

**COLLEGE STATION INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2014**



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

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*FOR THE YEAR ENDED AUGUST 31, 2014*

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**CERTIFICATE OF BOARD**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

Name of School

**BRAZOS**

County

**021-901**

Co.-Dist Number

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

**[X] APPROVED --- [ ] DISAPPROVED**  
(Check One)

for the year ended August 31, 2014 at a meeting of the Board of Trustees of such school district on the 16<sup>th</sup> day of December, 2014.

\_\_\_\_\_  
**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 Avenue  
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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's 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.

### Auditor's 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, 2014, 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.

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

### *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 fund financial statements and 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 basic financial statements.

The combining funds financial statements and 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 fund financial statements and 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 5, 2014, 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 5, 2014**



## 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, 2014. 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 \$98,311,629 (net position). Of this amount, \$34,345,169 (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 \$3,988,719 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$106,509,380, an increase of \$63,713,620 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$15,172,888, or 18 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$72,826,256 (34 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, 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 nineteen 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 sixteen 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 \$98,311,629, a decrease of \$3,988,719 from current operations.

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

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
	Amount	Amount	Amount	Amount	Amount	Amount
Current and Other Assets	\$ 117,898,430	\$ 53,451,849	\$ 832,143	\$ 614,876	\$ 118,730,573	\$ 54,066,725
Capital Assets, net of Depreciation	274,317,674	268,202,135	-	-	274,317,674	268,202,135
<b>Total Assets</b>	<b>392,216,104</b>	<b>321,653,984</b>	<b>832,143</b>	<b>614,876</b>	<b>393,048,247</b>	<b>322,268,860</b>
<b>Total Deferred Outflows of Resources</b>	<b>805,678</b>	<b>966,645</b>	<b>-</b>	<b>-</b>	<b>805,678</b>	<b>966,645</b>
Long-Term Liabilities Outstanding	286,286,205	213,567,796	-	-	286,286,205	213,567,796
Other Liabilities	9,064,248	7,125,179	191,843	242,182	9,256,091	7,367,361
<b>Total Liabilities</b>	<b>295,350,453</b>	<b>220,692,975</b>	<b>191,843</b>	<b>242,182</b>	<b>295,542,296</b>	<b>220,935,157</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	58,854,115	59,106,431	-	-	58,854,115	59,106,431
Restricted for Debt Service	4,834,187	6,870,217	-	-	4,834,187	6,870,217
Restricted for Grants	278,158	2,431	-	-	278,158	2,431
Unrestricted	33,704,869	35,948,575	640,300	372,694	34,345,169	36,321,269
<b>Total Net Position</b>	<b>\$ 97,671,329</b>	<b>\$ 101,927,654</b>	<b>\$ 640,300</b>	<b>\$ 372,694</b>	<b>\$ 98,311,629</b>	<b>\$ 102,300,348</b>

The largest portion of the District's net position (58,854,115 or 60 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 that is restricted for debt service totals \$4,834,187 or 5 percent of net position. Unrestricted net position (\$34,345,169 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 \$4,256,325 from current operations. 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	
	2014	2013	2014	2013	2014	2013
	Amount	Amount	Amount	Amount	Amount	Amount
<b>Revenue:</b>						
Program Revenues:						
Charges for Services	\$ 3,489,469	\$ 3,133,409	\$ 1,982,860	\$ 1,801,587	\$ 5,472,329	\$ 4,934,996
Operating Grants and Contributions	12,932,951	12,053,233	-	-	12,932,951	12,053,233
General Revenues:						
Property Taxes, Levied for General Purpose	70,066,484	66,532,103	-	-	70,066,484	66,532,103
Property Taxes, Levied for Debt Service	18,866,635	18,864,800	-	-	18,866,635	18,864,800
Grants and Contributions Not Restricted	8,509,465	8,599,059	-	-	8,509,465	8,599,059
Investment Earnings	530,631	396,038	-	-	530,631	396,038
Miscellaneous Local and Intermediate	187,246	168,875	-	-	187,246	168,875
<b>Total Revenues</b>	<b>114,582,881</b>	<b>109,747,517</b>	<b>1,982,860</b>	<b>1,801,587</b>	<b>116,565,741</b>	<b>111,549,104</b>
<b>Expenses:</b>						
Instruction	63,093,900	58,977,895	-	-	63,093,900	58,977,895
Instructional Resources and Media Services	1,168,995	1,069,441	-	-	1,168,995	1,069,441
Curriculum and Development	1,468,366	1,324,659	-	-	1,468,366	1,324,659
Instructional Leadership	1,780,540	1,807,761	-	-	1,780,540	1,807,761
School Leadership	5,802,033	5,425,740	-	-	5,802,033	5,425,740
Guidance, Counseling, and Evaluation Services	3,274,083	3,235,339	-	-	3,274,083	3,235,339
Social Work Services	15,935	18,800	-	-	15,935	18,800
Health Services	1,015,456	1,009,250	-	-	1,015,456	1,009,250
Student Transportation	3,689,524	3,388,609	-	-	3,689,524	3,388,609
Food Service	5,313,250	4,918,242	-	-	5,313,250	4,918,242
Extracurricular Activities	5,268,254	4,809,301	-	-	5,268,254	4,809,301
General Administration	2,339,584	2,277,567	-	-	2,339,584	2,277,567
Plant Maintenance and Operations	9,452,116	9,322,663	-	-	9,452,116	9,322,663
Security and Monitoring Services	475,091	266,410	-	-	475,091	266,410
Data Processing Services	1,972,577	2,073,648	-	-	1,972,577	2,073,648
Community Services	607,106	589,657	-	-	607,106	589,657
Interest on Long-term Debt	10,010,701	8,720,571	-	-	10,010,701	8,720,571
Issuance Costs and Fees	486,298	5,316	-	-	486,298	5,316
Facilities Repair and Maintenance	637,604	132,120	-	-	637,604	132,120
Contracted Instructional Services						
Between Schools	-	2,745,816	-	-	-	2,745,816
Payments Related to Shared Services Arrangements	125,285	111,482	-	-	125,285	111,482
Payments to Juvenile Justice Alternative Education Programs	7,416	6,043	-	-	7,416	6,043
Other Intergovernmental Charges	835,092	825,806	-	-	835,092	825,806
Community Education	-	-	519,956	479,662	519,956	479,662
Kids Club	-	-	1,042,521	1,160,296	1,042,521	1,160,296
Community Sports Camps	-	-	152,777	129,330	152,777	129,330
<b>Total Expenses</b>	<b>118,839,206</b>	<b>113,062,136</b>	<b>1,715,254</b>	<b>1,769,288</b>	<b>120,554,460</b>	<b>114,831,424</b>
Change in Net Position	(4,256,325)	(3,314,619)	267,606	32,299	(3,988,719)	(3,282,320)
Net Position - Beginning	101,927,654	106,333,925	372,694	340,395	102,300,348	106,674,320
Prior Period Adjustment- Implement GASB 65 for Bond Issuance Costs	#REF!	(1,091,652)	-	-	#REF!	(1,091,652)
Net Position - Beginning, as restated	#REF!	105,242,273	372,694	340,395	#REF!	105,582,668
<b>Net Position - Ending</b>	<b>\$ #REF!</b>	<b>\$ 101,927,654</b>	<b>\$ 640,300</b>	<b>\$ 372,694</b>	<b>\$ #REF!</b>	<b>\$ 102,300,348</b>

Revenues, aggregating \$114,582,881, were generated primarily from two sources. Property taxes \$88,933,119 represent 78 percent of total revenues while grants and contributions (program and general), totaling \$21,442,416, 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 \$63,093,900, which represents 53 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses.

The District's decrease in net position resulted from an increase in Instruction and overall expenditures exceeding the increase in revenues.

**Business-type Activities.** Business-type activities increased the District's net position by \$267,606 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 \$106,509,380, an increase of \$63,713,620 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 \$15,172,888, while total fund balance was \$30,302,170. 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 18 percent of total general fund expenditures, while total fund balance represents 35 percent of that same total. The fund balance of the general fund decreased \$2,444,787 during the year, primarily due to the increase in total expenditures, primarily instruction, was greater than the increase in revenues.

The debt service fund ended the year with a total fund balance of \$6,350,699, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance decreased \$320,817 during the year, primarily due to scheduled debt payments.

The capital projects fund has a total fund balance of \$68,787,809, all of which is reserved for capital expenditures. The net increase in fund balance during the current year in the capital projects fund was \$66,619,368. The increase was due to the issuance of the Unlimited Tax School Building Bonds during the year.

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, 2014 was \$274,317,674 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$6,115,539.

