



**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
AUGUST 31, 2006**

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2006

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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, 2006, at a meeting of the Board of Trustees of such school district on the 12th of December, 2006.

\_\_\_\_\_  
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, 2006, 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, 2006, 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 November 1, 2006, on our consideration of College Station Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

November 1, 2006

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2006

Our 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, 2006. Please read it in conjunction with the District's financial statements, which begin on page 12.

### FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$11 million as a result of this year's operations.
- During the year, the District had expenses that were \$6 million less than the \$86 million generated in tax and other revenues for governmental programs. This compares to last year when expenses were less than revenues by \$13 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$32 million, an increase of \$8 million in comparison with the prior year. \$32 million is *available for spending* at the District's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$25.8 million, or 41% of total General Fund expenditures.

### USING THIS ANNUAL REPORT

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

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

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

## **Reporting the District as a Whole**

### ***The Statement of Net Assets and the Statement of Activities***

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

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

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

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

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

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

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

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

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

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

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the District's net assets (59%) 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 (2%) represents sources that are restricted for future debt service payments, campus activities, and state and federal programs. The remaining balance of unrestricted net assets (\$30 million) may be used to meet the District's ongoing obligations.

Table 1 provides a comparison of net assets as of August 31, 2006, compared to August 31, 2005.

**TABLE 1**  
**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**NET ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 37,554,691	\$ 30,174,128	\$ 491,590	\$ 385,690	\$ 38,046,281	\$ 30,559,818
Capital assets	<u>100,639,756</u>	<u>101,517,998</u>	<u>-</u>	<u>-</u>	<u>100,639,756</u>	<u>101,517,998</u>
Total assets	<u>138,194,447</u>	<u>131,692,126</u>	<u>491,590</u>	<u>385,690</u>	<u>138,686,037</u>	<u>132,077,816</u>
Other liabilities	3,479,748	3,329,353	241,346	227,746	3,721,094	3,557,099
Long-term liabilities	<u>55,966,584</u>	<u>60,896,173</u>	<u>-</u>	<u>-</u>	<u>55,966,584</u>	<u>60,896,173</u>
Total liabilities	<u>59,446,332</u>	<u>64,225,526</u>	<u>241,346</u>	<u>227,746</u>	<u>59,687,678</u>	<u>64,453,272</u>
Net assets:						
Invested in capital assets, net of related debt	46,829,296	42,436,452	-	-	46,829,296	42,436,452
Restricted	1,591,690	3,102,100	-	-	1,591,690	3,102,100
Unrestricted	<u>30,327,129</u>	<u>21,928,048</u>	<u>250,244</u>	<u>157,944</u>	<u>30,577,373</u>	<u>22,085,992</u>
Total net assets	<u>\$ 78,748,115</u>	<u>\$ 67,466,600</u>	<u>\$ 250,244</u>	<u>\$ 157,944</u>	<u>\$ 78,998,359</u>	<u>\$ 67,624,544</u>

Total assets increased \$6.6 million with governmental activities comprising a majority of the change. The change was expected in conjunction with the increase in assessed property values for school tax purposes, resulting in an increase of the property tax levy by approximately \$3.5 million.

Total liabilities of the District's governmental activities decreased in the amount of \$4.8 million. This decrease is primarily due to the District starting a capital project at the end of fiscal year 2004 that was completed in fiscal year 2005 which resulted in a decrease in accounts payable at the end of the current year. Additionally, the District made its annual debt service payments which decreased liabilities by approximately \$4.2 million.

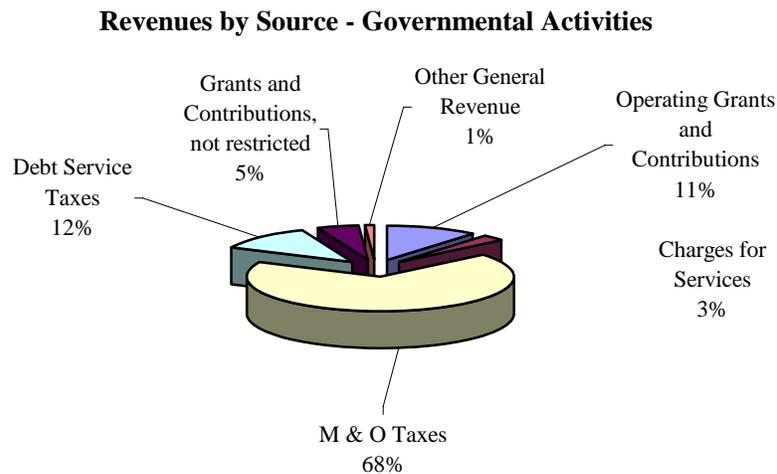
Net assets of the District's activities increased from \$67 million to \$78 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$30 million as of August 31, 2006.

**TABLE 2**  
**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 3,081,205	\$ 2,400,008	\$ 1,131,627	\$ 1,093,209	\$ 4,212,832	\$ 3,493,217
Operating grants and contributions	9,349,855	8,035,028	-	-	9,349,855	8,035,028
General revenues and special item:						
Maintenance and operations taxes	59,871,015	53,641,075	-	-	59,871,015	53,641,075
Debt service taxes	7,052,710	9,660,305	-	-	7,052,710	9,660,305
Grants and contributions not restricted	4,241,691	4,218,094	-	-	4,241,691	4,218,094
Investment earnings	1,919,654	1,038,802	-	-	1,919,654	1,038,802
Miscellaneous local and intermediate	791,802	403,569	-	-	791,802	403,569
Special item	409,569	-	-	-	409,569	-
Total revenues	<u>86,717,501</u>	<u>79,396,881</u>	<u>1,131,627</u>	<u>1,093,209</u>	<u>87,849,128</u>	<u>80,490,090</u>
<b>EXPENSES</b>						
Instruction	37,103,738	32,632,905	-	-	37,103,738	32,632,905
Instructional resources and						
media services	1,323,436	962,080	-	-	1,323,436	962,080
Curriculum and staff development	1,028,745	975,710	-	-	1,028,745	975,710
Instructional leadership	1,277,185	1,132,660	-	-	1,277,185	1,132,660
School leadership	3,449,427	2,937,755	-	-	3,449,427	2,937,755
Guidance, counseling and						
evaluation services	2,298,327	1,873,458	-	-	2,298,327	1,873,458
Social work services	8,710	8,982	-	-	8,710	8,982
Health services	630,278	602,037	-	-	630,278	602,037
Student (pupil) transportation	1,297,688	1,295,855	-	-	1,297,688	1,295,855
Food services	3,047,559	2,716,963	-	-	3,047,559	2,716,963
Co-curricular/extracurricular activities	2,381,018	2,250,296	-	-	2,381,018	2,250,296
General administration	2,583,258	2,296,820	-	-	2,583,258	2,296,820
Plant maintenance and operations	6,869,611	5,889,404	-	-	6,869,611	5,889,404
Security and monitoring services	45,395	47,724	-	-	45,395	47,724
Data processing services	780,716	667,750	-	-	780,716	667,750
Community services	354,932	352,752	-	-	354,932	352,752
Debt service - interest on long-term debt	2,221,733	3,071,040	-	-	2,221,733	3,071,040
Debt service - bond issuance cost and fees	45,720	48,076	-	-	45,720	48,076
Payments to tax increment fund	386,495	345,601	-	-	386,495	345,601
Contracted instructional services						
between schools	8,302,015	6,182,457	-	-	8,302,015	6,182,457
Community education	-	-	324,497	410,679	324,497	410,679
Kids Klub	-	-	714,830	675,239	714,830	675,239
Total expenses	<u>75,435,986</u>	<u>66,290,325</u>	<u>1,039,327</u>	<u>1,085,918</u>	<u>76,475,313</u>	<u>67,376,243</u>
<b>INCREASE IN NET ASSETS</b>	11,281,515	13,106,556	92,300	7,291	11,373,815	13,113,847
<b>NET ASSETS, BEGINNING</b>	<u>67,466,600</u>	<u>54,360,044</u>	<u>157,944</u>	<u>150,653</u>	<u>67,624,544</u>	<u>54,510,697</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 78,748,115</u>	<u>\$ 67,466,600</u>	<u>\$ 250,244</u>	<u>\$ 157,944</u>	<u>\$ 78,998,359</u>	<u>\$ 67,624,544</u>

Table 2 provides a comparison of changes in net assets for the year ended August 31, 2006, compared to August 31, 2005.

