

**COLLEGE STATION INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2013

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

FOR THE YEAR ENDED AUGUST 31, 2013

<u>Exhibit Number</u>	<u>Page Number</u>
	ii
Certificate of Board	ii
FINANCIAL SECTION	
Independent Auditors' Report	2
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
A-1 Statement of Net Position	13
B-1 Statement of Activities	14
Fund Financial Statements:	
C-1 Balance Sheet - Governmental Funds	16
C-1R Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	19
C-2 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
C-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
C-4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	23
D-1 Statement of Net Position - Proprietary Funds.....	24
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	25
D-3 Statement of Cash Flows - Proprietary Funds	26
E-1 Statement of Fiduciary Assets and Liabilities - Fiduciary Fund.....	27
Notes to the Financial Statements.....	28
Combining Funds Financial Statements:	
H-1 Combining Balance Sheet – Nonmajor Special Revenue Funds.....	44
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	50
Other Supplementary Information:	
J-1 Schedule of Delinquent Taxes Receivable.....	58
J-2 Schedule of Expenditures for Computation of Indirect Cost for 2014-2015.....	60
J-3 Budgetary Comparison Schedule - National School Breakfast and Lunch Program.....	61
J-4 Budgetary Comparison Schedule - Debt Service Fund	62
Overall Compliance, Internal Control Section and Federal Awards:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	66
Schedule of Findings and Questioned Costs	69
Summary Schedule of Prior Audit Findings.....	70
Corrective Action Plan	71
K-1 Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards.....	73
L-1 Schedule of Required Responses to Selected School First Indicators.....	75

CERTIFICATE OF BOARD

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

Name of School

BRAZOS

County

021-901

Co.-Dist Number

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

APPROVED --- DISAPPROVED
(Check One)

for the year ended August 31, 2013 at a meeting of the Board of Trustees of such school district on the 17th day of December, 2013.

SIGNATURE OF BOARD SECRETARY

SIGNATURE OF BOARD PRESIDENT

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

FINANCIAL SECTION

HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessments of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I. F. *Accounting Changes* in the notes to the financial statements for August 31, 2013, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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 funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Station Independent School District's internal control over financial reporting and compliance.

Respectfully,

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

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

Conroe, Texas
December 17, 2013

Management's Discussion and Analysis

As management of the College Station Independent School District ("the District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2013. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable and claims payable of the District's self-insured workers' compensation program.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities at year-end by \$102,300,348 (net position). Of this amount, \$36,321,269 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position decreased by \$3,282,320 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$42,795,760, a decrease of \$10,110,960 as compared to the preceding year. The current period decrease in fund balances of the governmental funds was primarily due to the decrease in expenditures was exceeded by the decrease in state and federal funding.
- At the end of the year, unassigned fund balance of the general fund was \$17,639,012, or 21 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$10,649,893 (5 percent) during the year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities by \$102,300,348, a decrease of \$4,373,972 from the preceding year, \$3,282,320 from current operations and \$1,091,652 from the implementation of GASB Statement 65.

College Station Independent School District's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
	Amount	Amount	Amount	Amount	Amount	Amount
Current and Other Assets	\$ 53,451,849	\$ 70,589,977	\$ 614,876	\$ 589,215	\$ 54,066,725	\$ 71,179,192
Capital Assets, net of Depreciation	268,202,135	272,313,336	-	264	268,202,135	272,313,600
Total Assets	321,653,984	342,903,313	614,876	589,479	322,268,860	343,492,792
Total Deferred Outflows of Resources	966,645	1,127,612	-	-	966,645	1,127,612
Noncurrent Liabilities Outstanding	213,567,796	224,263,129	-	-	213,567,796	224,263,129
Other Liabilities	7,125,179	13,433,871	242,182	249,084	7,367,361	13,682,955
Total Liabilities	220,692,975	237,697,000	242,182	249,084	220,935,157	237,946,084
Net Position:						
Net Investment in Capital Assets	59,106,431	59,087,722	-	-	59,106,431	59,087,722
Restricted for Debt Service	6,870,217	7,153,376	-	-	6,870,217	7,153,376
Restricted for Grants	2,431	-	-	-	2,431	-
Unrestricted	35,948,575	40,092,827	372,694	340,395	36,321,269	40,433,222
Total Net Position	\$ 101,927,654	\$ 106,333,925	\$ 372,694	\$ 340,395	\$ 102,300,348	\$ 106,674,320

The largest portion of the District's net position (59,106,431 or 58 percent of net position) are investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position (\$6,870,217 or 7 percent of net position) are restricted for debt service. The remaining balance, unrestricted net position (\$35,948,575 or 35 percent of net position), may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

Governmental Activities. Governmental Activities decreased the District's net position by \$3,314,619 from current operations and a decrease of \$1,091,652 from the implementation of GASB 65 as described in the notes to the financial statements. The elements giving rise to this increase may be determined from the table below.

College Station Independent School District's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
	Amount	Amount	Amount	Amount	Amount	Amount
Revenue:						
Program Revenues:						
Charges for Services	\$ 3,133,409	\$ 3,341,384	\$ 1,801,587	\$ 1,685,159	\$ 4,934,996	\$ 5,026,543
Operating Grants and Contributions	12,053,233	14,021,602	-	-	12,053,233	14,021,602
General Revenues:						
Property Taxes, Levied for General Purpose	66,532,103	61,949,946	-	-	66,532,103	61,949,946
Property Taxes, Levied for Debt Service	18,864,800	20,728,810	-	-	18,864,800	20,728,810
Grants and Contributions Not Restricted	8,599,059	11,498,878	-	-	8,599,059	11,498,878
Investment Earnings	396,038	682,369	-	-	396,038	682,369
Miscellaneous Local and Intermediate	168,875	259,862	-	-	168,875	259,862
Total Revenues	109,747,517	112,482,851	1,801,587	1,685,159	111,549,104	114,168,010
Expenses:						
Instruction	58,977,895	55,869,945	-	-	58,977,895	55,869,945
Instructional Resources and Media Services	1,069,441	1,015,533	-	-	1,069,441	1,015,533
Curriculum and Development	1,324,659	1,475,342	-	-	1,324,659	1,475,342
Instructional Leadership	1,807,761	1,868,074	-	-	1,807,761	1,868,074
School Leadership	5,425,740	4,882,863	-	-	5,425,740	4,882,863
Guidance, Counseling, and Evaluation Services	3,235,339	2,736,369	-	-	3,235,339	2,736,369
Social Work Services	18,800	20,879	-	-	18,800	20,879
Health Services	1,009,250	1,004,996	-	-	1,009,250	1,004,996
Student Transportation	3,388,609	3,102,471	-	-	3,388,609	3,102,471
Food Service	4,918,242	4,713,782	-	-	4,918,242	4,713,782
Extracurricular Activities	4,809,301	3,703,536	-	-	4,809,301	3,703,536
General Administration	2,277,567	2,203,185	-	-	2,277,567	2,203,185
Plant Maintenance and Operations	9,322,663	8,285,419	-	-	9,322,663	8,285,419
Security and Monitoring Services	266,410	243,675	-	-	266,410	243,675
Data Processing Services	2,073,648	2,003,537	-	-	2,073,648	2,003,537
Community Services	589,657	664,419	-	-	589,657	664,419
Interest on Long-term Debt	8,720,571	8,871,445	-	-	8,720,571	8,871,445
Issuance Costs and Fees	5,316	113,927	-	-	5,316	113,927
Facilities Repair and Maintenance	132,120	517,414	-	-	132,120	517,414
Contracted Instructional Services						
Between Schools	2,745,816	4,438,953	-	-	2,745,816	4,438,953
Payments Related to Shared Services						
Arrangements	111,482	86,290	-	-	111,482	86,290
Payments to Juvenile Justice Alternative						
Education Programs	6,043	7,933	-	-	6,043	7,933
Other Intergovernmental Charges	825,806	778,689	-	-	825,806	778,689
Community Education	-	-	479,662	572,180	479,662	572,180
Kids Club	-	-	1,160,296	1,022,768	1,160,296	1,022,768
Community Sports Camps	-	-	129,330	-	129,330	-
Total Expenses	113,062,136	108,608,676	1,769,288	1,594,948	114,831,424	110,203,624
Change in Net Position	(3,314,619)	3,874,175	32,299	90,211	(3,282,320)	3,964,386
Net Position - Beginning	106,333,925	102,459,750	340,395	250,184	106,674,320	102,709,934
Prior Period Adjustment- Implement GASB 65 for Bond Issuance Costs	(1,091,652)	-	-	-	(1,091,652)	-
Net Position - Beginning, as restated	105,242,273	102,459,750	340,395	250,184	105,582,668	102,709,934
Net Position - Ending	\$ 101,927,654	\$ 106,333,925	\$ 372,694	\$ 340,395	\$ 102,300,348	\$ 106,674,320

Revenues, aggregating \$109,747,517, were generated primarily from two sources. Property taxes \$85,396,903 represent 78 percent of total revenues while grants and contributions (program and general), totaling \$20,652,292, represent 19 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is *Instruction* \$58,977,895, which represents 52 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses.