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

- 17.28 Acres of land totaling \$3,356,517.
- Furniture and Equipment totaling \$5,645,578, including 30 buses at \$2,765,902.
- Construction in Progress totaling \$7,783,612.

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

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
	Amount	Amount	Amount	Amount	Amount	Amount
Land and Improvements	\$ 12,228,126	\$ 8,871,609	\$ -	\$ -	\$ 12,228,126	\$ 8,871,609
Buildings and Improvements	238,497,497	247,494,820	-	-	238,497,497	247,494,820
Furniture and Equipment	6,999,129	3,026,396	-	-	6,999,129	3,026,396
Construction in Progress	16,592,922	8,809,310	-	-	16,592,922	8,809,310
<b>Totals</b>	<b>\$ 274,317,674</b>	<b>\$ 268,202,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 274,317,674</b>	<b>\$ 268,202,135</b>

**Commitments.** At the end of the current fiscal year, the District's commitments with construction contractors totaled \$17,302,733.

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 \$285,057,046. 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 \$614,794, and compensated absences of \$614,365.

**College Station Independent School District's Long-Term Liabilities Outstanding**

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 285,057,046	100	\$ 212,230,790	100	\$ 72,826,256	34
Workers' Compensation	614,794	-	784,475	-	(169,681)	(22)
Compensated Absences	614,365	-	552,531	-	61,834	11
<b>Totals</b>	<b>\$ 286,286,205</b>	<b>100</b>	<b>\$ 213,567,796</b>	<b>100</b>	<b>\$ 72,718,409</b>	

The District's total bonded debt increased by \$68,005,000. The key factor was the issuance of 2014 Unlimited Tax School Building Bonds.

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 2014-15 Budgets**

- School year (2014-15) student enrollment is, 12,460, a 6% increase from the preceding year.
- District staff totals 1,911 employees in 2014-15, excluding substitutes and other part-time employees, of which 853 are teachers and 342 are teacher aides and secretaries.
- The District maintains 15 regular education campuses.
- Property values of the District are projected to decrease 2% for the 2014-15 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.34, a total rate of \$1.38, were adopted for 2014-15. Preceding year rates were \$1.04, \$.28 and \$1.32, respectively.

All of these factors and others were considered in preparing the District's budget for the 2014-15 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**

**EXHIBIT A-1**

STATEMENT OF NET POSITION  
AUGUST 31, 2014

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 98,069,495	\$ 832,143	\$ 98,901,638
1120 Current Investments	13,304,824	-	13,304,824
1225 Property Taxes Receivable (Net)	3,289,272	-	3,289,272
1240 Due from Other Governments	2,768,821	-	2,768,821
1250 Accrued Interest	49,010	-	49,010
1290 Other Receivables (Net)	21,916	-	21,916
1300 Inventories	324,813	-	324,813
1410 Prepaid Items	70,279	-	70,279
Capital Assets:			
1510 Land and Improvements	12,228,126	-	12,228,126
1520 Buildings and Improvements (Net)	238,497,497	-	238,497,497
1530 Furniture and Equipment (Net)	6,999,129	-	6,999,129
1580 Construction in Progress	16,592,922	-	16,592,922
1000 Total Assets	<u>392,216,104</u>	<u>832,143</u>	<u>393,048,247</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
1700 Deferred Charge on Refunding	<u>805,678</u>	-	<u>805,678</u>
Total Deferred Outflows of Resources	<u>805,678</u>	-	<u>805,678</u>
<b>LIABILITIES:</b>			
2110 Accounts Payable	4,088,667	24,078	4,112,745
2140 Interest Payable	2,156,827	-	2,156,827
2160 Accrued Wages Payable	2,622,919	46,680	2,669,599
2180 Due to Other Governments	624	-	624
2300 Unearned Revenue	195,211	121,085	316,296
Noncurrent Liabilities:			
2501 Due within One Year	13,284,159	-	13,284,159
2502 Due in More Than One Year	<u>273,002,046</u>	-	<u>273,002,046</u>
2000 Total Liabilities	<u>295,350,453</u>	<u>191,843</u>	<u>295,542,296</u>
<b>NET POSITION:</b>			
3200 Net Investment in Capital Assets	58,854,115	-	58,854,115
3850 Restricted for Debt Service	4,834,187	-	4,834,187
3450 Restricted for Grants	278,158	-	278,158
3900 Unrestricted	<u>33,704,869</u>	<u>640,300</u>	<u>34,345,169</u>
3000 Total Net Position	<u>\$ 97,671,329</u>	<u>\$ 640,300</u>	<u>\$ 98,311,629</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, 2014

	1	3	4
		Program Revenues	
Data Control Codes	Expenses	Charges for Services	Operating Grants and Contributions
<b>Governmental Activities:</b>			
0011	\$ 63,093,900	\$ 313,628	\$ 7,214,885
0012	1,168,995	115,676	49,291
0013	1,468,366	26,289	676,266
0021	1,780,540	-	326,462
0023	5,802,033	39,036	256,468
0031	3,274,083	20,298	430,038
0032	15,935	-	15,935
0033	1,015,456	2,154	153,170
0034	3,689,524	2,495	81,364
0035	5,313,250	2,440,020	2,731,956
0036	5,268,254	477,632	93,153
0041	2,339,584	1,362	104,021
0051	9,452,116	47,609	278,323
0052	475,091	86	1,852
0053	1,972,577	-	63,765
0061	607,106	3,184	456,002
0072	10,010,701	-	-
0073	486,298	-	-
0081	637,604	-	-
0093	125,285	-	-
0095	7,416	-	-
0099	835,092	-	-
TG	<u>118,839,206</u>	<u>3,489,469</u>	<u>12,932,951</u>
<b>Business-type-Activities:</b>			
01	519,956	534,856	-
02	1,042,521	1,291,006	-
03	152,777	156,998	-
TB	<u>1,715,254</u>	<u>1,982,860</u>	<u>-</u>
TP	<u>\$ 120,554,460</u>	<u>\$ 5,472,329</u>	<u>\$ 12,932,951</u>
<b>General Revenues:</b>			
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	<i>Total General Revenues</i>		
CN	<i>Change in Net Position</i>		
NB	<i>Net Position - Beginning</i>		
NE	<i>Net Position - Ending</i>		

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
\$ (55,565,387)		\$ (55,565,387)
(1,004,028)		(1,004,028)
(765,811)		(765,811)
(1,454,078)		(1,454,078)
(5,506,529)		(5,506,529)
(2,823,747)		(2,823,747)
-		-
(860,132)		(860,132)
(3,605,665)		(3,605,665)
(141,274)		(141,274)
(4,697,469)		(4,697,469)
(2,234,201)		(2,234,201)
(9,126,184)		(9,126,184)
(473,153)		(473,153)
(1,908,812)		(1,908,812)
(147,920)		(147,920)
(10,010,701)		(10,010,701)
(486,298)		(486,298)
(637,604)		(637,604)
(125,285)		(125,285)
(7,416)		(7,416)
(835,092)		(835,092)
<u>(102,416,786)</u>		<u>(102,416,786)</u>
-	\$ 14,900	14,900
-	248,485	248,485
-	4,221	4,221
-	<u>267,606</u>	<u>267,606</u>
<u>(102,416,786)</u>	<u>267,606</u>	<u>(102,149,180)</u>
70,066,484	-	70,066,484
18,866,635	-	18,866,635
8,509,465	-	8,509,465
530,631	-	530,631
187,246	-	187,246
<u>98,160,461</u>	<u>-</u>	<u>98,160,461</u>
(4,256,325)	267,606	(3,988,719)
101,927,654	372,694	102,300,348
<u>\$ 97,671,329</u>	<u>\$ 640,300</u>	<u>\$ 98,311,629</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*BALANCE SHEET - GOVERNMENTAL FUNDS*

AUGUST 31, 2014

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 20,323,701	\$ 3,424,727
1120 <i>Current Investments</i>	10,229,935	2,917,757
1225 <i>Property Taxes Receivable (Net)</i>	2,648,957	640,315
1240 <i>Due from Other Governments</i>	2,351,367	4,385
1250 <i>Accrued Interest</i>	11,191	3,830
1260 <i>Due from Other Funds</i>	340,431	-
1290 <i>Other Receivables (Net)</i>	11,697	-
1300 <i>Inventories</i>	109,282	-
1410 <i>Prepaid Items</i>	20,000	-
1000 Total Assets	<u>\$ 36,046,561</u>	<u>\$ 6,991,014</u>
<b>LIABILITIES:</b>		
2110 <i>Accounts Payable</i>	\$ 423,755	\$ -
2160 <i>Accrued Wages Payable</i>	2,622,919	-
2170 <i>Due to Other Funds</i>	-	-
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Unearned Revenue</i>	48,760	-
2000 Total Liabilities	<u>3,095,434</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2600 <i>Unavailable Revenue-Property Taxes</i>	<u>2,648,957</u>	<u>640,315</u>
Total Deferred Inflows of Resources	<u>2,648,957</u>	<u>640,315</u>
<b>FUND BALANCES:</b>		
3410 <i>Nonspendable - Inventories</i>	109,282	-
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>	-	6,350,699
3510 <i>Committed - Construction</i>	11,000,000	-
3545 <i>Committed - Other</i>	4,000,000	-
3600 <i>Unassigned</i>	<u>15,172,888</u>	<u>-</u>
3000 Total Fund Balances	<u>30,302,170</u>	<u>6,350,699</u>
4000 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,046,561</u>	<u>\$ 6,991,014</u>

The accompanying notes are an integral part of this statement.

