828
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,080,706

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

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

AUGUST 31, 2009

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2009

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	No
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The District was classified as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	Title I, CFDA #84.010 IDEA - Part B, CFDA #84.027 and 84.173 IDEA - Part B - ARRA, CFDA #84.391 Title II, Part A, CFDA #84.367 Head Start, CFDA #93.600 Head Start - ARRA, CFDA #93.708

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

None

Findings and Questioned Costs for Federal Awards

None

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2009

Findings and Questioned Costs for Federal Awards

Item 2008-1:

U. S. Department of Education
Passed through the Texas Education Agency
Title I, Part A, CFDA #84.010A

U. S. Department of Health and Human Services
Head Start, CFDA #93.600

Condition:

Documentation is not available to ensure time and effort requirements are met in accordance with OMB Circular A-87.

Criteria:

Documentation of allowable salaries and wages in accordance with OMB Circular A-87 include the following:

- 1) Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- 2) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards, unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Such documentary support will be required where employees work on:
 - a) More than one federal award;
 - b) A federal award and a non-federal award;
 - c) An indirect cost activity and a direct cost activity;
 - d) Two or more indirect activities which are allocated using different allocation basis; or
 - e) An unallowable activity and a direct or indirect cost activity.

Cause:

Policies and procedures are not in place to ensure time and effort requirements, as described above, are met.

(continued)

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)
FOR THE YEAR ENDED AUGUST 31, 2009**

Findings and Questioned Costs for Federal Awards (Continued)

Item 2008-1: (Continued)

<u>Effect:</u>	Adequate documentation of time and effort was not available. We performed procedures to verify salaries and wages tested were allowable costs. These procedures included inquiry of employees and inspection of payroll documentation.
<u>Recommendation:</u>	Management should implement policies and procedures to ensure the district certifies time and effort in accordance with Title I, Part A and Head Start guidelines, either monthly or semi-annually, depending on how an employee's time is allocated.
<u>Current Status:</u>	This matter has been resolved.