Business-type Activities. Business-type activities increased the District's net position by \$32,299 primarily due to the rise in fees for Kids Klub exceeded the related increase in operating expenses.

Financial Analysis of the Government's Funds

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

Governmental funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$42,795,760, a decrease of \$10,110,960 from the preceding year. Comments as to each individual fund's change in fund balance follow.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$17,639,012, while total fund balance was \$32,746,957. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21 percent of total general fund expenditures, while total fund balance represents 40 percent of that same total. The fund balance of the general fund decreased \$3,518,635 during the year, primarily due to the decrease in state and federal funding and the increase in total expenditures, primarily instruction.

The debt service fund ended the year with a total fund balance of \$6,671,516, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance decreased \$336,369 during the year, primarily due to the decrease in property tax revenue resulting from a rate decrease.

The capital projects fund has a total fund balance of \$2,168,441 all of which is reserved for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$6,359,016. The decrease was due to the expenditure of funds authorized per bond issues.

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

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

General Fund Budgetary Highlights

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

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

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of August 31, 2013 was \$268,202,135 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$4,111,465.

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

- Furniture and Equipment totaling \$415,789.
- Construction in Progress totaling \$6,254,553, which includes the completion of the new high school totaling \$4,296,484.

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

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
	Amount	Amount	Amount	Amount	Amount	Amount
Land	\$ 8,871,609	\$ 8,871,609	\$ -	\$ -	\$ 8,871,609	\$ 8,871,609
Buildings and Improvements	247,494,820	150,156,720	-	-	247,494,820	150,156,720
Furniture and Equipment	3,026,396	4,380,691	-	264	3,026,396	4,380,955
Construction in Progress	8,809,310	108,904,316	-	-	8,809,310	108,904,316
Totals	\$ 268,202,135	\$ 272,313,336	\$ -	\$ 264	\$ 268,202,135	\$ 272,313,600

Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled \$75,441.

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

Noncurrent Liabilities. At year-end, the District had a liability for bonded debt of \$212,230,790. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. Other long-term obligations, representing claims expense of the self-funded workers' compensation program of \$784,475, and compensated absences of \$552,531.

College Station Independent School District's Outstanding Noncurrent Liabilities

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 212,230,790	100	\$ 222,880,683	100	\$ (10,649,893)	(5)
Workers' Compensation	784,475	-	828,495	-	(44,020)	(5)
Compensated Absences	552,531	-	553,951	-	(1,420)	-
Totals	\$ 213,567,796	100	\$ 224,263,129	100	\$ (10,695,333)	

The District's total bonded debt decreased by \$10,649,893. The key factor was payments made toward bond principal.

State statutes do not limit the tax rate or amount of local tax support of school district's bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

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

Economic and Other Factors and Fiscal Year 2013-14 Budgets

- School year (2013-14) student enrollment is, 11,706, a 5 percent increase from the preceding year.
- District staff totals 1,919 employees in 2013-14, excluding substitutes and other part-time employees, of which 820 are teachers and 335 are teacher aides and secretaries.
- The District maintains 15 regular education campuses.
- Property values of the District are projected to increase 5% for the 2013-14 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.28, a total rate of \$1.32, were adopted for 2013-14. Preceding year rates were \$1.04, \$.295033 and \$1.335033, respectively.

All of these factors and others were considered in preparing the District's budget for the 2013-14 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

EXHIBIT A-1

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 Cash and Cash Equivalents	\$ 35,921,584	\$ 614,876	\$ 36,536,460
1120 Current Investments	13,298,853	-	13,298,853
1225 Property Taxes Receivable (Net)	2,982,626	-	2,982,626
1240 Due from Other Governments	888,907	-	888,907
1250 Accrued Interest	19,642	-	19,642
1267 Due from Fiduciary	3,850	-	3,850
1300 Inventories	273,766	-	273,766
1410 Prepaid Items	62,621	-	62,621
Capital Assets:			
1510 Land	8,871,609	-	8,871,609
1520 Buildings and Improvements (Net)	247,494,820	-	247,494,820
1530 Furniture and Equipment (Net)	3,026,396	-	3,026,396
1580 Construction in Progress	8,809,310	-	8,809,310
1000 Total Assets	<u>321,653,984</u>	<u>614,876</u>	<u>322,268,860</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1700 Deferred Charge on Refunding	966,645	-	966,645
Total Deferred Outflows of Resources	<u>966,645</u>	<u>-</u>	<u>966,645</u>
LIABILITIES:			
2110 Accounts Payable	1,662,061	24,983	1,687,044
2140 Interest Payable	375,706	-	375,706
2160 Accrued Wages Payable	2,530,704	44,988	2,575,692
2180 Due to Other Governments	2,264,559	-	2,264,559
2200 Accrued Expenditures	166,722	-	166,722
2300 Unearned Revenue	125,427	172,211	297,638
Noncurrent Liabilities:			
2501 Due within One Year	12,122,006	-	12,122,006
2502 Due in More Than One Year	201,445,790	-	201,445,790
2000 Total Liabilities	<u>220,692,975</u>	<u>242,182</u>	<u>220,935,157</u>
NET POSITION:			
3200 Net Investment in Capital Assets	59,106,431	-	59,106,431
3850 Restricted for Debt Service	6,870,217	-	6,870,217
3450 Restricted for Grants	2,431	-	2,431
3900 Unrestricted	35,948,575	372,694	36,321,269
3000 Total Net Position	<u>\$ 101,927,654</u>	<u>\$ 372,694</u>	<u>\$ 102,300,348</u>