699 Capital Projects Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
\$ 72,347,116	\$ 817,113	\$ 96,912,657
-	156,210	13,303,902
-	-	3,289,272
-	413,069	2,768,821
32,989	476	48,486
-	-	340,431
-	10,219	21,916
-	215,531	324,813
-	-	20,000
<u>\$ 72,380,105</u>	<u>\$ 1,612,618</u>	<u>\$ 117,030,298</u>
\$ 3,592,296	\$ 56,410	\$ 4,072,461
-	-	2,622,919
-	340,431	340,431
-	624	624
-	146,451	195,211
<u>3,592,296</u>	<u>543,916</u>	<u>7,231,646</u>
-	-	3,289,272
<u>-</u>	<u>-</u>	<u>3,289,272</u>
-	105,462	214,744
-	-	20,000
-	278,158	278,158
68,787,809	-	68,787,809
-	-	6,350,699
-	-	11,000,000
-	685,082	4,685,082
-	-	15,172,888
<u>68,787,809</u>	<u>1,068,702</u>	<u>106,509,380</u>
<u>\$ 72,380,105</u>	<u>\$ 1,612,618</u>	<u>\$ 117,030,298</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, 2014*

**EXHIBIT C-1R**

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 106,509,380

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	\$ 382,666,611	
Accumulated Depreciation of Governmental Capital Assets	<u>(108,348,937)</u>	274,317,674

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.	3,289,272
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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	\$ (278,045,000)	
Premium on Bonds Payable	(7,012,046)	
Deferred Charge on Refunding	805,678	
Accrued Interest on the Bonds	(2,156,827)	
Compensated Absences	<u>(614,365)</u>	(287,022,560)

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>577,563</u>
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**Total Net Position - Governmental Activities (Exhibit A-1)** \$ 97,671,329

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, 2014

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 70,715,734	\$ 18,907,838
5800 <i>State Program Revenues</i>	12,422,458	-
5900 <i>Federal Program Revenues</i>	-	-
5020 <b>Total Revenues</b>	<u>83,138,192</u>	<u>18,907,838</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	51,659,488	-
0012 <i>Instructional Resources and Media Services</i>	861,679	-
0013 <i>Curriculum and Staff Development</i>	776,699	-
0021 <i>Instructional Leadership</i>	1,517,825	-
0023 <i>School Leadership</i>	5,271,040	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	2,764,942	-
0032 <i>Social Work Services</i>	-	-
0033 <i>Health Services</i>	858,451	-
0034 <i>Student Transportation</i>	2,646,946	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	4,095,534	-
0041 <i>General Administration</i>	2,246,142	-
0051 <i>Plant Maintenance and Operations</i>	9,406,387	-
0052 <i>Security and Monitoring Services</i>	471,915	-
0053 <i>Data Processing Services</i>	1,891,508	-
0061 <i>Community Services</i>	147,514	-
Debt Service:		
0071 <i>Principal on Long-term Debt</i>	-	10,785,000
0072 <i>Interest on Long-term Debt</i>	-	8,438,781
0073 <i>Issuance Costs and Fees</i>	-	4,874
Capital Outlay:		
0081 <i>Facilities Acquisition and Construction</i>	-	-
Intergovernmental:		
0093 <i>Payments Related to Shared Services Arrangements</i>	125,285	-
0095 <i>Payments to Juvenile Justice Alternative Education Programs</i>	7,416	-
0099 <i>Other Intergovernmental Charges</i>	835,092	-
6030 <b>Total Expenditures</b>	<u>85,583,863</u>	<u>19,228,655</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,445,671)</u>	<u>(320,817)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
7911 <i>Capital-related Debt Issued (Regular Bonds)</i>	-	-
7912 <i>Sale of Real or Personal Property</i>	884	-
7916 <i>Premium or Discount on Issuance of Bonds</i>	-	-
7080 <b>Total Other Financing Sources (Uses)</b>	<u>884</u>	<u>-</u>
1200 Net Change in Fund Balances	(2,444,787)	(320,817)
0100 Fund Balances - Beginning	<u>32,746,957</u>	<u>6,671,516</u>
3000 Fund Balances - Ending	<u>\$ 30,302,170</u>	<u>\$ 6,350,699</u>

The accompanying notes are an integral part of this statement.



EXHIBIT C-2

699	Nonmajor Governmental Funds	98 Total Governmental Funds
<u>Capital Projects Fund</u>	<u>Funds</u>	<u>Funds</u>
\$ 228,496	\$ 3,563,041	\$ 93,415,109
-	930,788	13,353,246
-	<u>7,502,279</u>	<u>7,502,279</u>
<u>228,496</u>	<u>11,996,108</u>	<u>114,270,634</u>
129,661	4,541,595	56,330,744
-	106,716	968,395
-	671,674	1,448,373
-	253,928	1,771,753
-	35,828	5,306,868
-	289,806	3,054,748
-	15,935	15,935
-	111,077	969,528
-	8	2,646,954
-	5,385,440	5,385,440
-	181,228	4,276,762
-	6,029	2,252,171
-	93,425	9,499,812
-	79	471,994
-	-	1,891,508
-	443,484	590,998
-	-	10,785,000
-	-	8,438,781
481,424	-	486,298
16,979,467	-	16,979,467
-	-	125,285
-	-	7,416
-	-	<u>835,092</u>
<u>17,590,552</u>	<u>12,136,252</u>	<u>134,539,322</u>
<u>(17,362,056)</u>	<u>(140,144)</u>	<u>(20,268,688)</u>
78,790,000	-	78,790,000
-	-	884
5,191,424	-	5,191,424
<u>83,981,424</u>	<u>-</u>	<u>83,982,308</u>
66,619,368	(140,144)	63,713,620
2,168,441	1,208,846	42,795,760
<u>\$ 68,787,809</u>	<u>\$ 1,068,702</u>	<u>\$ 106,509,380</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, 2014***Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ 63,713,620

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>	\$ 16,797,095	
Depreciation Expense	<u>(10,680,667)</u>	6,116,428

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a increase (decrease) to net position. (889)

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. 306,646

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

Par Value	\$ (78,790,000)	
(Premium) Discount	<u>(5,191,424)</u>	(83,981,424)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 10,785,000

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</i> ) <i>decreased</i>	\$ (1,781,121)	
Amortization of Bond Premium	370,168	
Amortization of Deferred Charge on Refundings	<u>(160,967)</u>	(1,571,920)

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. (61,834)

