

**LANEVILLE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2011

Laneville Independent School District
Annual Financial Report
For The Year Ended August 31, 2011

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Introductory Section

CERTIFICATE OF BOARD

Laneville Independent School District
Name of School District

Rusk
County

201-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2011, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Authorized signatures available
on report filed with TEA

Signature of Board Secretary

Authorized signatures available
on report filed with TEA

Signature of Board President

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

Financial Section

HALLS, JOHNSON, MCLEMORE, REDFIELD & RODRIGUES, LLP

CERTIFIED PUBLIC ACCOUNTANTS
A REGISTERED LIMITED LIABILITY PARTNERSHIP
1329 N. University Dr., Suite A3, Nacogdoches, Texas 75961
Phone: (936) 564-8186 Fax: (936) 564-3811 Web Site: hjmrr.com

Michael Halls, CPA
Gary Johnson, CPA
Terre McLemore, CPA
J.D. Redfield, CPA
Kenneth Rodrigues, CPA, P.C.

Independent Auditor's Report

Board of Trustees
Laneville Independent School District
P.O. Box 127
Laneville, Texas 75667

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laneville Independent School District (the "District") as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laneville Independent School District as of August 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Halls, Johnson, McLemons, Redfield & Rodriguez, LLP

Nacogdoches, Texas
November 9, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Laneville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

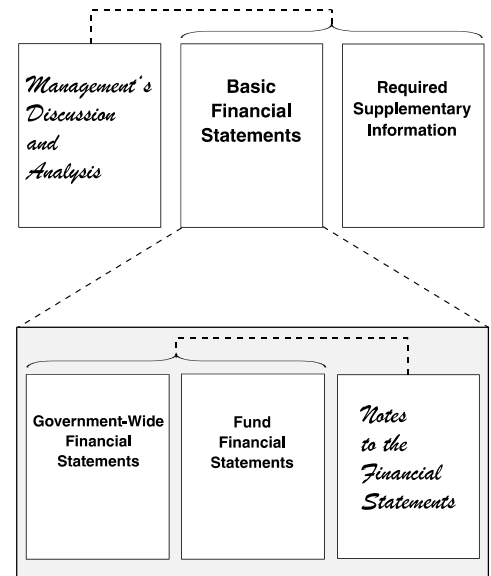
- The District's total combined net assets were \$1,751,164 at August 31, 2011.
- For the fiscal year ended August 31, 2011, the District's total expenses were \$43,802 less than the \$2,334,347 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$338,741 at August 31, 2011, an increase of \$134,834 from the prior year.
- The District's property tax revenue was \$974,232 in fiscal 2011, compared to \$908,967 in fiscal 2010, an increase of \$65,265 (7.2%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, or changes in student enrollment numbers.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Enterprise funds* - We use *enterprise funds* to report activities of the Store Fund, which accounts for concession activities. We eliminated the Store Fund this year.
- *Internal service funds* - We use *internal service funds* to report activities that provide supplies and services for the District's worker's compensation insurance. We eliminated the internal service fund this year.

- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District's fiduciary funds consist only of money held on behalf of student organizations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As year to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The following table provides a comparative summary of the District's net assets from its governmental activities:

Summary of Net Assets				
	8/31/2011	8/31/2010	Amount of Change	% Change
<u>Governmental Activities:</u>				
Current and other assets	\$ 536,981	\$ 560,475	\$ (23,494)	-4.19%
Capital assets	1,388,250	1,458,196	(69,946)	-4.80%
Total assets	<u>1,925,231</u>	<u>2,018,671</u>	<u>(93,440)</u>	<u>-4.63%</u>
Current liabilities	117,958	248,303	(130,345)	-52.49%
Long term liabilities	56,109	68,485	(12,376)	-18.07%
Total liabilities	<u>174,067</u>	<u>316,788</u>	<u>(142,721)</u>	<u>-45.05%</u>
Net assets:				
Invested in capital assets	1,332,141	1,389,711	(57,570)	-4.14%
Restricted	31,544	-	31,544	
Unrestricted	387,479	312,172	75,307	24.12%
Total net assets	<u>\$ 1,751,164</u>	<u>\$ 1,701,883</u>	<u>\$ 49,281</u>	<u>2.90%</u>

Net assets of the District's governmental activities increased 2.90% to \$1,751,164 during the year ending August 31, 2011. However some of these net assets are either restricted as to the purposes they can be used for, or are invested in capital assets (buildings, vehicles, equipment, and so on). Consequently, unrestricted net assets, which increased by \$75,307, totaled \$387,479 at year-end.