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
0011	<i>Instruction</i>	\$ 58,977,895	\$ 186,103	\$ 5,920,524
0012	<i>Instructional Resources and Media Services</i>	1,069,441	104,893	34,667
0013	<i>Curriculum and Staff Development</i>	1,324,659	9,415	515,534
0021	<i>Instructional Leadership</i>	1,807,761	-	604,297
0023	<i>School Leadership</i>	5,425,740	13,010	239,646
0031	<i>Guidance, Counseling, and Evaluation Services</i>	3,235,339	-	672,073
0032	<i>Social Work Services</i>	18,800	-	18,022
0033	<i>Health Services</i>	1,009,250	3,252	190,147
0034	<i>Student Transportation</i>	3,388,609	3,419	81,512
0035	<i>Food Service</i>	4,918,242	2,283,738	2,546,992
0036	<i>Extracurricular Activities</i>	4,809,301	439,729	42,551
0041	<i>General Administration</i>	2,277,567	1,292	99,319
0051	<i>Plant Maintenance and Operations</i>	9,322,663	82,898	237,258
0052	<i>Security and Monitoring Services</i>	266,410	-	1,702
0053	<i>Data Processing Services</i>	2,073,648	-	386,350
0061	<i>Community Services</i>	589,657	5,660	462,639
0072	<i>Interest on Long-term Debt</i>	8,720,571	-	-
0073	<i>Issuance Costs and Fees</i>	5,316	-	-
0081	<i>Facilities Repair and Maintenance</i>	132,120	-	-
0091	<i>Contracted Instructional Services Between Schools</i>	2,745,816	-	-
0093	<i>Payments Related to Shared Services Arrangement</i>	111,482	-	-
0095	<i>Payments to Juvenile Justice Alternative Education Programs</i>	6,043	-	-
0099	<i>Other Intergovernmental Charges</i>	825,806	-	-
TG	Total Governmental Activities	<u>113,062,136</u>	<u>3,133,409</u>	<u>12,053,233</u>
	Business-type-Activities:			
01	<i>Community Education</i>	479,662	470,062	-
02	<i>Kids Klub</i>	1,160,296	1,202,195	-
03	<i>Community Sports Camps</i>	129,330	129,330	-
TB	Total Business-type Activities	<u>1,769,288</u>	<u>1,801,587</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 114,831,424</u>	<u>\$ 4,934,996</u>	<u>\$ 12,053,233</u>
	General Revenues:			
MT	<i>Property Taxes, Levied for General Purposes</i>			
DT	<i>Property Taxes, Levied for Debt Services</i>			
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>			
IE	<i>Investment Earnings</i>			
MI	<i>Miscellaneous</i>			
TR	Total General Revenues			
CN	Change in Net Position			
NB	Net Position - Beginning			
PA	Prior Period Adjustment - Implement GASB 65 for Bond Issuance Costs			
	Net Position - Beginning, as restated			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (52,871,268)		\$ (52,871,268)
(929,881)		(929,881)
(799,710)		(799,710)
(1,203,464)		(1,203,464)
(5,173,084)		(5,173,084)
(2,563,266)		(2,563,266)
(778)		(778)
(815,851)		(815,851)
(3,303,678)		(3,303,678)
(87,512)		(87,512)
(4,327,021)		(4,327,021)
(2,176,956)		(2,176,956)
(9,002,507)		(9,002,507)
(264,708)		(264,708)
(1,687,298)		(1,687,298)
(121,358)		(121,358)
(8,720,571)		(8,720,571)
(5,316)		(5,316)
(132,120)		(132,120)
(2,745,816)		(2,745,816)
(111,482)		(111,482)
(6,043)		(6,043)
(825,806)		(825,806)
<u>(97,875,494)</u>		<u>(97,875,494)</u>
-	\$ (9,600)	(9,600)
-	41,899	41,899
-	-	-
-	<u>32,299</u>	<u>32,299</u>
<u>(97,875,494)</u>	<u>32,299</u>	<u>(97,843,195)</u>
66,532,103	-	66,532,103
18,864,800	-	18,864,800
8,599,059	-	8,599,059
396,038	-	396,038
168,875	-	168,875
<u>94,560,875</u>	<u>-</u>	<u>94,560,875</u>
<u>(3,314,619)</u>	<u>32,299</u>	<u>(3,282,320)</u>
106,333,925	340,395	106,674,320
(1,091,652)	-	(1,091,652)
<u>105,242,273</u>	<u>340,395</u>	<u>105,582,668</u>
\$ <u>101,927,654</u>	\$ <u>372,694</u>	\$ <u>102,300,348</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	199	599
<u>General Fund</u>	<u>Debt Service Fund</u>	
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 26,978,471	\$ 3,744,379
1120 <i>Current Investments</i>	10,225,183	2,916,592
1225 <i>Property Taxes Receivable (Net)</i>	2,408,219	574,407
1240 <i>Due from Other Governments</i>	494,848	6,526
1250 <i>Accrued Interest</i>	15,174	4,019
1260 <i>Due from Other Funds</i>	324,981	-
1300 <i>Inventories</i>	87,945	-
1410 <i>Prepaid Items</i>	20,000	-
1000 <i>Total Assets</i>	<u>\$ 40,554,821</u>	<u>\$ 7,245,923</u>
LIABILITIES:		
2110 <i>Accounts Payable</i>	\$ 544,230	\$ -
2160 <i>Accrued Wages Payable</i>	2,530,704	-
2170 <i>Due to Other Funds</i>	-	-
2180 <i>Due to Other Governments</i>	2,264,231	-
2200 <i>Accrued Expenditures</i>	-	-
2300 <i>Unearned Revenue</i>	60,480	-
2000 <i>Total Liabilities</i>	<u>5,399,645</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:		
2600 <i>Unavailable Revenue-Property Taxes</i>	<u>2,408,219</u>	<u>574,407</u>
<i>Total Deferred Inflows of Resources</i>	<u>2,408,219</u>	<u>574,407</u>
FUND BALANCES:		
3410 <i>Nonspendable - Inventories</i>	87,945	-
3430 <i>Nonspendable - Prepaid Items</i>	20,000	-
3450 <i>Restricted - Grant Funds</i>	-	-
3470 <i>Restricted - Capital Acquisitions and Contractual Obligations</i>	-	-
3480 <i>Restricted - Debt Service</i>	-	6,671,516
3510 <i>Committed - Construction</i>	11,000,000	-
3545 <i>Committed - Other</i>	4,000,000	-
3600 <i>Unassigned</i>	<u>17,639,012</u>	<u>-</u>
3000 <i>Total Fund Balances</i>	<u>32,746,957</u>	<u>6,671,516</u>
4000 <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 40,554,821</u>	<u>\$ 7,245,923</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

699	<u>Nonmajor Other Governmental Funds</u>	98 Total Governmental Funds
<u>Capital Projects Fund</u>		
\$ 3,223,364	\$ 1,093,703	\$ 35,039,917
-	156,156	13,297,931
-	-	2,982,626
-	387,533	888,907
-	55	19,248
-	-	324,981
-	185,821	273,766
-	-	20,000
<u>\$ 3,223,364</u>	<u>\$ 1,823,268</u>	<u>\$ 52,847,376</u>
\$ 888,201	\$ 228,016	\$ 1,660,447
-	-	2,530,704
-	321,131	321,131
-	328	2,264,559
166,722	-	166,722
-	64,947	125,427
<u>1,054,923</u>	<u>614,422</u>	<u>7,068,990</u>
-	-	<u>2,982,626</u>
<u>-</u>	<u>-</u>	<u>2,982,626</u>
-	125,413	213,358
-	-	20,000
-	2,431	2,431
2,168,441	-	2,168,441
-	-	6,671,516
-	-	11,000,000
-	1,081,002	5,081,002
-	-	17,639,012
<u>2,168,441</u>	<u>1,208,846</u>	<u>42,795,760</u>
<u>\$ 3,223,364</u>	<u>\$ 1,823,268</u>	<u>\$ 52,847,376</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT TO NET POSITION
AUGUST 31, 2013

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1) **\$ 42,795,760**

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

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

Governmental Capital Assets Costs	\$ 365,950,633	
Accumulated Depreciation of Governmental Capital Assets	<u>(97,748,498)</u>	268,202,135

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	2,982,626
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such liabilities consist of:

Bonds Payable, at Original Par	\$ (210,040,000)	
Premium on Bonds Payable	(2,190,790)	
Deferred Charge on Refunding	966,645	
Accrued Interest on the Bonds	(375,706)	
Compensated Absences	<u>(552,531)</u>	(212,192,382)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	<u>139,515</u>
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Total Net Position - Governmental Activities (Exhibit A-1) **\$ 101,927,654**

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 67,253,609	\$ 18,895,886
5800 <i>State Program Revenues</i>	12,003,126	-
5900 <i>Federal Program Revenues</i>	-	-
5020 Total Revenues	<u>79,256,735</u>	<u>18,895,886</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	48,705,686	-
0012 <i>Instructional Resources and Media Services</i>	776,342	-
0013 <i>Curriculum and Staff Development</i>	785,871	-
0021 <i>Instructional Leadership</i>	1,256,536	-
0023 <i>School Leadership</i>	4,918,430	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	2,458,464	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	805,933	-
0034 <i>Student Transportation</i>	2,389,456	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	3,587,850	-
0041 <i>General Administration</i>	2,176,472	-
0051 <i>Plant Maintenance and Operations</i>	9,076,727	-
0052 <i>Security and Monitoring Services</i>	267,471	-
0053 <i>Data Processing Services</i>	1,678,127	-
0061 <i>Community Services</i>	122,753	-
Debt Service:		
0071 <i>Principal on Long-term Debt</i>	-	10,390,000
0072 <i>Interest on Long-term Debt</i>	-	8,836,939
0073 <i>Issuance Costs and Fees</i>	-	5,316
Capital Outlay:		
0081 <i>Facilities Acquisition and Construction</i>	-	-
Intergovernmental:		
0091 <i>Contracted Instructional Services Between Public Schools</i>	2,745,816	-
0093 <i>Payments Related to Shared Services Arrangements</i>	111,482	-
0095 <i>Payments to Juvenile Justice Alternative Education Programs</i>	6,043	-
0099 <i>Other Intergovernmental Charges</i>	825,806	-
6030 Total Expenditures	<u>82,695,265</u>	<u>19,232,255</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,438,530)</u>	<u>(336,369)</u>
OTHER FINANCING SOURCES (USES):		
7915 <i>Transfers In</i>	-	-
8911 <i>Transfers Out</i>	(80,105)	-
7080 Total Other Financing Sources (Uses)	<u>(80,105)</u>	<u>-</u>
1200 Net Change in Fund Balances	(3,518,635)	(336,369)
0100 Fund Balances - Beginning	36,265,592	7,007,885
3000 Fund Balances - Ending	<u>\$ 32,746,957</u>	<u>\$ 6,671,516</u>

The accompanying notes are an integral part of this statement.