The \$11 million increase in governmental activities was primarily due to the increase in assessed property values for school tax purposes resulting in an increase of property tax revenue in the amount of \$4 million, or 5%. Grants and contributions increased in the amount of \$1.3 million due to an increase in state and federal funding. The increase in state and federal funding was a result of an increase in program revenue. Food Service, IDEA – Part B, Title I and Head Start program revenues increased by approximately \$693 thousand. Additionally, the District received \$730 thousand for Emergency Impact Aid to reimburse costs related to Hurricane Katrina victims. Investment earnings increased in the amount of \$900 thousand due to an increase in available cash. Expenses increased significantly primarily due to the opening of Forest Ridge Elementary School.



Property taxes made up 77% of total revenues for governmental activities. Program revenues for governmental activities provided 14% of governmental revenues. The remaining 9% of all governmental revenues was derived from contributions not restricted, and other general revenue.

The District has been designated as a Chapter 41 Robin Hood District as the property values per weighted average daily attendance exceeded the state mandated level of \$305,000 per weighted average daily attendance. For the 2005-2006 year, the District’s property value per weighted average daily attendance was \$359,656. The District was required to remit \$8.3 million to its partner district to equalize wealth level to \$305,000 per weighted average daily attendance, an increase of \$2.1 million compared to the prior year.

**THE DISTRICT’S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of approximately \$32 million, which is more than last year’s total by \$7 million. The District’s Governmental Fund balance increased primarily due to the completion of the use of bond proceeds to build additional facilities for the District.

The general fund is the maintenance and operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$25.8 million while total fund balances for all funds reached \$31.8 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 41% 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.

Over the course of the year, the Board of Trustees amended the District's budget several times. These amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August of 2005). Also, the second category was the Board approving several increases in appropriations to prevent budget overruns.

The District's General Fund balance of \$26 million reported on pages 17 and 42 differs from the General Fund's budgetary fund balance of \$19 million. This is principally due to conservative budgeting principles.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2006, the District had approximately \$101 million (net of accumulated depreciation) invested in a broad range of capital assets, including instructional facilities and equipment, transportation facilities and equipment, athletic facilities, and administrative and maintenance buildings and equipment. Additional detailed information about the District's capital assets is presented in the notes to the financial statements.

This year's major additions included:

Building improvements	\$ 1,320,700
Construction of new facilities	723,833
Vehicles	559,407
Other miscellaneous items	<u>64,599</u>
	<u>\$ 2,668,539</u>

## **Debt**

At year-end, the District had approximately \$56 million in bonds and capital leases outstanding versus approximately \$61 million last year. Total debt decreased by \$4 million, a result of bond and capital lease payments. The District's general obligation bond rating continues to carry the highest rating possible, a rating that has been assigned by national rating agencies. 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 2007 budget and tax rates. The District expects tax revenue to increase modestly for fiscal year 2007. Continued growth in the tax base is expected to be the driving force in increased collections. The District also expects expenditures to grow.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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 financial information, contact the District Administration office, at 1812 Welsh Street, College Station, Texas 77840.

## BASIC FINANCIAL STATEMENTS

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2006

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 32,588,824	\$ 488,236	\$ 33,077,060
1220 Property Taxes Receivable (Delinquent)	2,065,555	-	2,065,555
1230 Allowance for Uncollectible Taxes	(433,767)	-	(433,767)
1240 Due from Other Governments	2,785,761	-	2,785,761
1290 Other Receivables, net	63,181	3,354	66,535
1300 Inventories	118,912	-	118,912
1420 Capitalized Bond and Other Debt Issuance Costs	366,225	-	366,225
Capital Assets:			
1510 Land	3,971,937	-	3,971,937
1520 Buildings, Net	94,639,605	-	94,639,605
1530 Furniture and Equipment, Net	1,177,567	-	1,177,567
1550 Leased Property Under Capital Leases, Net	557,230	-	557,230
1580 Construction in Progress	293,417	-	293,417
1000 Total Assets	<u>138,194,447</u>	<u>491,590</u>	<u>138,686,037</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	422,952	10,231	433,183
2140 Interest Payable	100,160	-	100,160
2150 Payroll Deductions & Withholdings	82,730	-	82,730
2160 Accrued Wages Payable	2,737,264	-	2,737,264
2180 Due to Other Governments	43,449	-	43,449
2300 Deferred Revenues	93,193	231,115	324,308
Noncurrent Liabilities			
2501 Due Within One Year	4,941,564	-	4,941,564
2502 Due in More Than One Year	51,025,020	-	51,025,020
2000 Total Liabilities	<u>59,446,332</u>	<u>241,346</u>	<u>59,687,678</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt	46,829,296	-	46,829,296
3820 Restricted for Federal and State Programs	853,913	-	853,913
3850 Restricted for Debt Service	120,235	-	120,235
3870 Restricted for Campus Activities	565,367	-	565,367
3890 Restricted for Other Purposes	52,175	-	52,175
3900 Unrestricted Net Assets	30,327,129	250,244	30,577,373
3000 Total Net Assets	<u>\$ 78,748,115</u>	<u>\$ 250,244</u>	<u>\$ 78,998,359</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, 2006

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 37,103,738	\$ 249,012	\$ 5,202,550
12 Instructional Resources and Media Services	1,323,436	8,800	64,645
13 Curriculum and Instructional Staff Development	1,028,745	12,100	488,366
21 Instructional Leadership	1,277,185	-	380,111
23 School Leadership	3,449,427	6,600	209,740
31 Guidance, Counseling and Evaluation Services	2,298,327	12,152	547,733
32 Social Work Services	8,710	-	7,988
33 Health Services	630,278	1,100	71,793
34 Student (Pupil) Transportation	1,297,688	1,100	188,561
35 Food Services	3,047,559	1,752,758	1,448,191
36 Cocurricular/Extracurricular Activities	2,381,018	955,527	2,876
41 General Administration	2,583,258	4,400	91,444
51 Plant Maintenance and Operations	6,869,611	77,656	417,747
52 Security and Monitoring Services	45,395	-	7,977
53 Data Processing Services	780,716	-	29,803
61 Community Services	354,932	-	190,330
72 Debt Service - Interest on Long Term Debt	2,221,733	-	-
73 Debt Service - Bond Issuance Cost and Fees	45,720	-	-
91 Contracted Instructional Services Between Schools	8,302,015	-	-
97 Payments to Tax Increment Fund	386,495	-	-
[TG] Total Governmental Activities:	<u>75,435,986</u>	<u>3,081,205</u>	<u>9,349,855</u>
BUSINESS-TYPE ACTIVITIES:			
01 Community Education	324,497	368,994	-
02 Kids Klub	714,830	762,633	-
[TB] Total Business-Type Activities:	<u>1,039,327</u>	<u>1,131,627</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 76,475,313</u>	<u>\$ 4,212,832</u>	<u>\$ 9,349,855</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		
S1	Miscellaneous Local and Intermediate Revenue		
TR	Special Item -		
CN	Total General Revenues and Special Items		
NB	Change in Net Assets		
NE	Net Assets--Beginning		
	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
\$ (31,652,176)	\$ -	\$ (31,652,176)
(1,249,991)	-	(1,249,991)
(528,279)	-	(528,279)
(897,074)	-	(897,074)
(3,233,087)	-	(3,233,087)
(1,738,442)	-	(1,738,442)
(722)	-	(722)
(557,385)	-	(557,385)
(1,108,027)	-	(1,108,027)
153,390	-	153,390
(1,422,615)	-	(1,422,615)
(2,487,414)	-	(2,487,414)
(6,374,208)	-	(6,374,208)
(37,418)	-	(37,418)
(750,913)	-	(750,913)
(164,602)	-	(164,602)
(2,221,733)	-	(2,221,733)
(45,720)	-	(45,720)
(8,302,015)	-	(8,302,015)
(386,495)	-	(386,495)
(63,004,926)	-	(63,004,926)
-	44,497	44,497
-	47,803	47,803
-	92,300	92,300
(63,004,926)	92,300	(62,912,626)
59,871,015	-	59,871,015
7,052,710	-	7,052,710
4,241,691	-	4,241,691
1,919,654	-	1,919,654
791,802	-	791,802
409,569	-	409,569
74,286,441	-	74,286,441
11,281,515	92,300	11,373,815
67,466,600	157,944	67,624,544
\$ 78,748,115	\$ 250,244	\$ 78,998,359