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. 438,048

**Change in Net Position for Governmental Activities (Exhibit B-1)** \$ (4,256,325)

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT C-4**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 70,319,948	\$ 70,340,122	\$ 70,715,734	\$ 375,612
5800	State Program Revenues	10,874,526	12,376,044	12,422,458	46,414
5020	Total Revenues	81,194,474	82,716,166	83,138,192	422,026
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	52,065,299	51,859,412	51,659,488	199,924
0012	Instructional Resources and Media Services	815,441	872,040	861,679	10,361
0013	Curriculum and Staff Development	855,592	861,406	776,699	84,707
	Total Instruction & Instructional Related Services	53,736,332	53,592,858	53,297,866	294,992
Instructional and School Leadership:					
0021	Instructional Leadership	1,416,694	1,561,664	1,517,825	43,839
0023	School Leadership	4,988,349	5,278,791	5,271,040	7,751
	Total Instructional & School Leadership	6,405,043	6,840,455	6,788,865	51,590
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	2,596,438	2,835,488	2,764,942	70,546
0033	Health Services	938,120	888,951	858,451	30,500
0034	Student Transportation	2,270,627	2,704,005	2,646,946	57,059
0036	Extracurricular Activities	3,922,226	4,310,347	4,095,534	214,813
	Total Support Services - Student (Pupil)	9,727,411	10,738,791	10,365,873	372,918
Administrative Support Services:					
0041	General Administration	2,313,813	2,333,389	2,246,142	87,247
	Total Administrative Support Services	2,313,813	2,333,389	2,246,142	87,247
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	9,378,288	9,619,634	9,406,387	213,247
0052	Security and Monitoring Services	454,167	472,848	471,915	933
0053	Data Processing Services	1,911,452	1,947,831	1,891,508	56,323
	Total Support Services - Nonstudent Based	11,743,907	12,040,313	11,769,810	270,503
Ancillary Services:					
0061	Community Services	174,848	172,949	147,514	25,435
	Total Ancillary Services	174,848	172,949	147,514	25,435
Intergovernmental Charges:					
0093	Payments Related to Shared Services Arrangements	110,000	126,000	125,285	715
0095	Payments to Juvenile Justice Alternative Education Programs	10,000	7,500	7,416	84
0099	Other Intergovernmental Charges	866,630	835,130	835,092	38
	Total Intergovernmental Charges	986,630	968,630	967,793	837
6030	Total Expenditures	85,087,984	86,687,385	85,583,863	1,103,522
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(3,893,510)	(3,971,219)	(2,445,671)	1,525,548
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real or Personal Property	-	-	884	884
7080	Total Other Financing Sources (Uses)	-	-	884	884
1200	Net Change in Fund Balance	(3,893,510)	(3,971,219)	(2,444,787)	1,526,432
0100	Fund Balance - Beginning	32,746,957	32,746,957	32,746,957	-
3000	Fund Balance - Ending	\$ 28,853,447	\$ 28,775,738	\$ 30,302,170	\$ 1,526,432

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT D-1**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 AUGUST 31, 2014

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	
<b>ASSETS:</b>						
Current Assets:						
1110	Cash and Cash Equivalents	\$ 204,631	\$ 623,291	\$ 4,221	\$ 832,143	\$ 1,156,838
1120	Current Investments	-	-	-	-	922
1250	Accrued Interest	-	-	-	-	524
1410	Prepaid Items	-	-	-	-	50,279
	Total Current Assets	<u>204,631</u>	<u>623,291</u>	<u>4,221</u>	<u>832,143</u>	<u>1,208,563</u>
Noncurrent Assets:						
Capital Assets:						
1530	Furniture and Equipment	7,902	39,670	-	47,572	-
1570	Accumulated Depreciation	<u>(7,902)</u>	<u>(39,670)</u>	<u>-</u>	<u>(47,572)</u>	<u>-</u>
	Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1000	Total Assets	<u>204,631</u>	<u>623,291</u>	<u>4,221</u>	<u>832,143</u>	<u>1,208,563</u>
<b>LIABILITIES:</b>						
Current Liabilities:						
2110	Accounts Payable	18,897	5,181	-	24,078	16,206
2300	Unearned Revenue	-	121,085	-	121,085	-
2160	Accrued Wages Payable	-	46,680	-	46,680	-
2123	Claims Payable - Due Within One Year	-	-	-	-	614,794
	Total Current Liabilities	<u>18,897</u>	<u>172,946</u>	<u>-</u>	<u>191,843</u>	<u>631,000</u>
2000	Total Liabilities	<u>18,897</u>	<u>172,946</u>	<u>-</u>	<u>191,843</u>	<u>631,000</u>
<b>NET POSITION:</b>						
3900	Unrestricted	<u>185,734</u>	<u>450,345</u>	<u>4,221</u>	<u>640,300</u>	<u>577,563</u>
3000	Total Net Position	<u>\$ 185,734</u>	<u>\$ 450,345</u>	<u>\$ 4,221</u>	<u>\$ 640,300</u>	<u>\$ 577,563</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT D-2**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

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
<b>OPERATING REVENUES:</b>					
5739 Tuition	\$ 534,856	\$ 1,291,006	\$ 156,998	\$ 1,982,860	\$ -
5754 Interfund Service Provided	-	-	-	-	488,699
5020 Total Revenues	<u>534,856</u>	<u>1,291,006</u>	<u>156,998</u>	<u>1,982,860</u>	<u>488,699</u>
<b>OPERATING EXPENSES:</b>					
6100 Payroll Costs	352,856	808,335	131,449	1,292,640	-
6200 Professional and Contracted Services	10,067	13,329	3,900	27,296	3,800
6300 Supplies and Materials	12,734	37,536	14,651	64,921	-
6400 Other Operating Costs	144,299	183,321	2,777	330,397	52,457
6030 Total Expenses	<u>519,956</u>	<u>1,042,521</u>	<u>152,777</u>	<u>1,715,254</u>	<u>56,257</u>
Operating Income (Loss)	14,900	248,485	4,221	267,606	432,442
<b>NONOPERATING REVENUES (EXPENSES):</b>					
7955 Earnings from Temp. Deposits and Investments	-	-	-	-	5,606
8030 Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,606</u>
1300 Change in Net Position	14,900	248,485	4,221	267,606	438,048
0100 Net Position - Beginning	<u>170,834</u>	<u>201,860</u>	<u>-</u>	<u>372,694</u>	<u>139,515</u>
3300 Net Position - Ending	<u>\$ 185,734</u>	<u>\$ 450,345</u>	<u>\$ 4,221</u>	<u>\$ 640,300</u>	<u>\$ 577,563</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT D-3**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
				Internal Service Fund	
	Community Education	Kids Klub	Community Sports Camps	Total Enterprise Funds	Workers' Compensation
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from User Charges	\$ 534,856	\$ 1,291,006	\$ 156,998	\$ 1,982,860	\$ 488,699
Cash Payments for Employees Services & Benefits	(375,657)	(859,200)	(150,000)	(1,384,857)	-
Cash Payments for Other Operating Expenses	(139,520)	(238,439)	(2,777)	(380,736)	(219,004)
Net Cash Provided by (Used for) Operating Activities	<u>19,679</u>	<u>193,367</u>	<u>4,221</u>	<u>217,267</u>	<u>269,695</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Received	-	-	-	-	5,606
Purchase of Investments	-	-	-	-	(130)
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,476</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,679	193,367	4,221	217,267	275,171
Cash and Cash Equivalents at the Beginning of the Year	184,952	429,924	-	614,876	881,667
<b>Cash and Cash Equivalents at the End of the Year</b>	<u>\$ 204,631</u>	<u>\$ 623,291</u>	<u>\$ 4,221</u>	<u>\$ 832,143</u>	<u>\$ 1,156,838</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 14,900	\$ 248,485	\$ 4,221	\$ 267,606	\$ 432,442
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
<b>EFFECT OF INCREASES AND DECREASES IN CURRENT ASSETS AND LIABILITIES:</b>					
(Increase) Decrease in Prepaid Items	-	-	-	-	(7,658)
Increase (Decrease) in Accounts Payable	4,779	(5,684)	-	(905)	14,592
Increase (Decrease) in Accrued Wages Payable	-	1,692	-	1,692	-
Increase (Decrease) in Unearned Revenue	-	(51,126)	-	(51,126)	-
Increase (Decrease) in Claims Payable	-	-	-	-	(169,681)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 19,679</u>	<u>\$ 193,367</u>	<u>\$ 4,221</u>	<u>\$ 217,267</u>	<u>\$ 269,695</u>

The accompanying notes are an integral part of this statement.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT E-1**

*STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES*

*FIDUCIARY FUNDS*

*AUGUST 31, 2014*

Data

Control

Codes

	Agency Fund
<b>ASSETS:</b>	
1110 <i>Cash and Cash Equivalents</i>	\$ 560,963
1120 <i>Current Investments</i>	3,409
1250 <i>Accrued Interest</i>	30
1000 Total Assets	<u>\$ 564,402</u>
<b>LIABILITIES:</b>	
2190 <i>Due to Student Groups</i>	\$ 564,402
2000 Total Liabilities	<u>\$ 564,402</u>

The accompanying notes are an integral part of this statement.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

### 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). These funds are 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, 2014

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, 2014

## F. 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 and improvements, 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 improvements 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, 2014

### **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, 2014

### G. 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 Districts 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 Districts policy to permit employees to accumulate earned but 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.