699	Nonmajor Other Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ 40,186	\$ 3,092,085	\$ 89,281,766
-	536,850	12,539,976
-	7,715,974	7,715,974
<u>40,186</u>	<u>11,344,909</u>	<u>109,537,716</u>
4,349	3,539,383	52,249,418
-	101,269	877,611
-	518,750	1,304,621
-	543,157	1,799,693
-	11,680	4,930,110
-	552,250	3,010,714
-	18,800	18,800
-	157,356	963,289
-	1,581	2,391,037
-	4,705,560	4,705,560
-	205,375	3,793,225
-	6,759	2,183,231
-	123,470	9,200,197
-	-	267,471
-	355,305	2,033,432
-	481,259	604,012
-	-	10,390,000
-	-	8,836,939
-	-	5,316
6,394,853	-	6,394,853
-	-	2,745,816
-	-	111,482
-	-	6,043
-	-	825,806
<u>6,399,202</u>	<u>11,321,954</u>	<u>119,648,676</u>
<u>(6,359,016)</u>	<u>22,955</u>	<u>(10,110,960)</u>
-	80,105	80,105
-	-	(80,105)
<u>-</u>	<u>80,105</u>	<u>-</u>
(6,359,016)	103,060	(10,110,960)
8,527,457	1,105,786	52,906,720
<u>\$ 2,168,441</u>	<u>\$ 1,208,846</u>	<u>\$ 42,795,760</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2013

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2) **\$ (10,110,960)**

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

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

Capital Assets <i>increased</i>	\$ 6,670,342	
Depreciation Expense	<u>(10,781,543)</u>	(4,111,201)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 205,067

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 10,390,000

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

Accrued Interest on Current Interest Bonds Payable <i>(increased) decreased</i>	\$ 17,442	
Amortization of Bond Premium	259,893	
Amortization of Deferred Charge on Refundings	<u>(160,967)</u>	116,368

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 1,420

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statements. 194,687

Change in Net Position for Governmental Activities (Exhibit B-1) **\$ (3,314,619)**

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT C-4

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 67,059,489	\$ 67,109,042	\$ 67,253,609	\$ 144,567
5800	State Program Revenues	11,574,633	11,875,902	12,003,126	127,224
5020	Total Revenues	<u>78,634,122</u>	<u>78,984,944</u>	<u>79,256,735</u>	<u>271,791</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	48,719,911	48,875,894	48,705,686	170,208
0012	Instructional Resources and Media Services	774,504	809,311	776,342	32,969
0013	Curriculum and Staff Development	848,054	811,393	785,871	25,522
	Total Instruction & Instructional Related Services	<u>50,342,469</u>	<u>50,496,598</u>	<u>50,267,899</u>	<u>228,699</u>
Instructional and School Leadership:					
0021	Instructional Leadership	1,348,519	1,294,475	1,256,536	37,939
0023	School Leadership	4,665,183	4,923,818	4,918,430	5,388
	Total Instructional & School Leadership	<u>6,013,702</u>	<u>6,218,293</u>	<u>6,174,966</u>	<u>43,327</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	2,219,700	2,460,910	2,458,464	2,446
0033	Health Services	850,760	848,809	805,933	42,876
0034	Student Transportation	2,376,937	2,429,276	2,389,456	39,820
0036	Extracurricular Activities	3,651,980	3,589,072	3,587,850	1,222
	Total Support Services - Student (Pupil)	<u>9,099,377</u>	<u>9,328,067</u>	<u>9,241,703</u>	<u>86,364</u>
Administrative Support Services:					
0041	General Administration	2,204,407	2,180,690	2,176,472	4,218
	Total Administrative Support Services	<u>2,204,407</u>	<u>2,180,690</u>	<u>2,176,472</u>	<u>4,218</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	9,292,297	9,116,397	9,076,727	39,670
0052	Security and Monitoring Services	218,258	268,386	267,471	915
0053	Data Processing Services	1,658,067	1,711,165	1,678,127	33,038
	Total Support Services - Nonstudent Based	<u>11,168,622</u>	<u>11,095,948</u>	<u>11,022,325</u>	<u>73,623</u>
Ancillary Services:					
0061	Community Services	143,380	124,208	122,753	1,455
	Total Ancillary Services	<u>143,380</u>	<u>124,208</u>	<u>122,753</u>	<u>1,455</u>
Intergovernmental Charges:					
0091	Contracted Instructional Services Between Public Schools	3,347,546	3,347,546	2,745,816	601,730
0093	Payments Related to Shared Services Arrangements	90,000	111,500	111,482	18
0095	Payments to Juvenile Justice Alternative Education Programs	8,000	8,000	6,043	1,957
0099	Other Intergovernmental Charges	813,759	825,806	825,806	-
	Total Intergovernmental Charges	<u>4,259,305</u>	<u>4,292,852</u>	<u>3,689,147</u>	<u>603,705</u>
6030	Total Expenditures	<u>83,231,262</u>	<u>83,736,656</u>	<u>82,695,265</u>	<u>1,041,391</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(4,597,140)</u>	<u>(4,751,712)</u>	<u>(3,438,530)</u>	<u>1,313,182</u>
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out	-	-	(80,105)	(80,105)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(80,105)</u>	<u>(80,105)</u>
1200	Net Change in Fund Balance	(4,597,140)	(4,751,712)	(3,518,635)	1,233,077
0100	Fund Balance - Beginning	<u>36,265,592</u>	<u>36,265,592</u>	<u>36,265,592</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ 31,668,452</u>	<u>\$ 31,513,880</u>	<u>\$ 32,746,957</u>	<u>\$ 1,233,077</u>

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

EXHIBIT D-1

Data Control Codes	Business-type Activities - Enterprise Funds				Governmental Activities	
	Community Education	Kids Klub	Community Sports Camps	Total Enterprise Funds	Internal Service Fund Workers' Compensation	
ASSETS:						
Current Assets:						
1110	Cash and Cash Equivalents	\$ 184,952	\$ 429,924	\$ -	\$ 614,876	\$ 881,667
1120	Current Investments	-	-	-	-	922
1250	Accrued Interest	-	-	-	-	394
1410	Prepaid Items	-	-	-	-	42,621
	Total Current Assets	<u>184,952</u>	<u>429,924</u>	<u>-</u>	<u>614,876</u>	<u>925,604</u>
Noncurrent Assets:						
Capital Assets:						
1530	Furniture and Equipment	7,902	39,670	-	47,572	-
1570	Accumulated Depreciation	(7,902)	(39,670)	-	(47,572)	-
	Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1000	Total Assets	<u>184,952</u>	<u>429,924</u>	<u>-</u>	<u>614,876</u>	<u>925,604</u>
LIABILITIES:						
Current Liabilities:						
2110	Accounts Payable	14,118	10,865	-	24,983	1,614
2123	Claims Payable - Due Within One Year	-	-	-	-	784,475
2160	Accrued Wages Payable	-	44,988	-	44,988	-
2300	Unearned Revenue	-	172,211	-	172,211	-
	Total Current Liabilities	<u>14,118</u>	<u>228,064</u>	<u>-</u>	<u>242,182</u>	<u>786,089</u>
2000	Total Liabilities	<u>14,118</u>	<u>228,064</u>	<u>-</u>	<u>242,182</u>	<u>786,089</u>
NET POSITION:						
3900	Unrestricted	170,834	201,860	-	372,694	139,515
3000	Total Net Position	<u>\$ 170,834</u>	<u>\$ 201,860</u>	<u>\$ -</u>	<u>\$ 372,694</u>	<u>\$ 139,515</u>

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT D-2

Data Control Codes	Business-type Activities - Enterprise Funds				Governmental Activities
			Community Sports Camps	Total Enterprise Funds	Internal Service Fund
	Community Education	Kids Klub			Workers' Compensation
OPERATING REVENUES:					
5739 Tuition	\$ 470,062	\$ 1,202,195	\$ 129,330	\$ 1,801,587	\$ -
5754 Interfund Service Provided	-	-	-	-	438,187
5020 Total Revenues	<u>470,062</u>	<u>1,202,195</u>	<u>129,330</u>	<u>1,801,587</u>	<u>438,187</u>
OPERATING EXPENSES:					
6100 Payroll Costs	317,881	827,618	111,132	1,256,631	-
6200 Professional and Contracted Services	15,335	54,033	-	69,368	3,800
6300 Supplies and Materials	22,904	52,287	16,050	91,241	-
6400 Other Operating Costs	123,278	226,358	2,148	351,784	244,434
6499 Depreciation	264	-	-	264	-
6030 Total Expenses	<u>479,662</u>	<u>1,160,296</u>	<u>129,330</u>	<u>1,769,288</u>	<u>248,234</u>
Operating Income (Loss)	(9,600)	41,899	-	32,299	189,953
NONOPERATING REVENUES (EXPENSES):					
7955 Earnings from Temp. Deposits and Investments	-	-	-	-	4,734
8030 Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,734</u>
1300 Change in Net Position	(9,600)	41,899	-	32,299	194,687
0100 Net Position - Beginning	180,434	159,961	-	340,395	(55,172)
3300 Net Position - Ending	<u>\$ 170,834</u>	<u>\$ 201,860</u>	<u>\$ -</u>	<u>\$ 372,694</u>	<u>\$ 139,515</u>