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2006

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110	\$ 25,912,271	\$ 5,820,198	\$ 31,732,469
1220	1,762,456	303,099	2,065,555
1230	(370,116)	(63,651)	(433,767)
1240	2,433,589	352,172	2,785,761
1260	267,591	-	267,591
1290	8,730	54,451	63,181
1300	48,599	70,313	118,912
1000	<u>\$ 30,063,120</u>	<u>\$ 6,536,582</u>	<u>\$ 36,599,702</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
2110	\$ 221,437	\$ 32,849	\$ 254,286
2150	6,461	-	6,461
2160	2,725,410	11,854	2,737,264
2170	-	267,591	267,591
2180	43,449	-	43,449
2300	1,230,048	276,667	1,506,715
2000	<u>\$ 4,226,805</u>	<u>\$ 588,961</u>	<u>\$ 4,815,766</u>
Fund Balances:			
Reserved For:			
3410	\$ 48,599	\$ 70,313	\$ 118,912
Unreserved and Undesignated:			
3600	25,787,716	2,719,154	28,506,870
3610	-	1,357,796	1,357,796
3620	-	1,800,358	1,800,358
3000	<u>\$ 25,836,315</u>	<u>\$ 5,947,621</u>	<u>\$ 31,783,936</u>
4000	<u>\$ 30,063,120</u>	<u>\$ 6,536,582</u>	<u>\$ 36,599,702</u>

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

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2006

<b>Total Fund Balances - Governmental Funds</b>	\$	31,783,936
<b>1</b> The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		622,033
<b>2</b> 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 \$143,765,473 and the accumulated depreciation was \$42,263,394. 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.		40,605,911
<b>3</b> 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 2006 capital outlays and debt principal payments is to increase net assets.		7,779,833
<b>4</b> The 2006 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(3,774,936)
<b>5</b> 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, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		1,731,338
<b>19 Net Assets of Governmental Activities</b>	<b>\$</b>	<b>78,748,115</b>

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, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 62,553,210	\$ 10,116,122	\$ 72,669,332
5800 State Program Revenues	6,650,494	926,477	7,576,971
5900 Federal Program Revenues	43,402	5,769,676	5,813,078
5020 Total Revenues	<u>69,247,106</u>	<u>16,812,275</u>	<u>86,059,381</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	30,690,430	3,827,181	34,517,611
0012 Instructional Resources and Media Services	1,138,638	89,730	1,228,368
0013 Curriculum and Instructional Staff Development	533,875	480,948	1,014,823
0021 Instructional Leadership	929,366	341,121	1,270,487
0023 School Leadership	3,187,727	31,179	3,218,906
0031 Guidance, Counseling and Evaluation Services	1,732,511	476,864	2,209,375
0032 Social Work Services	-	7,988	7,988
0033 Health Services	565,867	35,255	601,122
0034 Student (Pupil) Transportation	1,490,727	136,562	1,627,289
0035 Food Services	-	2,966,212	2,966,212
0036 Cocurricular/Extracurricular Activities	1,870,965	185,791	2,056,756
0041 General Administration	2,523,489	11,419	2,534,908
0051 Plant Maintenance and Operations	7,071,442	219,551	7,290,993
0052 Security and Monitoring Services	21,275	24,120	45,395
0053 Data Processing Services	778,216	4,055	782,271
0061 Community Services	170,195	184,737	354,932
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	687,374	4,180,000	4,867,374
0072 Debt Service - Interest on Long Term Debt	37,191	2,542,229	2,579,420
0073 Debt Service - Bond Issuance Cost and Fees	-	5,849	5,849
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,194,503	649,879	1,844,382
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	8,302,015	-	8,302,015
0097 Payments to Tax Increment Fund	386,495	-	386,495
6030 Total Expenditures	<u>63,312,301</u>	<u>16,400,670</u>	<u>79,712,971</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,934,805</u>	<u>411,605</u>	<u>6,346,410</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	188,944	611,861	800,805
8911 Transfers Out (Use)	-	(188,944)	(188,944)
7080 Total Other Financing Sources (Uses)	<u>188,944</u>	<u>422,917</u>	<u>611,861</u>
<b>SPECIAL ITEMS:</b>			
7918 Special Item - Resource	-	409,569	409,569
1200 Net Change in Fund Balances	6,123,749	1,244,091	7,367,840
0100 Fund Balance - September 1 (Beginning)	<u>19,712,566</u>	<u>4,703,530</u>	<u>24,416,096</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 25,836,315</u>	<u>\$ 5,947,621</u>	<u>\$ 31,783,936</u>

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

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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, 2006

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	7,367,840
 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net assets.		 (657,589)
 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 2006 capital outlays and debt principal payments is to increase net assets.		 7,779,833
 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.		 (3,774,936)
 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, 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.		 566,367
 <b>Change in Net Assets of Governmental Activities</b>	 \$	 <u>11,281,515</u>

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, 2005

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 488,236	\$ 856,355
Other Receivables	3,354	-
Total Current Assets	491,590	856,355
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	-	20,687
Depreciation on Furniture and Equipment	-	(10,074)
Total Noncurrent Assets	-	10,613
Total Assets	491,590	866,968
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	10,231	168,666
Payroll Deductions and Withholdings Payable	-	76,269
Deferred Revenues	231,115	-
Total Liabilities	241,346	244,935
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Debt	-	10,613
Unrestricted Net Assets	250,244	611,420
Total Net Assets	\$ 250,244	\$ 622,033

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, 2006

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 1,131,627	\$ 342,312
Total Operating Revenues	<u>1,131,627</u>	<u>342,312</u>
OPERATING EXPENSES:		
Payroll Costs	721,274	-
Professional and Contracted Services	32,071	17,120
Supplies and Materials	226,169	38,489
Other Operating Costs	59,813	332,431
Total Operating Expenses	<u>1,039,327</u>	<u>388,040</u>
Income (Loss) Before Transfers	92,300	(45,728)
Transfers Out	<u>-</u>	<u>(611,861)</u>
Operating Income (Loss)	92,300	(657,589)
Total Net Assets - September 1 (Beginning)	<u>157,944</u>	<u>1,279,622</u>
Total Net Assets - August 31 (Ending)	<u>\$ 250,244</u>	<u>\$ 622,033</u>

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, 2006

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 1,136,067	\$ 730,644
Cash Payments to Employees for Services	(721,274)	-
Cash Payments for Insurance Claims	-	(572,468)
Cash Payments for Suppliers	(256,679)	(64,004)
Cash Payments for Other Operating Expenses	(59,813)	-
Net Cash Provided by Operating Activities	98,301	94,172
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfer Out	-	(611,861)
Net Increase(Decrease) in Cash and Cash Equivalents	98,301	(517,689)
Cash and Cash Equivalents at Beginning of the Year:	389,935	1,374,044
Cash and Cash Equivalents at the End of the Year:	\$ 488,236	\$ 856,355
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ 92,300	\$ (45,728)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	-	5,306
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(2,249)	-
Increase (decrease) in Accounts Payable	9,160	116,405
Increase (decrease) in Payroll Deductions	(5,350)	18,189
Increase (decrease) in Deferred Revenue	4,440	-
Net Cash Provided by Operating Activities	\$ 98,301	\$ 94,172

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

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2006

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	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 393,479
Total Assets	<u>\$ 393,479</u>
LIABILITIES	
Due to Student Groups	\$ 393,479
Total Liabilities	<u>\$ 393,479</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, 2006

### 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.**

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Assets, Liabilities, and Net Assets or Equity**

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

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

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

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

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

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

Property taxes are levied as of October 1 on property values assessed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the following year in which imposed. 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, 2006, the rates were \$1.50 and \$.175, respectively, per \$100 of assessed value.

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

**(continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. *Inventory***

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

**4. *Capital Assets***

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

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

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

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

**5. *Restricted Assets***

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

**(continued)**

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### **6. *Long-term Obligations***

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

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

#### **7. *Compensated Absences***

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

#### **8. *Fund Equity***

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

#### **9. *Net Assets***

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

**(continued)**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**10. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**11. Data Control Codes**

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

**II. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of August 31, 2006, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 20,113,548	24
Lone Star Investment Pool	7,696,410	19

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

(continued)

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

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

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of August 31, 2006, \$6,622,301 of the District’s \$6,722,301 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$100,000, was covered by FDIC insurance. In addition, the District’s highest deposit balance occurred in January 2006 and was entirely covered by FDIC insurance or by securities held by the pledging financial institution.