#### 6. 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, 2014

### II. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast 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.

#### B. 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.

#### C. Excess of Expenditures Over Appropriations

For the year ended August 31, 2014, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
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 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

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 8) Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of its issuance; and it is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

As of August 31, 2014, the District had the following governmental activities and fiduciary fund investments:

<u>Governmental Funds' Investment Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Weighted Average Maturity (Years)</u>
Texpool	AAAm	\$ 1,821,197	14%	0.22
Lone Star	AAAm	11,483,627	86%	0.29
<b>Total Fair Value</b>		<b>\$ 13,304,824</b>	<b>100%</b>	
<b>Portfolio Weighted Average Maturity</b>				<b>0.28</b>

<u>Fiduciary Funds' Investment Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Weighted Average Maturity (Years)</u>
Lonestar - Corporate Overnight	AAAm	\$ 3,409	100%	0.13
<b>Total Fair Value</b>		<b>\$ 3,409</b>	<b>100%</b>	
<b>Portfolio Weighted Average Maturity</b>				<b>0.13</b>

*Credit risk.* At year-end, the District's investments were rated as noted in the table above. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

*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. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific 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, 2014, the District's bank balance of \$100,587,699 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. The District's investments are held by the District's agent in the District's name for the benefit of the District.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

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**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>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Receivables:</b>					
Property Taxes	\$ 2,675,714	\$ 646,783	\$ -	\$ -	\$ 3,322,497
Due From Other Governments					
State	2,335,062	-	-	259,753	2,594,815
Federal	-	-	-	153,316	153,316
Local	16,305	4,385	-	-	20,690
Accrued Interest	11,191	3,830	32,989	476	48,486
Other	11,697	-	-	10,219	21,916
Gross Receivables	<u>5,049,969</u>	<u>654,998</u>	<u>32,989</u>	<u>423,764</u>	<u>6,161,720</u>
Less: Allowance for Uncollectibles	<u>(26,757)</u>	<u>(6,468)</u>	<u>-</u>	<u>-</u>	<u>(33,225)</u>
<b>Net Total Receivables</b>	<b><u>\$ 5,023,212</u></b>	<b><u>\$ 648,530</u></b>	<b><u>\$ 32,989</u></b>	<b><u>\$ 423,764</u></b>	<b><u>\$ 6,128,495</u></b>

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

Uncollectibles Related to General Fund Property Taxes	\$ (2,432)
Uncollectibles Related to Debt Service Property Taxes	(666)
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b><u>\$ (3,098)</u></b>

Approximately 87% 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, 2014, is as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 340,431	\$ -
Other Governmental Funds	-	340,431
<b>Totals</b>	<b><u>\$ 340,431</u></b>	<b><u>\$ 340,431</u></b>

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

**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, 2014.

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

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### D. Capital Assets

Capital asset activity for the year ended August 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions and Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land and Improvements	\$ 8,871,609	\$ 3,356,517	\$ -	\$ 12,228,126
Construction in Progress	8,809,310	7,795,000	(11,388)	16,592,922
<b>Total Capital Assets, not being Depreciated</b>	<b><u>17,680,919</u></b>	<b><u>11,151,517</u></b>	<b><u>(11,388)</u></b>	<b><u>28,821,048</u></b>
<b>Capital Assets, being Depreciated:</b>				
Buildings and Improvements	328,300,322	-	11,388	328,311,710
Furniture and Equipment	19,969,392	5,645,578	(81,117)	25,533,853
<b>Total Capital Assets, being Depreciated</b>	<b><u>348,269,714</u></b>	<b><u>5,645,578</u></b>	<b><u>(69,729)</u></b>	<b><u>353,845,563</u></b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(80,805,502)	(9,008,711)	-	(89,814,213)
Furniture and Equipment	(16,942,996)	(1,671,956)	80,228	(18,534,724)
<b>Total Accumulated Depreciation</b>	<b><u>(97,748,498)</u></b>	<b><u>(10,680,667)</u></b>	<b><u>80,228</u></b>	<b><u>(108,348,937)</u></b>
<b>Total Capital Assets, being Depreciated, net</b>	<b><u>250,521,216</u></b>	<b><u>(5,035,089)</u></b>	<b><u>10,499</u></b>	<b><u>245,496,626</u></b>
<b>Governmental Activities Capital Assets, net</b>	<b><u>\$ 268,202,135</u></b>	<b><u>\$ 6,116,428</u></b>	<b><u>\$ (889)</u></b>	<b><u>\$ 274,317,674</u></b>
<b>Business-Type Activities:</b>				
<b>Capital Assets, being Depreciated:</b>				
Furniture and Equipment	\$ 47,572	\$ -	\$ -	\$ 47,572
<b>Less Accumulated Depreciation for:</b>				
Furniture and Equipment	(47,572)	-	-	(47,572)
<b>Business-type Activities Capital Assets, net</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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

<b>Governmental Activities:</b>		
11 Instruction		\$ 6,820,247
12 Instructional Resources and Media Services		201,104
13 Curriculum and Instructional Staff Development		20,484
21 Instructional Leadership		11,440
23 School Leadership		499,172
31 Guidance, Counseling, and Evaluation Services		226,502
33 Health Services		46,730
34 Student (Pupil) Transportation		1,112,333
35 Food Service		272,965
36 Extracurricular Activities		1,070,665
41 General Administration		88,773
51 Plant Maintenance and Operations		191,570
52 Security and Monitoring Services		5,359
53 Data Processing		97,244
61 Community Services		16,079
<b>Total Depreciation Expense-Governmental Activities</b>		<b><u>\$ 10,680,667</u></b>
<b>Business-type Activities:</b>		
Kids Klub		\$ -
<b>Total Depreciation Expense-Business-Type Activities</b>		<b><u>\$ -</u></b>



# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

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### Construction Commitments

The District has active construction projects as of August 31, 2014. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
AMC Baseball/Softball Renovation	\$ 526,697
District Wide Paging-Intercom Systems	724,141
Conference Center Demolition	189,125
New Elementary School No. 9	14,853,595
Rock Prairie-Creek View Renovations	275,132
Security Vestibules	634,731
South Knoll Elementary Partial Re-roof	99,312
<b>Totals</b>	<b>\$ 17,302,733</b>

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

### E. Long-term Liabilities

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

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions and (Provision Adjustment)</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 210,040,000	\$ 78,790,000	\$ (10,785,000)	\$ 278,045,000	\$ 12,055,000
Deferred Amounts:					
For Issuance Premiums	2,190,790	5,191,424	(370,168)	7,012,046	-
<b>Total Bonds Payable, net</b>	<u>212,230,790</u>	<u>83,981,424</u>	<u>(11,155,168)</u>	<u>285,057,046</u>	<u>12,055,000</u>
Workers' Compensation	784,475	(8,780)	(160,901)	614,794	614,794
Compensated Absences	552,531	89,665	(27,831)	614,365	614,365
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ <u>213,567,796</u></b>	<b>\$ <u>84,062,309</u></b>	<b>\$ <u>(11,343,900)</u></b>	<b>\$ <u>286,286,205</u></b>	<b>\$ <u>13,284,159</u></b>

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

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

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### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities (SCH) and to refund general obligation bonds (REF). 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 REF	2.00-5.00%	18,095,000	2016	\$ 5,780,000	\$ -	\$ (2,235,000)	\$ 3,545,000
2006 REF	3.875-5.00%	9,350,000	2019	9,350,000	-	-	9,350,000
2007 SCH	4.125-5.00%	67,420,000	2027	51,710,000	-	(2,945,000)	48,765,000
2009 SCH	3.00-5.00%	37,500,000	2034	31,335,000	-	(1,680,000)	29,655,000
2009 REF	2.00-3.75%	4,920,000	2020	3,620,000	-	(455,000)	3,165,000
2010 SCH	2.00-4.00%	65,000,000	2035	59,745,000	-	(1,840,000)	57,905,000
2011 SCH	2.00-5.00%	41,700,000	2036	39,735,000	-	(970,000)	38,765,000
2012 REF	2.00-4.00%	8,945,000	2024	8,765,000	-	(660,000)	8,105,000
2014 SCH	3.00-5.00%	78,790,000	2039	-	78,790,000	-	78,790,000
<b>Totals</b>				<b>\$ 210,040,000</b>	<b>\$ 78,790,000</b>	<b>\$ (10,785,000)</b>	<b>\$ 278,045,000</b>

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

Year Ending August 31	Principal	Interest	Total Requirements
2015	\$ 12,055,000	\$ 13,012,969	\$ 25,067,969
2016	14,075,000	10,906,106	24,981,106
2017	14,825,000	10,365,006	25,190,006
2018	15,125,000	9,747,969	24,872,969
2019	15,770,000	9,130,144	24,900,144
2020	11,620,000	8,529,475	20,149,475
2021	11,515,000	8,034,913	19,549,913
2022	12,040,000	7,527,025	19,567,025
2023	12,575,000	7,028,563	19,603,563
2024	13,120,000	6,486,163	19,606,163
2025	12,745,000	5,918,006	18,663,006
2026	13,320,000	5,346,294	18,666,294
2027	13,875,000	4,773,906	18,648,906
2028	9,445,000	4,193,481	13,638,481
2029	9,845,000	3,814,706	13,659,706
2030	10,265,000	3,419,831	13,684,831
2031	10,700,000	3,005,788	13,705,788
2032	11,165,000	2,630,875	13,795,875
2033	11,665,000	2,239,350	13,904,350
2034	12,180,000	1,757,075	13,937,075
2035	10,425,000	1,239,240	11,664,240
2036	6,755,000	806,078	7,561,078
2037	4,145,000	517,600	4,662,600
2038	4,310,000	351,800	4,661,800
2039	4,485,000	179,400	4,664,400
<b>Totals</b>	<b>\$ 278,045,000</b>	<b>\$ 130,961,763</b>	<b>\$ 409,006,763</b>

As of August 31, 2014, the District did not have any authorized but unissued bonds.