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT D-3

	Business-type Activities - Enterprise Funds				Governmental Activities
	Community Education	Kids Klub	Community	Total	Internal Service Fund
			Sports Camps	Enterprise Funds	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from User Charges	\$ 470,062	\$ 1,202,195	\$ 129,330	\$ 1,801,587	\$ 438,187
Cash Payments for Employees Services & Benefits	(137,504)	(219,034)	(2,148)	(358,686)	-
Cash Payments for Insurance Claims	-	-	-	-	(315,448)
Cash Payments for Other Operating Expenses	(356,120)	(933,938)	(127,182)	(1,417,240)	(3,800)
Net Cash Provided by (Used for) Operating Activities	(23,562)	49,223	-	25,661	118,939
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	\$ -	\$ -	\$ -	\$ -	\$ 4,734
Purchase of Investments	-	-	-	-	(20)
Net Cash Provided by (Used for) Investing Activities	-	-	-	-	4,714
Net Increase (Decrease) in Cash and Cash Equivalents	(23,562)	49,223	-	25,661	123,653
Cash and Cash Equivalents at the Beginning of the Year	208,514	380,701	-	589,215	758,014
Cash and Cash Equivalents at the End of the Year	\$ 184,952	\$ 429,924	\$ -	\$ 614,876	\$ 881,667
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (9,600)	\$ 41,899	\$ -	\$ 32,299	\$ 189,953
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Depreciation	264	-	-	264	-
EFFECT OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:					
(Increase) Decrease in Other Receivable	-	-	-	-	(28,608)
Increase (Decrease) in Accounts Payable	(14,226)	(14,737)	-	(28,963)	1,614
Increase (Decrease) in Accrued Wages Payable	-	(1,800)	-	(1,800)	-
Increase (Decrease) in Unearned Revenue	-	23,861	-	23,861	-
Increase (Decrease) in Claims Payable	-	-	-	-	(44,020)
Net Cash Provided (Used) by Operating Activities	\$ (23,562)	\$ 49,223	\$ -	\$ 25,661	\$ 118,939

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2013

EXHIBIT E-1

Data
Control
Codes

	<u>Agency Fund</u>
ASSETS:	
1110 <i>Cash and Cash Equivalents</i>	\$ 533,165
1120 <i>Current Investments</i>	3,409
1250 <i>Accrued Interest</i>	14
1000 Total Assets	<u>\$ 536,588</u>
LIABILITIES:	
2170 <i>Due to Other Funds</i>	\$ 3,850
2190 <i>Due to Student Groups</i>	532,738
2000 Total Liabilities	<u>\$ 536,588</u>

The accompanying notes are an integral part of this statement.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

I. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The College Station Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *enterprise funds* account for the District's operation of a before and after school care program (Kids Klub) and summer programs (Community Education and Sports Camps). This fund is supported principally by revenues generated through program fees.

The *internal service fund* accounts for risk management services claims for workers' compensation claims and administrative expenses provided to other departments or agencies of the District.

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

F. Accounting Changes

Change in Accounting Principles – As the result of implementing GASB Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of September 1, 2012 by \$1,091,652. The decrease results from no longer deferring and amortizing bond issuance costs. Further, the District has restated its long-term liabilities to reflect that a component of those liabilities as of August 31, 2012 – deferred charge of refunding – is now reported as a deferred outflow of resources on the government-wide Statement of Net Position. The effect of this change, as of August 31, 2012, is an increase of \$1,127,612 in long-term liabilities and a corresponding increase in deferred outflows of resources.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and, bank demand or time deposits with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets. As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and Improvements	17-47
Furniture and Equipment	5-7

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue-property taxes*, is reported only in the governmental funds balance sheet. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. *Net Position Flow Assumption*

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. *Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by policy authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

3. Compensated Absences

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

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. 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 ensure accuracy in building a statewide data base for policy development and funding plans.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

B. Budgetary Information

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

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

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year, none of which were significant.

C. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

D. Excess of Expenditures Over Appropriations

For the year ended August 31, 2013, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

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

III. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of August 31, 2013, the District had the following governmental activities and fiduciary fund investments:

<u>Investment Type</u>	<u>Standard & Poor's Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Texpool	AAAm	\$ 1,823,983	0.21
Lone Star	AAAm	11,478,279	0.27
Total Fair Value		\$ 13,302,262	
Portfolio Weighted Average Maturity			0.26

Credit risk. For fiscal year 2013, the District invested in the Texas Local Government Investment Pool (Texpool) and Texas Association of School Boards Lone Star Investment Pool (Lone Star). Texpool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAA or equivalent by at least one nationally recognized rating agency (NRSRO); and securities lending programs. Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon Asset Management and American Beacon Advisors. Lone Star is restricted to invest in obligations of the U.S. or its agencies and instrumentalities; other obligations insured by the U.S.; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-regulated no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2013, District's banks' balance of \$37,595,407 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

B. Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Property Taxes	\$ 2,432,544	\$ 580,209	\$ -	\$ 3,012,753
Due From Other Governments				
State	471,050	6,526	-	477,576
Federal	-	-	387,533	387,533
Local	23,798	-	-	23,798
Accrued Interest	15,174	4,019	55	19,248
Gross Receivables	<u>2,942,566</u>	<u>590,754</u>	<u>387,588</u>	<u>3,920,908</u>
Less: Allowance for Uncollectibles	(24,325)	(5,802)	-	(30,127)
Net Total Receivables	<u>\$ 2,918,241</u>	<u>\$ 584,952</u>	<u>\$ 387,588</u>	<u>\$ 3,890,781</u>

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

Uncollectibles Related to General Fund Property Taxes	\$ (567)
Uncollectibles Related to Debt Service Property Taxes	(86)
Total Uncollectibles of the Current Fiscal Year	<u>\$ (653)</u>

Approximately \$2,430,000 of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables, and Transfers

Receivables/Payables

The composition of interfund balances as of August 31, 2013, is as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 324,981	\$ -
Governmental Funds Nonmajor	-	321,131
Agency Fund	-	3,850
Totals	<u>\$ 324,981</u>	<u>\$ 324,981</u>

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

Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the year ended August 31, 2013.

<u>Transfer Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Governmental Fund Nonmajor - Head Start	\$ 80,105

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013

D. Capital Assets

Capital asset activity for the year ended August 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions and Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 8,871,609	\$ -	\$ -	\$ 8,871,609
Construction in Progress	108,904,316	6,254,553	(106,349,559)	8,809,310
Total Capital Assets, not being Depreciated	117,775,925	6,254,553	(106,349,559)	17,680,919
Capital Assets, being Depreciated:				
Buildings and Improvements	221,950,763	-	106,349,559	328,300,322
Furniture and Equipment	19,553,603	415,789	-	19,969,392
Total Capital Assets, being Depreciated	241,504,366	415,789	106,349,559	348,269,714
Less Accumulated Depreciation for:				
Buildings and Improvements	(71,794,043)	(9,011,459)	-	(80,805,502)
Furniture and Equipment	(15,172,912)	(1,770,084)	-	(16,942,996)
Total Accumulated Depreciation	(86,966,955)	(10,781,543)	-	(97,748,498)
Total Capital Assets, being Depreciated, net	154,537,411	(10,365,754)	106,349,559	250,521,216
Governmental Activities Capital Assets, net	\$ 272,313,336	\$ (4,111,201)	\$ -	\$ 268,202,135
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture and Equipment	\$ 47,572	\$ -	\$ -	\$ 47,572
Less Accumulated Depreciation for:				
Furniture and Equipment	(47,308)	(264)	-	(47,572)
Business-type Activities Capital Assets, net	\$ 264	\$ (264)	\$ -	\$ -

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

Governmental Activities:		
11 Instruction		\$ 6,904,996
12 Instructional Resources and Media Services		201,806
13 Curriculum and Instructional Staff Development		20,484
21 Instructional Leadership		9,857
23 School Leadership		499,172
31 Guidance, Counseling, and Evaluation Services		226,502
33 Health Services		46,669
34 Student (Pupil) Transportation		1,046,155
35 Food Service		278,340
36 Extracurricular Activities		1,074,058
41 General Administration		95,620
51 Plant Maintenance and Operations		255,245
53 Data Processing		110,961
61 Community Services		11,678
Total Depreciation Expense-Governmental Activities		\$ 10,781,543
Governmental Activities:		
Kids Klub		\$ 264
Total Depreciation Expense-Business-Type Activities		\$ 264

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

Construction Commitments

The District has active construction projects as of August 31, 2013. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

Project	Remaining Commitment
AMCHS Renovation Phase 1	\$ 75,441
Totals	\$ 75,441

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

E. Long-term Liabilities

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

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 220,430,000	\$ -	\$ (10,390,000)	\$ 210,040,000	\$ 10,785,000
Deferred Amounts:					
For Issuance Premiums	2,450,683	-	(259,893)	2,190,790	-
Total Bonds Payable, net	222,880,683	-	(10,649,893)	212,230,790	10,785,000
Workers' Compensation	828,495	184,759	(228,779)	784,475	784,475
Compensated Absences	553,951	84,317	(85,737)	552,531	552,531
Governmental Activity Long-term Liabilities	\$ 224,263,129	\$ 269,076	\$ (10,964,409)	\$ 213,567,796	\$ 12,122,006

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

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 11-25 year current interest bonds with various amounts of principal maturing each year.