**Credit Risk**

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

Tex Pool	AAA
Lone Star Investment Pool	AAAF

**B. Receivables**

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

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,762,456	\$ 303,099	\$ 2,065,555
Intergovernmental	2,433,589	352,172	2,785,761
Other	<u>8,730</u>	<u>54,451</u>	<u>63,181</u>
Gross receivables	4,204,775	709,722	4,914,497
Less: allowance for uncollectibles	<u>( 370,116)</u>	<u>( 63,651)</u>	<u>( 433,767)</u>
Net total receivables	<u>\$ 3,834,659</u>	<u>\$ 646,071</u>	<u>\$ 4,480,730</u>

(continued)

## II. DETAILED NOTES ON ALL FUNDS (Continued)

### B. Receivables (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General fund)	\$ 1,193,127	\$ -
Delinquent property taxes receivable (Nonmajor governmental)	220,395	-
Extracurricular activities	-	26,340
Other	-	10,581
Grants drawn down prior to meeting all eligibility requirements	<u>-</u>	<u>56,272</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 1,413,522</u>	<u>\$ 93,193</u>

### C. Capital Assets

Capital assets activity for the year ended August 31, 2006, was as follows:

	Beginning Balance 09/01/05	Increases	Decreases	Ending Balance 08/31/06
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,971,937	\$ -	\$ -	\$ 3,971,937
Construction in progress	<u>65,262</u>	<u>293,417</u>	<u>65,262</u>	<u>293,417</u>
Total capital assets, not being depreciated	<u>4,037,199</u>	<u>293,417</u>	<u>65,262</u>	<u>4,265,354</u>
Capital assets, being depreciated:				
Buildings	132,636,856	2,027,078	-	134,663,934
Furniture and equipment	6,286,044	641,461	-	6,927,505
Leased property under capital leases	<u>826,061</u>	<u>-</u>	<u>-</u>	<u>826,061</u>
Total capital assets, being depreciated	<u>139,748,961</u>	<u>2,668,539</u>	<u>-</u>	<u>142,417,500</u>
Less accumulated depreciation for:				
Buildings	( 36,617,116)	( 3,407,213)	-	( 40,024,329)
Furniture and equipment	( 5,476,147)	( 273,791)	-	( 5,749,938)
Leased property under capital leases	<u>( 174,899)</u>	<u>( 93,932)</u>	<u>-</u>	<u>( 268,831)</u>
Total accumulated depreciation	<u>( 42,268,162)</u>	<u>( 3,774,936)</u>	<u>-</u>	<u>( 46,043,098)</u>
Total capital assets, being depreciated, net	<u>97,480,799</u>	<u>( 1,106,397)</u>	<u>-</u>	<u>96,374,402</u>
Governmental activities capital assets, net	<u>\$ 101,517,998</u>	<u>\$( 812,980)</u>	<u>\$ 65,262</u>	<u>\$ 100,639,756</u>

(continued)

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction	\$ 2,597,019
Instructional resources and media services	95,068
Curriculum and instructional staff development	13,922
Instructional leadership	6,698
School leadership	230,521
Guidance, counseling and evaluation services	88,952
Social work services	722
Health services	29,156
Student (pupil) transportation	151,185
Food services	107,196
Co-curricular/extracurricular	339,227
General administration	58,809
Plant maintenance and operations	49,740
Data processing services	<u>6,721</u>
Total depreciation expense - governmental activities	<u>\$ 3,774,936</u>

**D. Interfund Receivables and Payables and Transfers**

The composition of interfund balances as of August 31, 2006, is as follows:

**Due From/To Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 267,591</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.

Transfers for the year ended August 31, 2006, consisted of the following:

<u>Transfers out</u>	<u>Transfers in</u>	<u>Amount</u>
Internal service	Nonmajor governmental	\$ 611,861
Nonmajor governmental	General	<u>188,944</u>
		<u>\$ 800,805</u>

(continued)

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables and Payables and Transfers (Continued)**

The District transferred \$611,861 from its health self-insurance fund to a capital projects fund during the current year in order to close the fund. The District accumulated \$188,944 of expenditures related to Hurricane Katrina in the General Fund that were reimbursed by Emergency Impact Aid. Therefore, \$188,944 of resources were transferred from a nonmajor governmental fund to the General Fund.

**E. Short-term Debt**

The District accounts for short-term debt for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. During the year, the District issued short-term Tax and Revenue Anticipation Notes Series 2005 in the amount of \$4 million to provide funds to meet operating cash flow needs. These notes matured August 31, 2006, and total interest paid was \$118,222.

**F. Long-term Debt**

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

	Balance 09/01/05	Additions	Reductions	Balance 08/31/06	Amounts Due in One Year
Bonds	\$ 58,785,000	\$ -	\$ 4,180,000	\$ 54,605,000	\$ 4,390,000
Premium on issuance of bonds	1,452,980	-	142,721	1,310,259	142,721
Deferred loss on refunding	( 1,000,613)	-	( 90,965)	( 909,648)	( 90,965)
Capital leases	1,292,325	-	687,374	604,951	428,604
Compensated absences	366,481	62,838	73,297	356,022	71,204
Totals	<u>\$ 60,896,173</u>	<u>\$ 62,838</u>	<u>\$ 4,992,427</u>	<u>\$ 55,966,584</u>	<u>\$ 4,941,564</u>

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

**1. *Bonds Payable***

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

(continued)

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-term Debt (Continued)**

**1. Bonds Payable (Continued)**

A summary of changes in general obligation bonds payable for the year ended August 31, 2006, is as follows:

Description	Interest Rate Payable	Amount Original Issue	Interest Current Year	Amount Outstanding 09/01/05	Issued	Retired	Amount Outstanding 08/31/06
Unlimited Tax Refunding Bonds, Series 1996	4.5 to 7.5%	\$ 20,000,000	\$ 265,050	\$ 5,370,000	\$ -	\$ 780,000	\$ 4,590,000
Unlimited Tax School Building Bonds, Series 1997	4.75 to 6.4%	29,550,000	285,600	6,135,000	-	675,000	5,460,000
Unlimited Tax School Building Bonds, Series 1999	4.125 to 6.125%	8,000,000	297,624	6,635,000	-	315,000	6,320,000
Unlimited Tax Refunding Bonds, Series 2002	4.125 to 5.0%	12,700,000	392,786	8,940,000	-	1,835,000	7,105,000
Unlimited Tax School Building Bonds, Series 2004	2.5 to 4.4%	14,000,000	513,700	13,725,000	-	525,000	13,200,000
Unlimited Tax Refund Bonds, Series 2004	2.0 to 5.0%	18,095,000	787,969	17,980,000	-	50,000	17,930,000
Totals			\$ 2,542,729	\$ 58,785,000	\$ -	\$ 4,180,000	\$ 54,605,000

(continued)

## II. DETAILED NOTES ON ALL FUNDS (Continued)

### F. Long-term Debt (Continued)

#### 1. *Bonds Payable* (Continued)

Debt service requirements are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2007	\$ 4,390,000	\$ 2,311,273	\$ 6,701,273
2008	4,605,000	2,107,216	6,712,216
2009	4,830,000	1,914,304	6,744,304
2010	3,540,000	1,744,552	5,284,552
2011	3,030,000	1,614,002	4,644,002
2012 - 2016	16,785,000	5,885,814	22,670,814
2017 - 2021	14,540,000	2,141,380	16,681,380
2022 - 2024	<u>2,885,000</u>	<u>256,220</u>	<u>3,141,220</u>
Total	<u>\$ 54,605,000</u>	<u>\$ 17,974,761</u>	<u>\$ 72,579,761</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, 2006, 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, 2006.

(continued)

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-term Debt (Continued)**

**2. *Capital Leases***

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

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2006, were as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>
2007	\$ 447,163
2008	145,071
2009	<u>36,267</u>
Total minimum lease payments	628,501
Less: amount representing interest	<u>23,550</u>
Present value of minimum lease payments	<u><u>\$ 604,951</u></u>

**G. Special Item**

The special item in the amount of \$409,569 is proceeds from the sale of real property.