### F. Fund Balance

Other committed fund balance includes the following commitments of funds:

<b>General Fund:</b>	
Future Land Purchases	\$ 4,000,000
<b>Other Governmental Funds:</b>	
Campus Activity	685,082
<b>Total Other Committed Fund Balance</b>	<b>\$ 4,685,082</b>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

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

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

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
Property Taxes	\$ 69,561,771	\$ 18,735,076	\$ -	\$ -	\$ 88,296,847
Penalties and Interest	263,975	65,651	-	-	329,626
Tuition and Fees	147,410	-	-	-	147,410
Investment Income	186,498	107,111	228,496	2,920	525,025
Food Sales	-	-	-	2,440,020	2,440,020
Extracurricular Student Activities	280,178	-	-	-	280,178
Charges for Services	2,643	-	-	462,722	465,365
Rent	41,811	-	-	-	41,811
Gifts and Bequests	40,725	-	-	546,166	586,891
Other	190,723	-	-	111,213	301,936
<b>Total</b>	<b>\$ 70,715,734</b>	<b>\$ 18,907,838</b>	<b>\$ 228,496</b>	<b>\$ 3,563,041</b>	<b>\$ 93,415,109</b>

**IV. Other Information**

**A. Risk Management**

**General**

Like all public school districts, the District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2014, the District purchased commercial insurance for claims related to all risks.

**Health Care Coverage**

During the year ended August 31, 2014, 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, 2014, 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, 2014, member districts will have no additional liability beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

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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 8/31/2014	Year Ended 8/31/2013
<b>Unpaid Claims, Beginning of Fiscal Year</b>	\$ 784,475	\$ 828,495
Incurring Claims (including IBNRs and changes in provisions)	(8,780)	184,759
Claim Payments	(160,901)	(228,779)
<b>Unpaid Claims, End of Fiscal Year</b>	<b>\$ 614,794</b>	<b>\$ 784,475</b>

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, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

### B. Litigation and Contingencies

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

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2014, 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:

#### 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. The District's portion of expenditures for the year ended August 31, 2014 totaled \$125,285.

### D. Defined Benefit Pension Plan

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

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

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*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 2014-2012 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
2014	6.4%	\$ 4,041,527	6.800%	\$ 3,159,646	\$ 715,866
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

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](http://www.trs.state.tx.us) under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2014-2012.

**Contribution Rates**

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 410,468	1.00%	\$ 584,579	0.55%	\$ 347,319
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

In addition, the State of Texas contributed \$168,564, \$155,199 and \$285,948 in 2014, 2013, and 2012, 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, 2014*

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 2014, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$399,313. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$399,313 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, 2014

Data Control Codes	205	211
<u>          </u>	<u>Head Start</u>	<u>ESEA Title I Part A Improving Basic Programs</u>
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ -	\$ -
1120 Current Investments	-	-
1240 Due from Other Governments	153,316	74,711
1250 Accrued Interest	-	-
1290 Other Receivables (Net)	-	-
1300 Inventories	-	-
1000 Total Assets	<u>\$ 153,316</u>	<u>\$ 74,711</u>
 <b>LIABILITIES:</b>		
2110 Accounts Payable	\$ 5,838	\$ -
2170 Due to Other Funds	147,478	74,711
2180 Due to Other Governments	-	-
2300 Unearned Revenue	-	-
2000 Total Liabilities	<u>153,316</u>	<u>74,711</u>
 <b>FUND BALANCES:</b>		
3410 Nonspendable - Inventories	-	-
3450 Restricted - Grant Funds	-	-
3545 Committed - Other	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 153,316</u>	<u>\$ 74,711</u>



224	225	240	244
<u>IDEA Part B Formula</u>	<u>IDEA Part B Preschool</u>	<u>National School Breakfast and Lunch Program</u>	<u>Career and Technical Basic Grant</u>
\$ 59	\$ 624	\$ 6,647	\$ -
-	-	156,210	-
103,744	-	62,698	5,385
-	-	157	-
135	-	10,084	-
-	-	215,531	-
<u>\$ 103,938</u>	<u>\$ 624</u>	<u>\$ 451,327</u>	<u>\$ 5,385</u>
\$ 4,296	\$ -	\$ 28,889	\$ -
99,642	-	-	5,385
-	624	-	-
-	-	110,069	-
<u>103,938</u>	<u>624</u>	<u>138,958</u>	<u>5,385</u>
-	-	105,462	-
-	-	206,907	-
-	-	-	-
-	-	<u>312,369</u>	-
<u>\$ 103,938</u>	<u>\$ 624</u>	<u>\$ 451,327</u>	<u>\$ 5,385</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2014

Data Control Codes	255	263
<u>          </u>	<u>ESEA Title II Part A Teacher and Principal Training and Recruiting</u>	<u>Title III Part A English Language Acquisition and Enhancement</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -
1120 <i>Current Investments</i>	-	-
1240 <i>Due from Other Governments</i>	5,596	7,619
1250 <i>Accrued Interest</i>	-	-
1290 <i>Other Receivables (Net)</i>	-	-
1300 <i>Inventories</i>	-	-
1000 Total Assets	<u>\$ 5,596</u>	<u>\$ 7,619</u>
 <b>LIABILITIES:</b>		
2110 <i>Accounts Payable</i>	\$ -	\$ -
2170 <i>Due to Other Funds</i>	5,596	7,619
2180 <i>Due to Other Governments</i>	-	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>5,596</u>	<u>7,619</u>
 <b>FUND BALANCES:</b>		
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>\$ 5,596</u>	<u>\$ 7,619</u>

289 Improving Academic Achievement (Summer School LEP)	385  Supplemental Visually Impaired	397  Advanced Placement Incentives	410  State Textbook Fund
\$ 14,557	\$ -	\$ 6,275	\$ 17,583
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 14,557</u>	<u>\$ -</u>	<u>\$ 6,275</u>	<u>\$ 17,583</u>
\$ -	\$ -	\$ -	\$ 299
-	-	-	-
-	-	-	-
14,557	-	6,275	15,550
<u>14,557</u>	<u>-</u>	<u>6,275</u>	<u>15,849</u>
-	-	-	-
-	-	-	1,734
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,734</u>
<u>\$ 14,557</u>	<u>\$ -</u>	<u>\$ 6,275</u>	<u>\$ 17,583</u>

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes	427  Workforce Investment Act Dislocated Workers Grant	429  Read to Succeed Grant
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ -	\$ -
1120 Current Investments	-	-
1240 Due from Other Governments	-	-
1250 Accrued Interest	-	-
1290 Other Receivables (Net)	-	-
1300 Inventories	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES:</b>		
2110 Accounts Payable	\$ -	\$ -
2170 Due to Other Funds	-	-
2180 Due to Other Governments	-	-
2300 Unearned Revenue	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>		
3410 Nonspendable - Inventories	-	-
3450 Restricted - Grant Funds	-	-
3545 Committed - Other	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>

461	481	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<u>Campus Activity Funds</u>	<u>Education Foundation Grant</u>	<u>Funds (See Exhibit C-1)</u>
\$ 700,931	\$ 70,437	\$ 817,113
-	-	156,210
-	-	413,069
319	-	476
-	-	10,219
-	-	215,531
<u>\$ 701,250</u>	<u>\$ 70,437</u>	<u>\$ 1,612,618</u>
\$ 16,168	\$ 920	\$ 56,410
-	-	340,431
-	-	624
-	-	146,451
<u>16,168</u>	<u>920</u>	<u>543,916</u>
-	-	105,462
-	69,517	278,158
685,082	-	685,082
<u>685,082</u>	<u>69,517</u>	<u>1,068,702</u>
<u>\$ 701,250</u>	<u>\$ 70,437</u>	<u>\$ 1,612,618</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, 2014