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2004	2.5-4.4%	14,000,000	2024	\$ 645,000	\$ -	\$ (645,000)	\$ -
2004 REF	2-5%	18,095,000	2016	7,900,000	-	(2,120,000)	5,780,000
2006 REF	3.875-5%	9,350,000	2019	9,350,000	-	-	9,350,000
2007	4.125-5%	67,420,000	2027	54,540,000	-	(2,830,000)	51,710,000
2009	3-5%	37,500,000	2034	32,970,000	-	(1,635,000)	31,335,000
2009 REF	2-3.75%	4,920,000	2020	4,065,000	-	(445,000)	3,620,000
2010	2-4%	65,000,000	2035	61,535,000	-	(1,790,000)	59,745,000
2011	2-5%	41,700,000	2036	40,660,000	-	(925,000)	39,735,000
2012 REF	2-4%	8,945,000	2024	8,765,000	-	-	8,765,000
Totals				\$ 220,430,000	\$ -	\$ (10,390,000)	\$ 210,040,000

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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

Year Ending August 31	Principal	Interest	Total Requirements
2014	\$ 10,785,000	\$ 8,438,781	\$ 19,223,781
2015	10,440,000	8,031,112	18,471,112
2016	10,795,000	7,633,319	18,428,319
2017	11,415,000	7,223,419	18,638,419
2018	11,550,000	6,776,881	18,326,881
2019	12,010,000	6,337,806	18,347,806
2020	9,560,000	5,925,138	15,485,138
2021	9,355,000	5,533,575	14,888,575
2022	9,770,000	5,133,687	14,903,687
2023	10,190,000	4,748,725	14,938,725
2024	10,620,000	4,325,575	14,945,575
2025	10,120,000	3,882,419	14,002,419
2026	10,590,000	3,415,706	14,005,706
2027	11,060,000	2,925,219	13,985,219
2028	6,535,000	2,443,319	8,978,319
2029	6,825,000	2,173,669	8,998,669
2030	7,130,000	1,892,044	9,022,044
2031	7,450,000	1,595,562	9,045,562
2032	7,785,000	1,350,650	9,135,650
2033	8,145,000	1,094,325	9,239,325
2034	8,520,000	752,850	9,272,850
2035	6,610,000	390,565	7,000,565
2036	2,780,000	119,540	2,899,540
Totals	\$ 210,040,000	\$ 92,143,886	\$ 302,183,886

As of August 31, 2013, the District did not have any authorized but unissued bonds.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General Fund:

Future Land Purchases \$ 4,000,000

Other Governmental Funds:

National School Breakfast and Lunch Program 463,013

Campus Activity 601,566

Education Foundation Grant 16,423

Total Other Committed Fund Balance \$ 5,081,002

G. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects Funds	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 66,088,535	\$ 18,757,370	\$ -	\$ -	\$ 84,845,905
Penalties and Interest	274,269	71,662	-	-	345,931
Tuition and Fees	151,272	-	-	-	151,272
Investment Income	281,867	66,854	40,186	2,397	391,304
Food Sales	-	-	-	2,283,738	2,283,738
Extracurricular Student Activities	210,979	-	-	-	210,979
Charges for Services	10,932	-	-	438,059	448,991
Rent	38,429	-	-	-	38,429
Gifts and Bequests	28,451	-	-	367,891	396,342
Other	168,875	-	-	-	168,875
Total	\$ 67,253,609	\$ 18,895,886	\$ 40,186	\$ 3,092,085	\$ 89,281,766

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

IV. Other Information

A. Risk Management

General

Like all public school districts, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2013, the District purchased commercial insurance for claims related to all risks.

Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$363 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation

During the year ended August 31, 2013, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$350,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years. For the year ended August 31, 2013, member districts will have no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

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

	Year Ended 8/31/2013	Year Ended 8/31/2012
Unpaid Claims, Beginning of Fiscal Year	\$ 828,495	\$ 919,764
Incurred Claims (including IBNRs and changes in provisions)	184,759	54,869
Claim Payments	(228,779)	(146,138)
Unpaid Claims, End of Fiscal Year	<u>\$ 784,475</u>	<u>\$ 828,495</u>

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2013, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

B. Litigation and Contingencies

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

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2013, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Joint Venture-Shared Services Arrangement

The District participates in the following shared services arrangements:

State Supplemental Visually Impaired fund

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

Brazos Valley Regional Day School Program for the Deaf

The District participates in a shared services arrangement, Brazos Valley Regional Day School Program for the Deaf, with numerous districts for the education of students with a hearing impairment. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Bryan Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared services arrangement.

Federal Teaching American History Grant

The District participates in a shared services arrangement, Federal Teaching American History Grant, with numerous districts for the enhancing of history education. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Navasota Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for the financial activities of the shared services arrangement.

D. Defined Benefit Pension Plan

Pension Plan for Employees Participating in Teacher Retirement System

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

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

Funding Policy. Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions. Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		School District Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 3,782,565	6.400%	\$ 2,974,812	\$ 530,643
2012	6.4%	\$ 3,599,520	6.000%	\$ 2,580,735	\$ 452,104
2011	6.4%	\$ 3,646,586	6.644%	\$ 2,965,001	\$ 555,999

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

E. School District Retiree Health Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 384,167	0.50%	\$ 274,056	0.55%	\$ 325,064
2012	0.65%	\$ 365,576	1.00%	\$ 505,474	0.55%	\$ 309,334
2011	0.65%	\$ 370,356	1.00%	\$ 529,952	0.55%	\$ 313,378

In addition, the State of Texas contributed \$155,199, \$285,948 and \$150,670 in 2013, 2012, and 2011, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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

F. Nonmonetary Transactions

During 2013, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$59,548. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$59,548 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

COMBINING FUNDS FINANCIAL STATEMENTS

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

Data Control Codes	205	211
<u>Head Start</u>	<u>Head Start</u>	<u>ESEA Title I Part A Improving Basic Programs</u>
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -
1120 <i>Current Investments</i>	-	-
1240 <i>Due from Other Governments</i>	61,493	66,734
1250 <i>Accrued Interest</i>	-	-
1300 <i>Inventories</i>	-	-
1000 Total Assets	<u>\$ 61,493</u>	<u>\$ 66,734</u>
LIABILITIES:		
2110 <i>Accounts Payable</i>	\$ 1,787	\$ -
2170 <i>Due to Other Funds</i>	59,706	66,734
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>61,493</u>	<u>66,734</u>
FUND BALANCES:		
3410 <i>Nonspendable - Inventories</i>	-	-
3450 <i>Restricted - Grant Funds</i>	-	-
3545 <i>Committed - Other</i>	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 61,493</u>	<u>\$ 66,734</u>

224	225	240	244	255 ESEA Title II Part A Teacher & Principal Training & Recruiting
IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	
\$ -	\$ -	\$ 457,179	\$ -	\$ 328
-	-	156,156	-	-
129,349	5,271	56,915	45,265	-
-	-	-	-	-
-	-	185,821	-	-
<u>\$ 129,349</u>	<u>\$ 5,271</u>	<u>\$ 856,071</u>	<u>\$ 45,265</u>	<u>\$ 328</u>
\$ 5,641	\$ 251	\$ 207,237	\$ -	\$ -
123,708	5,020	-	45,265	-
-	-	-	-	328
-	-	60,408	-	-
<u>129,349</u>	<u>5,271</u>	<u>267,645</u>	<u>45,265</u>	<u>328</u>
-	-	125,413	-	-
-	-	-	-	-
-	-	463,013	-	-
-	-	588,426	-	-
<u>\$ 129,349</u>	<u>\$ 5,271</u>	<u>\$ 856,071</u>	<u>\$ 45,265</u>	<u>\$ 328</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

<u>Data Control Codes</u>	263	288
	<u>Title III Part A English Language Acquisition and Enhancement</u>	<u>Teaching American History Grant</u>
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -
1120 <i>Current Investments</i>	-	-
1240 <i>Due from Other Governments</i>	6,595	-
1250 <i>Accrued Interest</i>	-	-
1300 <i>Inventories</i>	-	-
1000 Total Assets	<u>\$ 6,595</u>	<u>\$ -</u>
LIABILITIES:		
2110 <i>Accounts Payable</i>	\$ 1,847	\$ -
2170 <i>Due to Other Funds</i>	4,748	-
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>6,595</u>	<u>-</u>
FUND BALANCES:		
3410 <i>Nonspendable - Inventories</i>	-	-
3450 <i>Restricted - Grant Funds</i>	-	-
3545 <i>Committed - Other</i>	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,595</u>	<u>\$ -</u>

289	385	397	404
Improving Academic Achievement (Summer LEP)	Supplemental Visually Impaired	Advanced Placement Incentives	Student Success Initiatives
\$ 4,539	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	15,911
-	-	-	-
-	-	-	-
<u>\$ 4,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,911</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	15,911
-	-	-	-
4,539	-	-	-
<u>4,539</u>	<u>-</u>	<u>-</u>	<u>15,911</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 4,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,911</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