Governmental Activities

- The cost of all *governmental* activities this year was \$2,290,545.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$997,676.
- Some of the cost was paid by those who directly benefited from the programs (\$26,470), or by grants and contributions (\$449,420).
- Property tax values increased approximately 7% compared to the prior year. The property tax rate was \$1.17.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's operational activities and changes in net assets:

Summary of Activities & Changes in Net Assets

Governmental Activities

	8/31/2011	8/31/2010	Amount Of Change	% Change
Program revenues:				
Charges for services	\$ 26,470	\$ 24,622	\$ 1,848	7.51%
Operating grants/contributions	449,420	564,116	(114,696)	-20.33%
Capital grants/contributions	-	56,636	(56,636)	-100.00%
General revenues:				
Property taxes	997,676	945,508	52,168	5.52%
Investment earnings	1,813	1,277	536	41.97%
Foundation and unrestricted grants	808,215	716,191	92,024	12.85%
Other general revenues	50,696	39,574	11,122	28.10%
Total revenues/contributions	<u>2,334,290</u>	<u>2,347,924</u>	<u>(13,634)</u>	<u>-0.58%</u>
<u>Function</u>				
Expenses:				
11 Instruction	1,261,658	1,237,241	24,417	1.97%
12 Instructional Resources and Media Services	15,307	8,425	6,882	81.69%
13 Curriculum and Staff Development	21,568	1,954	19,614	1003.79%
21 Instructional Leadership	27,067	21,965	5,102	23.23%
23 School Leadership	93,148	90,852	2,296	2.53%
31 Guidance, Counseling, & Evaluation Services	39,518	35,476	4,042	11.39%
33 Health Services	4,688	4,623	65	1.41%
34 Student Transportation	92,370	91,382	988	1.08%
35 Food Service	136,025	111,727	24,298	21.75%
36 Cocurricular/Extracurricular Activities	84,992	85,910	(918)	-1.07%
41 General Administration	204,171	185,009	19,162	10.36%
51 Plant Maintenance and Operations	205,212	252,462	(47,250)	-18.72%
52 Security and Monitoring Services	1,020	561	459	81.82%
53 Data Processing Services	38,743	42,266	(3,523)	-8.34%
61 Community Services	11,657	10,724	933	8.70%
72 Interest on Long-term Debt	3,475	4,353	(878)	-20.17%
93 Payments Related to Shared Services Arrangements	37,876	28,926	8,950	30.94%
99 Other Intergovernmental Charges	12,050	9,922	2,128	21.45%
Total expenses	<u>2,290,545</u>	<u>2,223,778</u>	<u>66,767</u>	<u>3.00%</u>
Revenues over (under) expenses	43,745	124,146	(80,401)	-64.76%
Transfers	57	-	57	NA
Change in net assets	<u>43,802</u>	<u>124,146</u>	<u>(80,344)</u>	<u>-64.72%</u>
Prior period adjustment	5,480	-		
Beginning net assets	1,701,882	1,577,737	124,145	7.87%
Ending net assets	<u>\$ 1,751,164</u>	<u>\$ 1,701,883</u>	<u>49,281</u>	<u>2.90%</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL GOVERNMENTAL FUNDS

Comparative data for the District's revenues and expenditures of the General Fund are presented in the following table:

	General Fund		
	<u>8/31/2011</u>	<u>8/31/2010</u>	<u>Change</u>
<i><u>Revenues:</u></i>			
Property taxes, including penalties	\$ 996,603	\$ 932,315	\$ 64,288
Investment earnings	1,813	1,277	536
Athletic activities	7,741	5,188	2,553
Foundation & available state funds	649,303	706,351	(57,048)
On-behalf retirement paid by state	59,946	56,466	3,480
Other state income	500	500	-
Other revenue	85,560	49,414	36,146
Total Revenues	<u>\$ 1,801,466</u>	<u>\$ 1,751,511</u>	<u>\$ 49,955</u>
<i><u>Expenditures:</u></i>			
11 Instruction	\$ 913,216	\$ 891,089	\$ 22,127
12 Instructional Resources	4,099	1,064	3,035
13 Curriculum and Staff Development	1,060	669	391
21 Instructional Leadership	2,740	2,273	467
23 School Leadership	93,148	90,852	2,296
31 Guidance, Counseling, & Evaluation	39,518	35,476	4,042
33 Health Services	4,688	4,623	65
34 Student Transportation	88,338	83,888	4,450
36 Cocurricular/Extracurricular Activities	57,938	139,194	(81,256)
41 General Administration	197,526	178,364	19,162
51 Plant Maintenance and Operations	205,212	252,462	(47,250)
52 Security and Monitoring Services	1,020	561	459
71 Principal on Long-term Debt	12,376	18,648	(6,272)
72 Interest on Long-term Debt	3,475	4,353	(878)
93 Payments to Shared Arrangements	37,876	28,926	8,950
99 Other Intergovernmental Charges	12,050	9,922	2,128
Total Expenditures	<u>\$ 1,674,280</u>	<u>\$ 1,742,364</u>	<u>\$ (68,084)</u>

Explanation of variances and other comments:

- Property tax revenue increased due to an increase in property values.
- Foundation and available state revenues decreased in 2011.
- Function 11 – Increase in personnel salaries and purchases of computers.
- Function 36 – Purchased bus for athletic travel in the prior year.
- Function 41 – Increase in extra-duty pay and travel
- Function 51 – Decrease in utilities.

Comparative data for the revenues and expenditures for the Cafeteria Fund are presented in the following table:

National School Breakfast/Lunch Program (Cafeteria Fund)			
	<u>8/31/2011</u>	<u>8/31/2010</u>	<u>Change</u>
<i><u>Revenues:</u></i>			
Charges for meals	\$ 18,729	\$ 19,434	\$ (705)
State aid	4,438	3,696	742
Federal breakfast program	38,890	36,112	2,778
Federal lunch program	68,743	67,282	1,461
Value of USDA commodities	6,211	5,381	830
ARRA capital grant	-	56,636	(56,636)
Total Revenues	<u>\$ 137,011</u>	<u>\$ 188,541</u>	<u>\$ (51,530)</u>
<i><u>Expenditures:</u></i>			
Payroll costs	\$ 65,541	\$ 56,804	\$ 8,737
Cost of food	48,261	41,990	6,271
Value of USDA commodities	6,211	5,381	830
Cost of supplies	6,994	4,432	2,562
Capital outlays	-	61,206	(61,206)
Other costs	2,414	1,547	867
Total Expenditures	<u>\$ 129,421</u>	<u>\$ 171,360</u>	<u>\$ (41,939)</u>

Explanation of variances:

- Overall increase in expenditures.
- Capital expenditures decreased due to ARRA grant in the prior year.

Comparative data for the revenues and expenditures for “Non-Major” Funds are presented in the following table:

Other Governmental Funds (Accumulated)			
	<u>8/31/2011</u>	<u>8/31/2010</u>	<u>Change</u>
<i>Revenues:</i>			
Headstart	\$ 36,217	\$ 33,825	\$ 2,392
Title I, Basic	122,341	122,372	(31)
Title II, Training	24,666	23,954	712
ARRA Stimulus Grants	154,418	140,770	13,648
College Readiness	29,846	-	29,846
Governor's Excellence Award	13,010	12,246	764
Technology Allotment	4,460	3,215	1,245
Kindergarten & Prekindergarten	6,579	6,377	202
Texas Educator Excellence Award	-	40,000	(40,000)
ESC Region VII Technology	19,687	7,794	11,893
Other revenue	2,420	4,125	(1,705)
Total Revenues	<u>\$ 413,644</u>	<u>\$ 394,678</u>	<u>\$ 18,966</u>
<i>Expenditures:</i>			
11 Instruction	\$ 307,761	\$ 312,687	\$ (4,926)
12 Instructional Resources	11,208	7,361	3,847
13 Curriculum and Staff Development	20,508	1,285	19,223
21 Instructional Leadership	24,327	19,692	4,635
53 Data Processing Services	38,743	42,266	(3,523)
61 Community Services	11,657	10,724	933
Total Expenditures	<u>\$ 414,204</u>	<u>\$ 394,015</u>	<u>\$ 20,189</u>