Data Control Codes	205	211
<u>          </u>	<u>Head Start</u>	<u>ESEA Title I Part A Improving Basic Programs</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	<u>1,924,068</u>	<u>1,035,491</u>
5020 <i>Total Revenues</i>	<u>1,924,068</u>	<u>1,035,491</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	941,522	883,907
0012 <i>Instructional Resources and Media Services</i>	-	95
0013 <i>Curriculum and Staff Development</i>	289,854	143,489
0021 <i>Instructional Leadership</i>	136,999	8,000
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	15,935	-
0033 <i>Health Services</i>	96,226	-
0034 <i>Student Transportation</i>	8	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	4,779	-
0051 <i>Plant Maintenance and Operations</i>	28,134	-
0052 <i>Security and Monitoring Services</i>	-	-
0061 <i>Community Services</i>	<u>410,611</u>	<u>-</u>
6030 <i>Total Expenditures</i>	<u>1,924,068</u>	<u>1,035,491</u>
1200 <i>Net Change in Fund Balances</i>	-	-
0100 <i>Fund Balances - Beginning</i>	<u>-</u>	<u>-</u>
3000 <i>Fund Balances - Ending</i>	<u>\$ -</u>	<u>\$ -</u>

224	225	240	244
<u>IDEA Part B Formula</u>	<u>IDEA Part B Preschool</u>	<u>National School Breakfast and Lunch Program</u>	<u>Career and Technical Basic Grant</u>
\$ -	\$ -	\$ 2,440,719	\$ -
-	-	27,594	-
<u>1,451,235</u>	<u>42,985</u>	<u>2,704,362</u>	<u>47,964</u>
<u>1,451,235</u>	<u>42,985</u>	<u>5,172,675</u>	<u>47,964</u>
1,092,247	41,988	-	21,367
-	-	-	-
-	-	-	-
108,514	-	-	-
-	-	-	-
237,600	997	-	26,597
-	-	-	-
12,874	-	-	-
-	-	-	-
-	-	5,385,440	-
-	-	-	-
-	-	-	-
-	-	63,292	-
-	-	-	-
-	-	-	-
<u>1,451,235</u>	<u>42,985</u>	<u>5,448,732</u>	<u>47,964</u>
-	-	(276,057)	-
-	-	588,426	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,369</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, 2014

Data Control Codes	255	263
<u>REVENUES:</u>	<u>ESEA Title II Part A Teacher and Principal Training and Recruiting</u>	<u>Title III Part A English Language Acquisition and Enhancement</u>
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	<u>212,203</u>	<u>71,221</u>
5020 <b>Total Revenues</b>	<u>212,203</u>	<u>71,221</u>
 <b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	-	68,807
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	212,203	1,999
0021 <i>Instructional Leadership</i>	-	415
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>	-	-
0052 <i>Security and Monitoring Services</i>	-	-
0061 <i>Community Services</i>	-	-
6030 <b>Total Expenditures</b>	<u>212,203</u>	<u>71,221</u>
1200 <b>Net Change in Fund Balances</b>	-	-
0100 <b>Fund Balances - Beginning</b>	<u>-</u>	<u>-</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>



289 Improving Academic Achievement (Summer School LEP)	385  Supplemental Visually Impaired	397  Advanced Placement Incentives	410  State Textbook Fund
\$ -	\$ -	\$ -	\$ -
-	5,982	-	879,957
-	-	-	-
<u>-</u>	<u>5,982</u>	<u>-</u>	<u>879,957</u>
-	-	-	880,257
-	-	-	-
-	-	-	-
-	5,982	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>5,982</u>	<u>-</u>	<u>880,257</u>
-	-	-	(300)
-	-	-	2,034
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,734</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, 2014

Data Control Codes	427  Workforce Investment Act Dislocated Workers Grant	429  Read to Succeed Grant
<b>REVENUES:</b>		
5700 Local and Intermediate Sources	\$ -	\$ -
5800 State Program Revenues	17,201	54
5900 Federal Program Revenues	12,750	-
5020 Total Revenues	<u>29,951</u>	<u>54</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	-	-
0012 Instructional Resources and Media Services	-	451
0013 Curriculum and Staff Development	-	-
0021 Instructional Leadership	-	-
0023 School Leadership	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-
0032 Social Work Services	-	-
0033 Health Services	-	-
0034 Student Transportation	-	-
0035 Food Service	-	-
0036 Extracurricular Activities	-	-
0041 General Administration	-	-
0051 Plant Maintenance and Operations	-	-
0052 Security and Monitoring Services	-	-
0061 Community Services	29,951	-
6030 Total Expenditures	<u>29,951</u>	<u>451</u>
1200 Net Change in Fund Balances	-	(397)
0100 Fund Balances - Beginning	-	397
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>

461	481	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<u>Campus Activity Funds</u>	<u>Education Foundation Grant</u>	<u></u>
\$ 991,471	\$ 130,851	\$ 3,563,041
-	-	930,788
-	-	<u>7,502,279</u>
<u>991,471</u>	<u>130,851</u>	<u>11,996,108</u>
533,743	77,757	4,541,595
106,170	-	106,716
24,129	-	671,674
-	-	253,928
35,828	-	35,828
18,630	-	289,806
-	-	15,935
1,977	-	111,077
-	-	8
-	-	5,385,440
181,228	-	181,228
1,250	-	6,029
1,999	-	93,425
79	-	79
2,922	-	443,484
<u>907,955</u>	<u>77,757</u>	<u>12,136,252</u>
83,516	53,094	(140,144)
601,566	16,423	1,208,846
<u>\$ 685,082</u>	<u>\$ 69,517</u>	<u>\$ 1,068,702</u>

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**SUPPLEMENTARY INFORMATION**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2014*

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	Maintenance	Debt Service	
2005 and Prior Years	\$ Various	\$ Various	\$ Various	\$ Various	\$ Various
2006	1.50000	0.175000	1.50000	0.175000	3,967,364,473
2007	1.33000	0.150000	1.33000	0.150000	4,425,403,783
2008	1.00005	0.241000	1.00005	0.241000	4,925,454,736
2009	1.00005	0.221000	1.00005	0.221000	5,452,956,472
2010	1.00005	0.253363	1.00005	0.253363	5,789,175,635
2011	1.00005	0.309880	1.00005	0.309880	5,867,839,885
2012	1.00005	0.334983	1.00005	0.334983	6,175,482,404
2013	1.04000	0.295033	1.04000	0.295033	6,369,476,485
2014 (School Year Under Audit)	1.04000	0.280000	1.04000	0.280000	6,717,124,848

1000 Totals

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

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 153,027	\$ -	\$ 1,173	\$ 211	\$ (23,234)	\$ 128,409
293,328	-	538	63	(339)	292,388
265,192	-	1,231	139	(330)	263,492
244,472	-	9,524	2,295	(277)	232,376
267,527	-	23,675	5,232	16,840	255,460
351,794	-	29,516	7,476	16,103	330,905
360,705	-	40,840	12,657	18,415	325,623
415,097	-	78,208	26,195	45,407	356,101
661,611	-	161,659	45,862	(8,177)	445,913
-	88,666,048	69,234,099	18,639,950	(100,169)	691,830
<u>\$ 3,012,753</u>	<u>\$ 88,666,048</u>	<u>\$ 69,580,463</u>	<u>\$ 18,740,080</u>	<u>\$ (35,761)</u>	<u>\$ 3,322,497</u>
		\$ -	\$ -		

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

*NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2014*

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 2,847,250	\$ 2,847,250	\$ 2,440,719	\$ (406,531)
5800 <i>State Program Revenues</i>	28,000	28,000	27,594	(406)
5900 <i>Federal Program Revenues</i>	<u>2,667,000</u>	<u>2,746,884</u>	<u>2,704,362</u>	<u>(42,522)</u>
5020 Total Revenues	<u>5,542,250</u>	<u>5,622,134</u>	<u>5,172,675</u>	<u>(449,459)</u>
<b>EXPENDITURES:</b>				
Current:				
Support Services - Student (Pupil):				
0035 <i>Food Service</i>	<u>5,412,664</u>	<u>5,492,548</u>	<u>5,385,440</u>	<u>107,108</u>
Total Support Services - Student (Pupil)	<u>5,412,664</u>	<u>5,492,548</u>	<u>5,385,440</u>	<u>107,108</u>
Support Services - Nonstudent Based:				
0051 <i>Plant Maintenance and Operations</i>	<u>94,400</u>	<u>94,400</u>	<u>63,292</u>	<u>31,108</u>
Total Support Services - Student (Pupil)	<u>94,400</u>	<u>94,400</u>	<u>63,292</u>	<u>31,108</u>
6030 Total Expenditures	<u>5,507,064</u>	<u>5,586,948</u>	<u>5,448,732</u>	<u>138,216</u>
1200 Net Change in Fund Balances	35,186	35,186	(276,057)	(311,243)
0100 Fund Balances - Beginning	<u>588,426</u>	<u>588,426</u>	<u>588,426</u>	-
3000 Fund Balances - Ending	<u>\$ 623,612</u>	<u>\$ 623,612</u>	<u>\$ 312,369</u>	<u>\$ (311,243)</u>