Data Control Codes	410	411
	<u>State Textbook Fund</u>	<u>Technology Allotment</u>
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 5,719	\$ -
1120 <i>Current Investments</i>	-	-
1240 <i>Due from Other Governments</i>	-	-
1250 <i>Accrued Interest</i>	-	-
1300 <i>Inventories</i>	-	-
1000 Total Assets	<u>\$ 5,719</u>	<u>\$ -</u>
LIABILITIES:		
2110 <i>Accounts Payable</i>	\$ 3,685	\$ -
2170 <i>Due to Other Funds</i>	-	-
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>3,685</u>	<u>-</u>
FUND BALANCES:		
3410 <i>Nonspendable - Inventories</i>	-	-
3450 <i>Restricted - Grant Funds</i>	2,034	-
3545 <i>Committed - Other</i>	-	-
3000 Total Fund Balances	<u>2,034</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,719</u>	<u>\$ -</u>

427	429	461	481	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Workforce Investment Act Dislocated Workers Grant	Read to Succeed Grant	Campus Activity Funds	Education Foundation Grant	
\$ -	\$ 397	\$ 609,118	\$ 16,423	\$ 1,093,703
-	-	-	-	156,156
-	-	-	-	387,533
-	-	55	-	55
-	-	-	-	185,821
<u>\$ -</u>	<u>\$ 397</u>	<u>\$ 609,173</u>	<u>\$ 16,423</u>	<u>\$ 1,823,268</u>
\$ -	\$ -	\$ 7,568	\$ -	\$ 228,016
-	-	39	-	321,131
-	-	-	-	328
-	-	-	-	64,947
<u>-</u>	<u>-</u>	<u>7,607</u>	<u>-</u>	<u>614,422</u>
-	-	-	-	125,413
-	397	-	-	2,431
-	-	601,566	16,423	1,081,002
<u>-</u>	<u>397</u>	<u>601,566</u>	<u>16,423</u>	<u>1,208,846</u>
<u>\$ -</u>	<u>\$ 397</u>	<u>\$ 609,173</u>	<u>\$ 16,423</u>	<u>\$ 1,823,268</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	205	211
<u>Head Start</u>	<u>Head Start</u>	<u>ESEA Title I Part A Improving Basic Programs</u>
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	<u>1,854,414</u>	<u>1,105,144</u>
5020 Total Revenues	<u>1,854,414</u>	<u>1,105,144</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	922,205	1,039,881
0012 <i>Instructional Resources and Media Services</i>	-	7,094
0013 <i>Curriculum and Staff Development</i>	259,186	19,537
0021 <i>Instructional Leadership</i>	151,197	8,944
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	29,688
0032 <i>Social Work Services</i>	18,800	-
0033 <i>Health Services</i>	99,421	-
0034 <i>Student Transportation</i>	1,581	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	5,599	-
0051 <i>Plant Maintenance and Operations</i>	26,273	-
0053 <i>Data Processing Services</i>	-	-
0061 <i>Community Services</i>	<u>450,257</u>	-
6030 Total Expenditures	<u>1,934,519</u>	<u>1,105,144</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(80,105)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
7915 <i>Transfers In</i>	<u>80,105</u>	-
7080 Total Other Financing Sources (Uses)	<u>80,105</u>	-
1200 Net Change in Fund Balances	-	-
0100 Fund Balances - Beginning	-	-
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>

224	225	240	244	255
IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting
\$ -	\$ -	\$ 2,284,342	\$ -	\$ -
-	-	26,395	-	-
1,752,896	43,728	2,520,597	132,210	224,409
<u>1,752,896</u>	<u>43,728</u>	<u>4,831,334</u>	<u>132,210</u>	<u>224,409</u>
863,760	19,278	-	91,808	-
-	-	-	-	-
383,016	-	-	-	224,409
-	-	-	-	-
451,105	24,450	-	40,402	-
-	-	-	-	-
55,015	-	-	-	-
-	-	-	-	-
-	-	4,705,560	-	-
-	-	-	-	-
-	-	-	-	-
-	-	64,017	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,752,896</u>	<u>43,728</u>	<u>4,769,577</u>	<u>132,210</u>	<u>224,409</u>
-	-	61,757	-	-
-	-	-	-	-
-	-	-	-	-
-	-	61,757	-	-
-	-	-	-	-
-	-	526,669	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,426</u>	<u>\$ -</u>	<u>\$ -</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	263	288
	Title III Part A English Language Acquisition and Enhancement	Teaching American History Grant
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	66,851	1,300
5020 Total Revenues	<u>66,851</u>	<u>1,300</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	62,036	-
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	4,815	1,300
0021 <i>Instructional Leadership</i>	-	-
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-
0053 <i>Data Processing Services</i>	-	-
0061 <i>Community Services</i>	-	-
6030 Total Expenditures	<u>66,851</u>	<u>1,300</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
7915 <i>Transfers In</i>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	-	-
0100 Fund Balances - Beginning	<u>-</u>	<u>-</u>
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>

289	385	397	404
Improving Academic Achievement (Summer LEP)	Supplemental Visually Impaired	Advanced Placement Incentives	Student Success Initiatives
\$ -	\$ -	\$ -	\$ -
-	4,550	-	29,342
4,384	-	-	-
<u>4,384</u>	<u>4,550</u>	<u>-</u>	<u>29,342</u>
4,384	-	-	27,287
-	-	-	-
-	-	1,050	-
-	-	-	-
-	4,550	-	2,055
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,384</u>	<u>4,550</u>	<u>1,050</u>	<u>29,342</u>
-	-	(1,050)	-
-	-	-	-
-	-	-	-
-	-	(1,050)	-
-	-	1,050	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	410	411
	<u>State Textbook Fund</u>	<u>Technology Allotment</u>
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	460,602	-
5900 <i>Federal Program Revenues</i>	-	-
5020 Total Revenues	<u>460,602</u>	<u>-</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	143,345	-
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	-	-
0021 <i>Instructional Leadership</i>	-	-
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-
0053 <i>Data Processing Services</i>	339,816	10,605
0061 <i>Community Services</i>	-	-
6030 Total Expenditures	<u>483,161</u>	<u>10,605</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,559)</u>	<u>(10,605)</u>
OTHER FINANCING SOURCES (USES):		
7915 <i>Transfers In</i>	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	(22,559)	(10,605)
0100 Fund Balances - Beginning	24,593	10,605
3000 Fund Balances - Ending	<u>\$ 2,034</u>	<u>\$ -</u>

427	429	461	481	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Workforce Investment Act Dislocated Workers Grant	Read to Succeed Grant	Campus Activity Funds	Education Foundation Grant	
\$ -	\$ -	\$ 739,953	\$ 67,790	\$ 3,092,085
15,879	82	-	-	536,850
10,041	-	-	-	7,715,974
<u>25,920</u>	<u>82</u>	<u>739,953</u>	<u>67,790</u>	<u>11,344,909</u>
-	-	302,317	63,082	3,539,383
-	-	94,175	-	101,269
-	-	8,453	-	518,750
-	-	-	-	543,157
-	-	11,680	-	11,680
-	-	-	-	552,250
-	-	-	-	18,800
-	-	2,920	-	157,356
-	-	-	-	1,581
-	-	-	-	4,705,560
-	-	205,375	-	205,375
-	-	1,160	-	6,759
-	-	33,180	-	123,470
-	-	-	4,884	355,305
25,920	-	5,082	-	481,259
<u>25,920</u>	<u>-</u>	<u>664,342</u>	<u>67,966</u>	<u>11,321,954</u>
-	82	75,611	(176)	22,955
-	-	-	-	80,105
-	-	-	-	80,105
-	82	75,611	(176)	103,060
-	315	525,955	16,599	1,105,786
\$ -	\$ 397	\$ 601,566	\$ 16,423	\$ 1,208,846

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OTHER SUPPLEMENTARY INFORMATION

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2013

Year Ended August 31	1		2	3
	Tax Rates		Assessed/Appraised Value For School Tax Purposes	
	Maintenance	Debt Service		
2004 and Prior Years	\$ Various	\$ Various	\$	Various
2005	1.50000	0.270000		3,556,047,062
2006	1.50000	0.175000		3,967,364,473
2007	1.33000	0.150000		4,425,403,783
2008	1.00005	0.241000		4,925,454,736
2009	1.00005	0.221000		5,452,956,472
2010	1.00005	0.253363		5,789,175,635
2011	1.00005	0.309880		5,867,839,885
2012	1.00005	0.334983		6,175,482,404
2013 (School Year Under Audit)	1.04000	0.295033		6,369,476,485