### III. OTHER INFORMATION

#### A. Defined Benefit Pension Plan

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

**Funding Policy.** State law provides for fiscal years 2004, 2005 and 2006, a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances, the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined, but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; and (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of College Station Independent School District's employees for the years ended August 31, 2004, 2005 and 2006, were \$3,072,521, \$2,975,112 and \$3,473,134, respectively. College Station Independent School District paid additional state contributions for the years ended August 31, 2004, 2005 and 2006, in the amount of \$453,476, \$460,826 and \$481,727, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

(continued)

### III. OTHER INFORMATION (Continued)

#### B. Health Care Coverage

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

The contract between the District and the licensed insurer is renewable January 1, 2006, 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, 2005, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

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

#### C. Risk Management

##### 1. *General*

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

##### 2. *Workers' Compensation – Self-funded*

During the year ended August 31, 2006, College Station ISD met its statutory workers' compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. As a self-funded member of the TASB Risk Management Fund, College Station ISD is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service. The member is protected against higher than expected claims costs through the purchase of stop-loss coverage. Stop-loss coverage was in effect for annual individual claims exceeding \$250,000. There were no claims against the stop-loss coverage in the past two years.

(continued)

### III. OTHER INFORMATION (Continued)

#### C. Risk Management (Continued)

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

The following is a summary of the changes in the balances of claim liabilities for workers' compensation for the years ended August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Liability, beginning of period	\$ 52,261	\$ -
Claims incurred during the period	318,483	204,249
Payments on claims	<u>( 202,325)</u>	<u>( 151,988)</u>
Liability, end of period	<u>\$ 168,419</u>	<u>\$ 52,261</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, 2005, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

##### 3. *Unemployment Compensation Pool*

During the year ended August 31, 2006, 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, 2005, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

(continued)

### **III. OTHER INFORMATION (Continued)**

#### **D. Commitments and Contingencies**

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

#### **E. Joint Venture Shared Service Arrangements**

##### ***1. State Supplemental Visually Impaired Fund***

The District participates in a shared service arrangement for the education of students with a visual impairment, funded under State Supplemental Visually Impaired funds, TEC Section 30.002, 19 TAC 89.238(6) with 20 other districts and cooperatives and the Education Service Center, Region VI. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangements.

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

The District participates in a shared service arrangement to be used to develop an age-appropriate comprehensive violence and drug/alcohol education prevention program. The shared services arrangement is funded under ESEA, Title IV, Safe and Drug-free School and Communities Act. The District participated with 38 other districts, 1 charter school, and the Education Service Center, Region VI in the fiscal year 2006 grant. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center, Region VI, nor does the District have a new equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangements.

(continued)

### **III. OTHER INFORMATION (Continued)**

#### **F. Subsequent Event**

On September 15, 2005, the District issued \$9,350,000 of Unlimited Tax Refunding Bonds to refund existing debt. The interest rate on the bonds range from 3.875% to 5.000% and the maturity date is February 15, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 59,576,529	\$ 60,267,016	\$ 62,553,210	\$ 2,286,194
5800 State Program Revenues	5,223,955	5,233,064	6,650,494	1,417,430
5900 Federal Program Revenues	20,000	26,534	43,402	16,868
5020 Total Revenues	64,820,484	65,526,614	69,247,106	3,720,492
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	30,669,842	31,002,272	30,690,430	311,842
0012 Instructional Resources and Media Services	883,132	1,140,097	1,138,638	1,459
0013 Curriculum and Instructional Staff Development	671,812	534,897	533,875	1,022
0021 Instructional Leadership	891,968	932,591	929,366	3,225
0023 School Leadership	2,950,472	3,188,759	3,187,727	1,032
0031 Guidance, Counseling and Evaluation Services	1,730,635	1,733,031	1,732,511	520
0033 Health Services	594,119	599,020	565,867	33,153
0034 Student (Pupil) Transportation	1,252,407	1,545,324	1,490,727	54,597
0036 Cocurricular/Extracurricular Activities	1,735,229	1,832,574	1,870,965	(38,391)
0041 General Administration	2,422,356	2,571,317	2,523,489	47,828
0051 Plant Maintenance and Operations	6,682,540	7,313,041	7,071,442	241,599
0052 Security and Monitoring Services	57,854	57,853	21,275	36,578
0053 Data Processing Services	771,611	828,113	778,216	49,897
0061 Community Services	193,491	187,575	170,195	17,380
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	812,687	785,187	687,374	97,813
0072 Debt Service - Interest on Long Term Debt	51,878	51,878	37,191	14,687
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	1,140,800	1,556,499	1,194,503	361,996
<b>Intergovernmental:</b>				
0091 Contracted Instructional Services Between Schools	10,099,872	10,099,872	8,302,015	1,797,857
0097 Payments to Tax Increment Fund	342,078	400,078	386,495	13,583
6030 Total Expenditures	63,954,783	66,359,978	63,312,301	3,047,677
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	865,701	(833,364)	5,934,805	6,768,169
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	188,944	188,944
7080 Total Other Financing Sources (Uses)	-	-	188,944	188,944
1200 Net Change in Fund Balances	865,701	(833,364)	6,123,749	6,957,113
0100 Fund Balance - September 1 (Beginning)	19,712,566	19,712,566	19,712,566	-
3000 Fund Balance - August 31 (Ending)	\$ 20,578,267	\$ 18,879,202	\$ 25,836,315	\$ 6,957,113

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2006

### **Budgetary Information**

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

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

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

### **Excess of Expenditures over Appropriations**

The District exceeded appropriations in the General Fund by \$38,391 in the Co-curricular/extracurricular Activities function. This overrun was funded by unexpected revenues.

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## COMBINING STATEMENTS

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2006

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	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	603	24,193	40,347
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 24,193</u>	<u>\$ 40,347</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 98	\$ -	\$ -
2160	Accrued Wages Payable	-	446	-	3,304
2170	Due to Other Funds	-	59	24,193	37,043
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>603</u>	<u>24,193</u>	<u>40,347</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
Unreserved and Undesignated:					
3600	Reported in the General Fund	-	-	-	-
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>\$ 603</u>	<u>\$ 24,193</u>	<u>\$ 40,347</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	269 Title V, Pt.A Innovative Programs	287 Emergency Impact Aid
\$ -	\$ 629,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	88,209	3,393	-	-	-	-	188,944
-	-	-	-	-	-	-	-
-	70,313	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 788,299</u>	<u>\$ 3,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,944</u>
\$ -	\$ 31,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	7,256	848	-	-	-	-	-
-	-	2,545	-	-	-	-	188,944
-	-	-	-	-	-	-	-
-	38,627	3,393	-	-	-	-	188,944
-	70,313	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	679,359	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	749,672	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 788,299</u>	<u>\$ 3,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,944</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2006

Data Control Codes	288	289	385	394
	Hurricane Katrina	Title VI	Visually Impaired	Pregnancy, Education and Parenting
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ 2,566	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Due from Other Governments	-	-	-	64
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 2,566</u>	<u>\$ -</u>	<u>\$ 64</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	-	-	64
2300 Deferred Revenues	-	2,566	-	-
2000 Total Liabilities	<u>-</u>	<u>2,566</u>	<u>-</u>	<u>64</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	-
Unreserved and Undesignated:				
3600 Reported in the General Fund	-	-	-	-
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>\$ 2,566</u>	<u>\$ -</u>	<u>\$ 64</u>

397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	418 Employee Health Insurance	423 Hurricane Shelters	425 Apprent- iceship	429 Read to Succeed	461 Campus Activity Funds
\$ 53,706	\$ -	\$ 59,386	\$ -	\$ -	\$ -	\$ 1,509	\$ 566,747
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,419	-	-	-	-	-	-
-	-	-	-	-	8,324	-	-
-	-	-	-	-	-	-	-
<u>\$ 53,706</u>	<u>\$ 6,419</u>	<u>\$ 59,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,324</u>	<u>\$ 1,509</u>	<u>\$ 566,747</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,380
-	-	-	-	-	-	-	-
-	6,419	-	-	-	8,324	-	-
53,706	-	-	-	-	-	-	-
<u>53,706</u>	<u>6,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,324</u>	<u>-</u>	<u>1,380</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	59,386	-	-	-	1,509	565,367
-	-	-	-	-	-	-	-
-	-	<u>59,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,509</u>	<u>565,367</u>
<u>\$ 53,706</u>	<u>\$ 6,419</u>	<u>\$ 59,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,324</u>	<u>\$ 1,509</u>	<u>\$ 566,747</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2006