Comparative data for the District's fund balances of its Governmental Funds are presented in the following table to assist analysis:

Summary of the District's Fund Balances

	<u>Governmental Funds</u>		Amount of Change
	<u>8/31/2011</u>	<u>8/31/2010</u>	
General Fund	\$ 338,741	\$ 203,907	\$ 134,834
Food Service Fund	31,441	23,851	7,590
Technology Allotment	103	663	(560)
Total - Governmental	<u>\$ 370,285</u>	<u>\$ 228,421</u>	<u>\$ 141,864</u>

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$107,910 under final budget amounts.

Resources available were \$4,683 under the final budgeted amount. State revenues were less than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2011, the District had invested \$3.4 million in a broad range of capital assets, including land, buildings, equipment, and vehicles. During the year ended August 31, 2011, the District purchased a bus and cafeteria equipment.

Summary of the District's Capital Assets

	Governmental Activities		Amount	
	8/31/2011	8/31/2010	of Change	% Change
Land	\$ 56,218	\$ 56,218	\$ -	0.00%
Buildings and improvements	2,773,684	2,773,684	-	0.00%
Equipment	209,507	209,507	-	0.00%
Vehicles	380,965	380,965	-	0.00%
Subtotal	3,420,374	3,420,374	-	0.00%
Less accumulated depreciation	(2,032,124)	(1,962,178)	(69,946)	3.56%
Net capital assets	1,388,250	1,458,196	(69,946)	-4.80%

Long Term Debt

At year-end the District had \$68,485 in notes payable outstanding. There have been no plans made to obtain additional long-term borrowing. Debt transactions are summarized as follows:

Summary of the District's Debt

	8/31/2011	8/31/2010
Balance of debt, beginning of yr	\$ 68,485	\$ 6,795
New debts	-	80,338
Principal payments on loans & leases	(12,376)	(18,648)
Balance of debt, end of year	\$ 56,109	\$ 68,485

Payments for interest totaled \$3,475 for fiscal 2011 and \$4,353 for fiscal 2010. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2012 budget preparation is projected to be \$84 million, which is approximately the same as the prior year values.

The District's 2012 enrollment is expected to be about 165 students, which is less than the prior year, which had an enrollment of 174 students.

These indicators were taken into account when adopting the general fund budget for 2012. Amounts available for appropriation in the general fund budget are \$1.65 million, a slight decrease from the original 2011 budget of \$1.69 million.

Expenditures are budgeted at \$1.65 million, a slight decrease from the original 2011 budget of \$1.69 million.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same by the close of fiscal 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