1000 Totals

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

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 153,624	\$ -	\$ 2,223	\$ 400	\$ (33,682)	\$ 117,319
39,740	-	1,046	188	(2,798)	35,708
298,666	-	2,181	255	(2,902)	293,328
272,111	-	4,301	486	(2,132)	265,192
246,203	-	18,884	4,551	21,704	244,472
274,560	-	27,780	6,140	26,887	267,527
372,683	-	42,613	10,793	32,517	351,794
428,422	-	79,610	24,673	36,566	360,705
721,024	-	237,405	79,515	10,993	415,097
-	85,034,613	65,690,592	18,635,473	(46,937)	661,611
<u>\$ 2,807,033</u>	<u>\$ 85,034,613</u>	<u>\$ 66,106,635</u>	<u>\$ 18,762,474</u>	<u>\$ 40,216</u>	<u>\$ 3,012,753</u>
		\$ -	\$ -		

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT J-2

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$	\$ -	\$ 276,131	\$ 1,292,142	\$ 107,129	\$ 103,146	\$ 1,778,548
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				20,266			20,266
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)				-			-
6211	Legal Services	-	-	97,381		-		97,381
6212	Audit Services				42,000			42,000
6213	Tax Appraisal and Collection		825,806					825,806
621X	Other Prof. Services	-	-	-	4,403	-	-	4,403
6220	Tuition and Transfer Payments							-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair				38,067	1,378		39,445
6250	Utilities							-
6260	Rentals	-	-	-	11,248	-	-	11,248
6290	Miscellaneous Contr.	2,171	-	583	97,593	29,486	893	130,726
6310	Operational Supplies, Materials	-	-	-	-	884	-	884
6320	Textbooks and Reading	-	-	766	644	-	-	1,410
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	486	-	1,851	46,464	25,584	3,147	77,532
6410	Travel, Subsistence, Stipends	-	-	15,682	19,824	200	4,163	39,869
6420	Ins. and Bonding Costs	-	-	-	500	478	5,170	6,148
6430	Election Costs	-						-
6490	Miscellaneous Operating	13,741	-	8,147	128,086	1,917	3,380	155,271
6500	Debt Service							-
6600	Capital Outlay							-
Total		\$ 16,398	\$ 825,806	\$ 400,541	\$ 1,701,237	\$ 167,056	\$ 119,899	\$ 3,230,937

Total Expenditures for General and Special Revenue Funds (9) \$ 94,017,219

LESS: Deductions of Unallowable Costs

	FISCAL YEAR	
Total Capital Outlay (6600)	(10)	\$ 407,855
Total Debt & Lease (6500)	(11)	\$ -
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 9,141,631
Food (Function 35, 6341 and 6499)	(13)	\$ 2,032,936
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ 1,701,237

Subtotal 13,283,659

Net Allowed Direct Cost \$ 80,733,560

	CUMULATIVE	
Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 328,300,322
Historical Cost of Buildings over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	19,969,392
Historical Cost of Furniture & Equipment over 16 years old	(19)	3,309,553
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 606,283

(8) Note A - \$221,900 in Function 53 expenditures and \$825,806 in Function 99 expenditures are included in this report on administrative costs.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT J-3

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,616,900	\$ 2,616,900	\$ 2,284,342	\$ (332,558)
5800	State Program Revenues	28,000	28,000	26,395	(1,605)
5900	Federal Program Revenues	2,439,616	2,439,616	2,520,597	80,981
5020	Total Revenues	<u>5,084,516</u>	<u>5,084,516</u>	<u>4,831,334</u>	<u>(253,182)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	4,907,100	4,907,100	4,705,560	201,540
	Total Support Services - Student (Pupil)	<u>4,907,100</u>	<u>4,907,100</u>	<u>4,705,560</u>	<u>201,540</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	68,480	68,480	64,017	4,463
	Total Support Services - Student (Pupil)	<u>68,480</u>	<u>68,480</u>	<u>64,017</u>	<u>4,463</u>
6030	Total Expenditures	<u>4,975,580</u>	<u>4,975,580</u>	<u>4,769,577</u>	<u>206,003</u>
1200	Net Change in Fund Balances	108,936	108,936	61,757	(47,179)
0100	Fund Balances - Beginning	526,669	526,669	526,669	-
3000	Fund Balances - Ending	<u>\$ 635,605</u>	<u>\$ 635,605</u>	<u>\$ 588,426</u>	<u>\$ (47,179)</u>

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

*DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2013*

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 18,836,585	\$ 18,836,585	\$ 18,895,886	\$ 59,301
5020 Total Revenues	<u>18,836,585</u>	<u>18,836,585</u>	<u>18,895,886</u>	<u>59,301</u>
EXPENDITURES:				
Debt Service:				
0071 <i>Principal on Long-term Debt</i>	10,390,000	10,390,000	10,390,000	-
0072 <i>Interest on Long-term Debt</i>	8,836,939	8,836,939	8,836,939	-
0073 <i>Issuance Costs and Fees</i>	5,999	5,999	5,316	683
Total Debt Service	<u>19,232,938</u>	<u>19,232,938</u>	<u>19,232,255</u>	<u>683</u>
6030 Total Expenditures	<u>19,232,938</u>	<u>19,232,938</u>	<u>19,232,255</u>	<u>683</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(396,353)</u>	<u>(396,353)</u>	<u>(336,369)</u>	<u>59,984</u>
1200 Net Change in Fund Balance	<u>(396,353)</u>	<u>(396,353)</u>	<u>(336,369)</u>	<u>59,984</u>
0100 Fund Balances - Beginning	<u>7,007,885</u>	<u>7,007,885</u>	<u>7,007,885</u>	<u>-</u>
3000 Fund Balances - Ending	<u>\$ 6,611,532</u>	<u>\$ 6,611,532</u>	<u>\$ 6,671,516</u>	<u>\$ 59,984</u>

OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS

HLSK

Hereford, Lynch, Sellars & Kirkham

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of College Station Independent School District (District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise College Station Independent School District's basic financial statements and have issued our report thereon dated December 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College Station Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College Station Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of College Station Independent School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Station Independent School District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,

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

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

Conroe, Texas
December 17, 2013

HLSK

Hereford, Lynch, Sellars & Kirkham

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited College Station Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College Station Independent School District's major federal programs for the year ended August 31, 2013. College Station Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of College Station Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about College Station Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of College Station Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, College Station Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of College Station Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered College Station Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Station Independent School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

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

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

Conroe, Texas
December 17, 2013

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2013

SECTION I – SUMMARY OF AUDITORS' RESULTS	
FINANCIAL STATEMENTS	
1. Type of auditors' report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
FEDERAL AWARDS	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors' report issued on compliance with major programs	Unmodified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
7. Identification of Major Programs	Special Education Cluster 84.367A ESEA Title II, Part A – Teacher & Principal Training & Recruiting
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes
SECTION II –FINANCIAL STATEMENT FINDINGS	
None reported	
SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	
None reported	

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2013

PRIOR YEAR FINDINGS

None reported.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

CURRENT YEAR FINDINGS

None reported

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education:			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	13610101021901	\$ 1,105,144
Special Education Cluster (IDEA):			
<i>IDEA - Part B, Formula</i>	84.027A	136600010219016600	1,716,746
<i>IDEA - Part B, Formula</i>	84.027A	146600010219016600	36,150
<i>IDEA - Part B, Preschool</i>	84.173A	136610010219016610	43,728
Total Special Education Cluster (IDEA)			<u>1,796,624</u>
<i>Career and Technology - Basic Grant</i>	84.048A	13420006021901	86,946
<i>Career and Technology - Basic Grant</i>	84.048A	14420006021901	45,265
Total Program 84.048A			<u>132,211</u>
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	13671001021901	66,851
<i>ESEA Title II, Part A - Teacher & Principal Training & Recruiting</i>	84.367A	13694501021901	224,409
<i>Summer School LEP</i>	84.369A	69551202	4,384
Passed Through Navasota ISD:			
<i>The Mystery and Power American History</i>	84.215X	U215X090486	1,300
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,330,923</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
<i>Team Nutrition Grants</i>	10.574	N/A	500
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non-Cash Assistance:			
<i>National School Lunch Program</i>	10.555	00122	259,243
Passed Through State Department of Education - Cash Assistance:			
<i>National School Breakfast Program</i>	10.553	71401301	476,009
<i>National School Lunch Program</i>	10.555	71301301	1,784,845
Total Child Nutrition Cluster			<u>2,520,097</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,520,597</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed Through Texas Workforce Commission:			
<i>WIA Dislocated Workers</i>	17.278	1613ATP000	10,041
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct:			
<i>Head Start - Reg Grant</i>	93.600	06CH555047	1,731,447
<i>Head Start - Reg Grant</i>	93.600	06CH555048	122,966
Total Program 93.600			<u>1,854,413</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,715,974</u>

The accompanying notes are an integral part of this schedule.

COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2013

Basis of Presentation:

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

<i>Total Expenditures of Federal Awards per Exhibit K-1</i>	\$ <u>7,715,974</u>
<i>Total Federal Revenues per Exhibit C-2</i>	\$ <u>7,715,974</u>

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COLLEGE STATION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2013

EXHIBIT L-1

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