Data Control Codes	481 Education Foundation	483 Brazos Valley Technology Preparation	489 Expanded Parent Program	Total Nonmajor Special Revenue Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 15,398	\$ -	\$ -	\$ 1,329,089
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	-	-	352,172
1290	Other Receivables	36,777	-	-	45,101
1300	Inventories	-	-	-	70,313
1000	Total Assets	<u>\$ 52,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,796,675</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 32,849
2160	Accrued Wages Payable	-	-	-	11,854
2170	Due to Other Funds	-	-	-	267,591
2300	Deferred Revenues	-	-	-	56,272
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,566</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	70,313
Unreserved and Undesignated:					
3600	Reported in the General Fund	-	-	-	-
3610	Reported in Special Revenue Funds	52,175	-	-	1,357,796
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	<u>52,175</u>	<u>-</u>	<u>-</u>	<u>1,428,109</u>
4000	Total Liabilities and Fund Balances	<u>\$ 52,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,796,675</u>

599	696	698	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Debt Service	2006 Construction	1998 Construction		
\$ 2,690,751	\$ 1,052,229	\$ 748,129	\$ 1,800,358	\$ 5,820,198
303,099	-	-	-	303,099
(63,651)	-	-	-	(63,651)
-	-	-	-	352,172
9,350	-	-	-	54,451
-	-	-	-	70,313
<u>\$ 2,939,549</u>	<u>\$ 1,052,229</u>	<u>\$ 748,129</u>	<u>\$ 1,800,358</u>	<u>\$ 6,536,582</u>
\$ -	\$ -	\$ -	\$ -	\$ 32,849
-	-	-	-	11,854
-	-	-	-	267,591
220,395	-	-	-	276,667
<u>220,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>588,961</u>
-	-	-	-	70,313
2,719,154	-	-	-	2,719,154
-	-	-	-	1,357,796
-	1,052,229	748,129	1,800,358	1,800,358
<u>2,719,154</u>	<u>1,052,229</u>	<u>748,129</u>	<u>1,800,358</u>	<u>5,947,621</u>
<u>\$ 2,939,549</u>	<u>\$ 1,052,229</u>	<u>\$ 748,129</u>	<u>\$ 1,800,358</u>	<u>\$ 6,536,582</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, 2006

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
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	33,567	1,292,910	905,365	1,028,157
5020 Total Revenues	<u>33,567</u>	<u>1,292,910</u>	<u>905,365</u>	<u>1,028,157</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	15,338	744,509	855,761	388,936
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	629	148,391	33,959	-
0021 Instructional Leadership	10,672	102,856	15,645	205,125
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	928	-	-	365,246
0032 Social Work Services	-	7,988	-	-
0033 Health Services	-	28,371	-	-
0034 Student (Pupil) Transportation	-	12,439	-	68,850
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	2,060	-	-
0051 Plant Maintenance and Operations	-	117,074	-	-
0052 Security and Monitoring Services	6,000	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	129,222	-	-
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>33,567</u>	<u>1,292,910</u>	<u>905,365</u>	<u>1,028,157</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEMS:</b>				
7918 Special Item - Resource	-	-	-	-
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	269 Title V, Pt.A Innovative Programs	287 Emergency Impact Aid
\$ -	\$ 1,780,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	23,530	-	-	-	-	-	-
27,113	1,362,390	66,547	216,812	19,107	43,869	15,057	729,208
27,113	3,166,295	66,547	216,812	19,107	43,869	15,057	729,208
27,113	-	40,508	-	-	22,373	-	466,621
-	-	-	-	-	-	-	-
-	-	1,702	216,812	19,107	12,959	15,057	-
-	-	-	-	-	-	-	-
-	-	24,337	-	-	-	-	46,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	27,643
-	2,931,804	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	38,794	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,537	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
27,113	2,970,598	66,547	216,812	19,107	43,869	15,057	540,264
-	195,697	-	-	-	-	-	188,944
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(188,944)
-	-	-	-	-	-	-	(188,944)
-	-	-	-	-	-	-	-
-	195,697	-	-	-	-	-	-
-	553,975	-	-	-	-	-	-
\$ -	\$ 749,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	288 Hurricane Katrina	289 Title VI	385 Visually Impaired	394 Pregnancy, Education and Parenting
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	6,209	10,694
5900 Federal Program Revenues	24,137	5,437	-	-
5020 Total Revenues	<u>24,137</u>	<u>5,437</u>	<u>6,209</u>	<u>10,694</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	23,711	5,437	-	9,399
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	954
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	426	-	6,209	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	341
0051 Plant Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>24,137</u>	<u>5,437</u>	<u>6,209</u>	<u>10,694</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEMS:</b>				
7918 Special Item - Resource	-	-	-	-
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>

397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	418 Employee Health Insurance	423 Hurricane Shelters	425 Apprent- iceship	429 Read to Succeed	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ 11,709	\$ -	\$ -	\$ 873,377
25,552	92,685	236,275	512,125	-	17,851	1,556	-
-	-	-	-	-	-	-	-
<u>25,552</u>	<u>92,685</u>	<u>236,275</u>	<u>512,125</u>	<u>11,709</u>	<u>17,851</u>	<u>1,556</u>	<u>873,377</u>
12,709	76,151	449,015	327,332	-	-	-	263,865
-	-	-	9,631	-	-	248	79,851
12,843	3,237	-	2,117	-	-	-	13,181
-	-	-	6,823	-	-	-	-
-	-	-	15,525	-	-	-	15,654
-	6,545	-	15,021	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,884	-	-	-	-
-	6,752	-	18,943	476	-	-	1,459
-	-	-	34,408	-	-	-	-
-	-	-	2,876	-	-	-	182,915
-	-	-	7,630	-	-	-	1,388
-	-	-	55,936	7,609	-	-	138
-	-	-	506	-	-	-	17,614
-	-	-	4,055	-	-	-	-
-	-	-	4,438	3,624	17,851	-	6,178
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	10,075
<u>25,552</u>	<u>92,685</u>	<u>449,015</u>	<u>512,125</u>	<u>11,709</u>	<u>17,851</u>	<u>248</u>	<u>592,318</u>
-	-	(212,740)	-	-	-	1,308	281,059
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(212,740)	-	-	-	1,308	281,059
-	-	272,126	-	-	-	201	284,308
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,509</u>	<u>\$ 565,367</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, 2006

Data Control Codes	481 Education Foundation	483 Brazos Valley Technology Preparation	489 Expanded Parent Program	Total Nonmajor Special Revenue Funds	
<b>REVENUES:</b>					
700	Total Local and Intermediate Sources	\$ 120,982	\$ 12,152	\$ 14,887	\$ 2,813,482
800	State Program Revenues	-	-	-	926,477
900	Federal Program Revenues	-	-	-	5,769,676
020	Total Revenues	<u>120,982</u>	<u>12,152</u>	<u>14,887</u>	<u>9,509,635</u>
<b>EXPENDITURES:</b>					
Current:					
011	Instruction	68,807	-	-	3,797,585
012	Instructional Resources and Media Services	-	-	-	89,730
013	Curriculum and Instructional Staff Development	-	-	-	480,948
021	Instructional Leadership	-	-	-	341,121
023	School Leadership	-	-	-	31,179
031	Guidance, Counseling and Evaluation Services	-	12,152	-	476,864
032	Social Work Services	-	-	-	7,988
	Health Services	-	-	-	35,255

599	696	698	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Debt Service	2006 Construction	1998 Construction		
\$ 7,227,574	\$ 30,799	\$ 44,267	\$ 75,066	\$ 10,116,122
-	-	-	-	926,477
-	-	-	-	5,769,676
<u>7,227,574</u>	<u>30,799</u>	<u>44,267</u>	<u>75,066</u>	<u>16,812,275</u>
-	-	29,596	29,596	3,827,181
-	-	-	-	89,730
-	-	-	-	480,948
-	-	-	-	341,121
-	-	-	-	31,179
-	-	-	-	476,864
-	-	-	-	7,988
-	-	-	-	35,255
-	-	-	-	136,562
-	-	-	-	2,966,212
-	-	-	-	185,791
-	-	-	-	11,419
-	-	-	-	219,551
-	-	-	-	24,120
-	-	-	-	4,055
-	-	-	-	184,737
4,180,000	-	-	-	4,180,000
2,542,229	-	-	-	2,542,229
5,849	-	-	-	5,849
-	-	639,804	639,804	649,879
<u>6,728,078</u>	<u>-</u>	<u>669,400</u>	<u>669,400</u>	<u>16,400,670</u>
<u>499,496</u>	<u>30,799</u>	<u>(625,133)</u>	<u>(594,334)</u>	<u>411,605</u>
-	611,861	-	611,861	611,861
-	-	-	-	(188,944)
<u>-</u>	<u>611,861</u>	<u>-</u>	<u>611,861</u>	<u>422,917</u>
-	409,569	-	409,569	409,569
<u>499,496</u>	<u>1,052,229</u>	<u>(625,133)</u>	<u>427,096</u>	<u>1,244,091</u>
<u>2,219,658</u>	<u>-</u>	<u>1,373,262</u>	<u>1,373,262</u>	<u>4,703,530</u>
<u>\$ 2,719,154</u>	<u>\$ 1,052,229</u>	<u>\$ 748,129</u>	<u>\$ 1,800,358</u>	<u>\$ 5,947,621</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2006