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

*DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2014*

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 18,763,900	\$ 18,763,900	\$ 18,907,838	\$ 143,938
5020 Total Revenues	<u>18,763,900</u>	<u>18,763,900</u>	<u>18,907,838</u>	<u>143,938</u>
<b>EXPENDITURES:</b>				
Debt Service:				
0071 <i>Principal on Long-term Debt</i>	10,785,000	10,785,000	10,785,000	-
0072 <i>Interest on Long-term Debt</i>	8,438,781	8,438,781	8,438,781	-
0073 <i>Issuance Costs and Fees</i>	6,000	6,000	4,874	1,126
Total Debt Service	<u>19,229,781</u>	<u>19,229,781</u>	<u>19,228,655</u>	<u>1,126</u>
6030 Total Expenditures	<u>19,229,781</u>	<u>19,229,781</u>	<u>19,228,655</u>	<u>1,126</u>
1200 Net Change in Fund Balance	(465,881)	(465,881)	(320,817)	145,064
0100 Fund Balances - Beginning	<u>6,671,516</u>	<u>6,671,516</u>	<u>6,671,516</u>	-
3000 Fund Balances - Ending	<u>\$ 6,205,635</u>	<u>\$ 6,205,635</u>	<u>\$ 6,350,699</u>	<u>\$ 145,064</u>

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**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 Avenue  
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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 5, 2014**

# HLSK

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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 Avenue  
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 the District's major federal programs for the year ended August 31, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the 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, 2014. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned cost as item 2014-001.

## Report on Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 5, 2014**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

*FOR THE YEAR ENDED AUGUST 31, 2014*

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
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
<b>FEDERAL AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors’ report issued on compliance with major programs	Unmodified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	Yes, See 2014-001
7. Identification of Major Programs	84.010A Title I 93.600 Head Start
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

*FOR THE YEAR ENDED AUGUST 31, 2014*

**SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2014-001 EARMARKING (INCOME-ELIGIBILITY)**

**DEPARTMENT OF HEALTH AN HUMAN SERVICES (HHS)**

**CFDA No. 93.600 Head Start**

***Earmarking (Income – Eligibility)***

**Criteria:**

Per 45 CFR section 1305.4(b)(1), at least 90 percent of the enrollees must come from families whose income is below the official Federal poverty guidelines or who are receiving public assistance.

**Condition:**

85% of the enrollees came from families whose income is below the official Federal poverty guidelines or who are receiving public assistance.

**Questioned Costs:**

The questioned costs of ineligible enrollees served totaled \$82,285. The questioned costs are calculated by taking the total amount of the grant award expended and reducing it by the administrative costs expended to arrive at the direct award amount. The direct award amount is then divided by the number of enrollees to arrive at the direct program costs per enrollee. The direct costs per enrollee are multiplied by the number of ineligible enrollees to project the total estimated question costs.

**Perspective Information:**

The Head Start Director took into account all of the risk factors associated with each applicant prior to their enrollment in the head start program. The Director did not use income eligibility as the first step in their approval process, instead, they considered other factors such as a single parent home and child's enrollment in children's protective services custody to develop a conclusion as to each applicant's need.

**Cause:**

Current year enrollees do not achieve the 90 percent income eligibly requirement.

**Effect:**

The District is not in compliance with 45 CFR section 1305.4(b)(1).

**Recommendation:**

We recommend that the District modify procedures to ensure compliance with the income eligibility requirement in future years.

**Views of Responsible Officials and Planned Corrective Actions:**

See corrective action plan.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2014*

***PRIOR YEAR FINDINGS***

None reported.

# COLLEGE STATION INDEPENDENT SCHOOL DISTRICT

## CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2014

### **CURRENT YEAR FINDINGS**

#### **2014-001 EARMARKING (INCOME-ELIGIBILITY)**

**Contact Person:**

Name: Sharon Jackson

Title: Director of Early Education Services

**Response:**

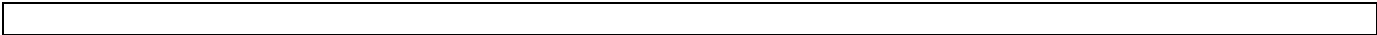
The Eligibility Criteria for the Head Start program as noted in OMB A133 has always been monitored by the Director of Head Start. However, the 101-130% rule as noted in 45 CFR section 1305.4(b)1 was misinterpreted by staff resulting in the above compliance finding (See further discussion below). The corrective action steps taken to correct this error are:

- CSISD self-reported to Health and Human Services(HHS) region 6 the non-compliance of the 90 percent income eligibility requirement
- CSISD Head Start Director informed CSISD Board of Trustees and Head Start Policy Council of the issue.
- Director of Head Start modified the evaluation eligibility ranking forms so that below poverty level applicants are given first consideration before other ranking criteria noting that at least 10% of eligible children must be Special Needs.
- The Director requested and was granted by the HHS a Training and Technical Assistance advisor to examine all fiscal and ERSEA processes.
- Corrective action will be taken to be compliant for the fiscal 2014-15 school year.
- Staff has received training from the Head Start Legal Advisory Service in December 2014.

The Head Start Director and Policy Council have designed the eligibility process to take the whole child/whole family into consideration for acceptance. Other than income, additional factors taken into consideration are parental age and education, family composition, social services received and disability level. The meticulous design of the CSISD Head Start Eligibility Criteria and its associated ranking system reflect the priorities of the program to serve the "neediest of the needy" in the community. The City of College Station has the enviable position of having a very high employment rate due to both the university and the high percentage of new businesses and service organizations resulting in an extensive waiting list to enter the Head Start Program each school year. Therefore additional criteria were put in place to serve the neediest of children and to examine the entire family. A multidisciplinary team meets to carefully consider each child and family on a case by case basis to determine the overall risk situation associated with each one. It has been found that this process enables us to truly locate and serve the neediest based on a several factors as well as income. This process has led to the acceptance of some children who, although their families made slightly over the poverty guidelines, had other extenuating circumstances that made their carefully calculated point value quite high. These children averaged up to 106% of poverty and were considered to be those most in need for the services that our program could provide.

**Estimated Date of Completion:**

December of the 2014-15 school year.



**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

EXHIBIT K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b>Passed Through State Department of Education:</b>			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	14610101021901	\$ 1,035,491
<b>Special Education Cluster (IDEA):</b>			
<i>IDEA - Part B, Formula</i>	84.027A	146600010219016600	1,451,235
<i>IDEA - Part B, Preschool</i>	84.173A	146610010219016610	42,985
<b>Total Special Education Cluster (IDEA)</b>			<b><u>1,494,220</u></b>
<i>Career and Technology - Basic Grant</i>	84.048A	14420006021901	42,579
<i>Career and Technology - Basic Grant</i>	84.048A	15420006021901	5,385
<b>Total 84.048A</b>			<b><u>47,964</u></b>
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	14671001021901	71,221
<i>ESEA Title II, Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	14694501021901	212,203
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b><u>2,861,099</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b>Child Nutrition Cluster:</b>			
<b>Passed Through State Department of Agriculture - Non-Cash Assistance:</b>			
<i>National School Lunch Program</i>	10.555	00122	312,584
<b>Passed Through State Department of Education - Cash Assistance:</b>			
<i>National School Breakfast Program</i>	10.553	71401401	492,036
<i>National School Lunch Program</i>	10.555	71301401	1,899,742
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<b><u>2,704,362</u></b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<b>Passed Through Texas Workforce Commission:</b>			
<i>WIA Dislocated Workers</i>	17.278	1614ATP000	8,143
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<b>Direct:</b>			
<i>Head Start - Reg Grant</i>	93.600	06CH555048	1,773,144
<i>Head Start - Reg Grant</i>	93.600	06CH711401	150,924
<b>Total 93.600</b>			<b><u>1,924,068</u></b>
<b>Passed Through Texas Workforce Commission:</b>			
<i>Temporary Assistance for Needy Families</i>	93.558	1614ATP000	4,607
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>1,928,675</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 7,502,279</u></b>

The accompanying notes are an integral part of this schedule.

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**

*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2014*

**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><b>Total Expenditures of Federal Awards per Exhibit K-1</b></i>	<b>\$ <u>7,502,279</u></b>
<i><b>Total Federal Revenues per Exhibit C-2</b></i>	<b>\$ <u>7,502,279</u></b>

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**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS*  
*AS OF AUGUST 31, 2014*

EXHIBIT L-1

Data  
 Control  
Codes

Responses

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an 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?	\$ -