	752	753
	Print Shop	Insurance
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 513,480	\$ -
Total Current Assets	<u>513,480</u>	<u>-</u>
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	20,687	-
Depreciation on Furniture and Equipment	<u>(10,074)</u>	<u>-</u>
Total Noncurrent Assets	<u>10,613</u>	<u>-</u>
Total Assets	<u>524,093</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	247	-
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>247</u>	<u>-</u>
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Debt	10,613	-
Unrestricted Net Assets	<u>513,233</u>	<u>-</u>
Total Net Assets	<u>\$ 523,846</u>	<u>\$ -</u>

771	773	Total
Flexible Benefits	Workers Compensation	Internal Service Funds
\$ 76,631	\$ 266,244	\$ 856,355
<u>76,631</u>	<u>266,244</u>	<u>856,355</u>
-	-	20,687
-	-	(10,074)
<u>-</u>	<u>-</u>	<u>10,613</u>
<u>76,631</u>	<u>266,244</u>	<u>866,968</u>
-	168,419	168,666
<u>76,269</u>	<u>-</u>	<u>76,269</u>
<u>76,269</u>	<u>168,419</u>	<u>244,935</u>
-	-	10,613
<u>362</u>	<u>97,825</u>	<u>611,420</u>
<u>\$ 362</u>	<u>\$ 97,825</u>	<u>\$ 622,033</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

	752	753
	Print Shop	Insurance
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 96,179	\$ 6,007
Total Operating Revenues	<u>96,179</u>	<u>6,007</u>
OPERATING EXPENSES:		
Professional and Contracted Services	13,320	-
Supplies and Materials	38,489	-
Other Operating Costs	5,306	8,642
Total Operating Expenses	<u>57,115</u>	<u>8,642</u>
Income (Loss) Before Transfers	39,064	(2,635)
Transfers Out	<u>-</u>	<u>(611,861)</u>
Operating Income (Loss)	39,064	(614,496)
Total Net Assets - September 1 (Beginning)	<u>484,782</u>	<u>614,496</u>
Total Net Assets - August 31 (Ending)	<u>\$ 523,846</u>	<u>\$ -</u>

771	773	Total
Flexible Benefits	Workers Compensation	Internal Service Funds
\$ 362	\$ 239,764	\$ 342,312
<u>362</u>	<u>239,764</u>	<u>342,312</u>
-	3,800	17,120
-	-	38,489
-	318,483	332,431
<u>-</u>	<u>322,283</u>	<u>388,040</u>
362	(82,519)	(45,728)
<u>-</u>	<u>-</u>	<u>(611,861)</u>
362	(82,519)	(657,589)
<u>-</u>	<u>180,344</u>	<u>1,279,622</u>
<u>\$ 362</u>	<u>\$ 97,825</u>	<u>\$ 622,033</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

	752	753
	Print Shop	Insurance
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 96,179	\$ 6,007
Cash Payments for Insurance Claims	-	-
Cash Payments for Suppliers	(51,562)	(8,642)
Net Cash Provided by (Used for) Operating Activities	<u>44,617</u>	<u>(2,635)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfer Out	-	(611,861)
Net Increase(Decrease) in Cash and Cash Equivalents	44,617	(614,496)
Cash and Cash Equivalents at Beginning of the Year:	<u>468,863</u>	<u>614,496</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 513,480</u>	<u>\$ -</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ 39,064	\$ (2,635)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	5,306	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	247	-
Increase (decrease) in Payroll Deductions	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 44,617</u>	<u>\$ (2,635)</u>

771	773	Total
Flexible Benefits	Workers Compensation	Internal Service Funds
\$ 388,694	\$ 239,764	\$ 730,644
(370,143)	(202,325)	(572,468)
-	(3,800)	(64,004)
<u>18,551</u>	<u>33,639</u>	<u>94,172</u>
-	-	(611,861)
18,551	33,639	(517,689)
58,080	232,605	1,374,044
<u>\$ 76,631</u>	<u>\$ 266,244</u>	<u>\$ 856,355</u>
\$ 362	\$ (82,519)	\$ (45,728)
-	-	5,306
-	116,158	116,405
<u>18,189</u>	<u>-</u>	<u>18,189</u>
<u>\$ 18,551</u>	<u>\$ 33,639</u>	<u>\$ 94,172</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 AUGUST 31, 2006

	713	714	Total
	Community Education	Kids Klub	Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 82,433	\$ 405,803	\$ 488,236
Other Receivables	3,354	-	3,354
	<u>85,787</u>	<u>405,803</u>	<u>491,590</u>
Total Assets			
<b>LIABILITIES</b>			
Current Liabilities:			
	3,657	6,574	10,231

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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, 2006

	713	714	Total Nonmajor Enterprise Funds
	Community Education	Kids Klub	
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 368,994	\$ 762,633	\$ 1,131,627
Total Operating Revenues	<u>368,994</u>	<u>762,633</u>	<u>1,131,627</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	222,837	498,437	721,274
Professional and Contracted Services	9,229	22,842	32,071
Supplies and Materials	74,723	151,446	226,169
Other Operating Costs	17,708	42,105	59,813
Total Operating Expenses	<u>324,497</u>	<u>714,830</u>	<u>1,039,327</u>
Operating Income	44,497	47,803	92,300
Total Net Assets - September 1 (Beginning)	<u>37,633</u>	<u>120,311</u>	<u>157,944</u>
Total Net Assets - August 31 (Ending)	<u>\$ 82,130</u>	<u>\$ 168,114</u>	<u>\$ 250,244</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

	713	714	Total
	Community		Nonmajor
	Education	Kids Klub	Enterprise
			Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 368,994	\$ 767,073	\$ 1,136,067
Cash Payments to Employees for Services	(222,837)	(498,437)	(721,274)
Cash Payments for Suppliers	(83,406)	(173,273)	(256,679)
Cash Payments for Other Operating Expenses	(17,708)	(42,105)	(59,813)
Net Cash Provided by Operating Activities	<u>45,043</u>	<u>53,258</u>	<u>98,301</u>
Net Increase in Cash and Cash Equivalents	45,043	53,258	98,301
Cash and Cash Equivalents at Beginning of the Year:	<u>37,390</u>	<u>352,545</u>	<u>389,935</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 82,433</u>	<u>\$ 405,803</u>	<u>\$ 488,236</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income:	\$ 44,497	\$ 47,803	\$ 92,300
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(2,249)	-	(2,249)
Increase (decrease) in Accounts Payable	2,795	6,365	9,160
Increase (decrease) in Payroll Deductions	-	(5,350)	(5,350)
Increase (decrease) in Deferred Revenue	-	4,440	4,440
Net Cash Provided by Operating Activities	<u>\$ 45,043</u>	<u>\$ 53,258</u>	<u>\$ 98,301</u>

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## REQUIRED TEA SCHEDULES

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2006

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1997 and prior years	Various	Various	\$ Various
1998	1.410000	0.330000	1,975,430,686
1999	1.490000	0.290000	2,004,271,838
2000	1.460000	0.290000	2,199,554,872
2001	1.460000	0.290000	2,433,141,821
2002	1.500000	0.290000	2,622,791,879
2003	1.500000	0.290000	2,977,367,765
2004	1.500000	0.270000	3,271,295,424
2005	1.500000	0.270000	3,556,047,062
2006 (School year under audit)	1.500000	0.175000	3,967,364,473
1000 TOTALS			

(10) Beginning Balance 9/1/2005	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2006
\$ 108,635	\$ -	\$ 5,445	\$ 1,274	\$ (843)	\$ 101,073
25,099	-	1,574	368	-	23,157
29,377	-	938	183	(528)	27,728
50,424	-	1,909	379	(2,690)	45,446
61,959	-	5,660	1,124	(3,078)	52,097
170,487	-	8,571	1,657	(94,121)	66,138
147,381	-	16,150	3,122	(4,155)	123,954
318,789	-	74,633	13,434	(4,678)	226,044
692,411	-	260,464	46,884	(53,208)	331,855
-	66,509,726	58,910,121	6,872,847	341,305	1,068,063
<u>\$ 1,604,562</u>	<u>\$ 66,509,726</u>	<u>\$ 59,285,465</u>	<u>\$ 6,941,272</u>	<u>\$ 178,004</u>	<u>\$ 2,065,555</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2007-2008  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION**

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 391,912	\$ 959,448	\$ -	\$ -	\$ 1,351,360
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	2,336	-	-	2,336
6149	Leave - Separating Employees not in 41 & 53	-	-	-	18,135	-	-	18,135
6211	Legal Services	-	-	58,438	-	-	-	58,438
6212	Audit Services	-	-	-	19,500	-	-	19,500
6213	Tax Appraisal and Collection	-	633,904	-	-	-	-	633,904
621X	Other Professional Services	-	-	691	-	-	20,011	20,702
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	8,592	-	8,592
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	-	18,943	18,943
6290	Miscellaneous Contr.	-	-	-	-	-	29,684	29,684
6320	Textbooks and Reading	62	-	617	-	-	610	1,289
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	514	-	17,847	79,907	-	-	98,268
6410	Travel, Subsistence, Stipends	6,838	-	7,186	14,633	-	-	28,657
6420	Ins. and Bonding Costs	-	-	-	7,826	-	-	7,826
6430	Election Costs	357	-	-	-	-	-	357
6490	Miscellaneous Operating	9,528	-	5,237	222,152	-	-	236,917
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 17,299</b>	<b>\$ 633,904</b>	<b>\$ 481,928</b>	<b>\$ 1,323,937</b>	<b>\$ 8,592</b>	<b>\$ 69,248</b>	<b>\$ 2,534,908</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 73,690,941

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,386,243
Total Debt & Lease(6500)	(11)	666,264
Plant Maintenance (Function 51, 6100-6400)	(12)	6,780,137
Food (Function 35, 6341 and 6499)	(13)	1,214,959
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		1,323,937

SubTotal:

12,371,540

Net Allowed Direct Cost

\$ 61,319,401

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 134,663,934
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)	\$ 6,927,505
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 649,318
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: No amounts in Function 53 expenditures are included in this report on administrative costs.

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2006

**UNAUDITED**

1	Total General Fund Balance as of 8/31/06 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 25,836,315
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 48,599	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	-	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	14,750,000	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/06-5/31/07).	5,500,000	
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)	20,298,599	
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	\$ 5,537,716	

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

Excess fund balance will be used for future capital projects.

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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, 2006

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,701,000	\$ 1,701,000	\$ 1,780,375	\$ 79,375
5800 State Program Revenues	-	23,000	23,530	530
5900 Federal Program Revenues	1,207,168	1,184,168	1,362,390	178,222
5020 Total Revenues	2,908,168	2,908,168	3,166,295	258,127
<b>EXPENDITURES:</b>				
0035 Food Services	2,817,727	2,790,182	2,931,804	(141,622)
0051 Plant Maintenance and Operations	-	27,545	38,794	(11,249)
6030 Total Expenditures	2,817,727	2,817,727	2,970,598	(152,871)
1200 Net Change in Fund Balances	90,441	90,441	195,697	105,256
0100 Fund Balance - September 1 (Beginning)	553,975	553,975	553,975	-
3000 Fund Balance - August 31 (Ending)	\$ 644,416	\$ 644,416	\$ 749,672	\$ 105,256

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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, 2006

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 6,886,795	\$ 6,886,795	\$ 7,227,574	\$ 340,779
5020	Total Revenues	6,886,795	6,886,795	7,227,574	340,779
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	4,180,000	4,180,000	4,180,000	-
0072	Debt Service - Interest on Long Term Debt	2,542,230	2,542,230	2,542,229	1
0073	Debt Service - Bond Issuance Cost and Fees	106,593	106,593	5,849	100,744
6030	Total Expenditures	6,828,823	6,828,823	6,728,078	100,745
1200	Net Change in Fund Balances	57,972	57,972	499,496	441,524
0100	Fund Balance - September 1 (Beginning)	2,219,658	2,219,658	2,219,658	-
3000	Fund Balance - August 31 (Ending)	\$ 2,277,630	\$ 2,277,630	\$ 2,719,154	\$ 441,524

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FEDERAL AWARDS SECTION

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL**

## Compliance and Other Matters

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

We noted certain matters that we reported reported to management of College Station Independent School District in a separate letter dated November 1, 2006.

This report is intended solely for the information and use of the District's Board of Trustees, management, 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.

November 1, 2006



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

**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 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, 2006. College Station Independent School District's major federal programs are identified in



COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2006

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Education Service Center Region VI</u>			
Hurricane Katrina	84.999	660000971206	\$ 24,137
Title VI Part A - Summer School	84.369A	69550502	5,437
Total Passed Through Education Service Center Region VI			\$ 29,574
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	5610101021901	\$ 21,097
ESEA, Title I, Part A - Improving Basic Programs	84.010A	6610101021901	884,268
Total CFDA Number 84.010A			905,365
IDEA - Part B, Formula	84.027	76600010219016600	28,841
IDEA - Part B, Formula	84.027	66600010219016600	1,017,841
IDEA - Part B, Capacity Building	84.027	66600040219016604	647
Total CFDA Number 84.027			1,047,329
Vocational Education - Basic Grant	84.048	742000602190106	3,393
Vocational Education - Basic Grant	84.048	642000602190106	63,154
Total CFDA Number 84.048			66,547
IDEA - Part B, Preschool	84.173	6610010219016610	27,113
ESEA Title IV - Safe and Drug-Free Schools	84.186A	669120171206	33,567
Title V, Part A - Innovative Programs	84.298	6685001021901	15,057
Title II, Part D - Enhancing Ed. Through Technology	84.318X	6630001021901	19,107
Title III, Part A - English Language Acquisition	84.365A	6671001021901	43,869
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	6694501021901	216,812
Emergency Impact Aid	84.938	652031021901	729,208
Total Passed Through State Department of Education			\$ 3,103,974
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 3,133,548
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Head Start	93.600	06CH5550/38	\$ 77,460
Head Start	93.600	06CH5550/39	1,215,450
Total CFDA Number 93.600			1,292,910
Total Direct Programs			\$ 1,292,910
<u>Passed Through LaPorte ISD</u>			
Medicaid Assistance Program	93.778	00105	\$ 7,606
Total Passed Through LaPorte ISD			\$ 7,606
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			\$ 1,300,516
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
USDA Donated Commodities	10.550	021003A	\$ 141,139
Total Passed Through the State Department of Agriculture			\$ 141,139
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553	7140301	\$ 255,638
National School Lunch Program	10.555	7130301	965,613
Total Passed Through State Department of Education			\$ 1,221,251
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			\$ 1,362,390
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 5,796,454

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

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

**AUGUST 31, 2006**

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

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

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 5,813,078
School health and related services revenue	<u>( 16,624)</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 5,796,454</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2006

**Summary of Auditors' Results**

Type of report on financial statement	Unqualified
Internal control over financial reporting Material weakness(es) identified'	No
Reportable condition(s) identified that are not considered to be material weakness(es)'	None reported
Internal control over major programs Material weakness(es) identified'	No
Reportable condition(s) identified that are not considered to be material weakness(es)'	None reported
Noncompliance which is material to the basic financial statement:	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	See below
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	IDEA - Part B, CFDA #84.027; Hurricane Education Recovery Act Impact Aid, CFDA #84.938C

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

None

(continued)

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**(Continued)**

**YEAR ENDED AUGUST 31, 2006**

**Findings and Questioned Costs for Federal Awards**

2006-1:	Grantor:	Texas Education Agency
	State Program:	IDEA – Part B
	Compliance Requirement:	Allowable Cost – Certifications
	Finding:	Upon review of the IDEA – Part B grant, the District certified employees once during the year instead of the required semi-annual certifications.
	Recommendation:	We recommend the District certify time and effort in accordance with IDEA – Part B guidelines, either monthly or semi-annually depending on how an employee’s time is allocated.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED AUGUST 31, 2006**

None

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