Basic Financial Statements

LANEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110	Cash and Cash Equivalents	\$ 182,652	\$ 182,652
1120	Current Investments	25,605	25,605
1225	Property Taxes Receivable (Net)	82,713	82,713
1240	Due from Other Governments	230,795	230,795
1290	Other Receivables (Net)	15,216	15,216
Capital Assets:			
1510	Land	56,218	56,218
1520	Buildings and Improvements, Net	1,180,222	1,180,222
1530	Furniture and Equipment, Net	151,810	151,810
1000	Total Assets	<u>1,925,231</u>	<u>1,925,231</u>
LIABILITIES:			
2165	Accrued Liabilities	101,154	101,154
2180	Due to Other Governments	16,804	16,804
Noncurrent Liabilities:			
2501	Due Within One Year	13,004	13,004
2502	Due in More Than One Year	43,105	43,105
2000	Total Liabilities	<u>174,067</u>	<u>174,067</u>
NET ASSETS			
3200	Invested in Capital Assets, Net of Related Debt Restricted For:	1,332,141	1,332,141
3820	State and Federal Programs	31,544	31,544
3900	Unrestricted	387,479	387,479
3000	Total Net Assets	<u>\$ 1,751,164</u>	<u>\$ 1,751,164</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Functions/Programs	1	3	4
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 1,261,658	\$ --	\$ 259,290
12	Instructional Resources and Media Services	15,307	--	7,432
13	Curriculum and Staff Development	21,568	--	19,158
21	Instructional Leadership	27,067	--	22,202
23	School Leadership	93,148	--	837
31	Guidance, Counseling, & Evaluation Services	39,518	--	2,366
33	Health Services	4,688	--	--
34	Student Transportation	92,370	--	2,230
35	Food Service	136,025	18,729	118,282
36	Cocurricular/Extracurricular Activities	84,992	7,741	1,872
41	General Administration	204,171	--	937
51	Plant Maintenance and Operations	205,212	--	3,157
52	Security and Monitoring Services	1,020	--	--
53	Data Processing Services	38,743	--	--
61	Community Services	11,657	--	11,657
72	Interest on Long-term Debt	3,475	--	--
93	Payments Related to Shared Services Arrangements	37,876	--	--
99	Other Intergovernmental Charges	12,050	--	--
TG	Total Governmental Activities	<u>2,290,545</u>	<u>26,470</u>	<u>449,420</u>
	Business-type Activities:			
01	Store	1,263	1,457	--
TP	Total Primary Government	<u>\$ 2,291,808</u>	<u>\$ 27,927</u>	<u>\$ 449,420</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
FR	Transfers			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
PA	Prior Period Adjustment			
	Net Assets - Beginning, as Restated			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,002,368)		\$ (1,002,368)
(7,875)		(7,875)
(2,410)		(2,410)
(4,865)		(4,865)
(92,311)		(92,311)
(37,152)		(37,152)
(4,688)		(4,688)
(90,140)		(90,140)
986		986
(75,379)		(75,379)
(203,234)		(203,234)
(202,055)		(202,055)
(1,020)		(1,020)
(38,743)		(38,743)
--		--
(3,475)		(3,475)
(37,876)		(37,876)
(12,050)		(12,050)
<u>(1,814,655)</u>		<u>(1,814,655)</u>
--	\$ 194	194
<u>(1,814,655)</u>	<u>194</u>	<u>(1,814,461)</u>
997,676	--	997,676
1,813	--	1,813
808,215	--	808,215
50,696	--	50,696
57	(57)	--
<u>1,858,457</u>	<u>(57)</u>	<u>1,858,400</u>
43,802	137	43,939
1,701,882	(137)	1,701,745
5,480	--	5,480
1,707,362	(137)	1,707,225
<u>\$ 1,751,164</u>	<u>\$ --</u>	<u>\$ 1,751,164</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2011

Data Control Codes	10 General Fund	24 National School Breakfast/Lunch Program	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 155,906	\$ 27,038	\$ (291)	\$ 182,653
1120	Current Investments	25,605	--	--	25,605
1225	Taxes Receivable, Net	82,713	--	--	82,713
1240	Due from Other Governments	225,241	4,403	1,151	230,795
1290	Other Receivables	15,216	--	--	15,216
1000	Total Assets	<u>\$ 504,681</u>	<u>\$ 31,441</u>	<u>\$ 860</u>	<u>\$ 536,982</u>
LIABILITIES:					
Current Liabilities:					
2150	Payroll Deductions & Withholdings	\$ 181	\$ --	\$ --	\$ 181
2160	Accrued Wages Payable	66,999	--	--	66,999
2180	Due to Other Governments	16,047	--	757	16,804
2300	Deferred Revenue	82,713	--	--	82,713
2000	Total Liabilities	<u>165,940</u>	<u>--</u>	<u>757</u>	<u>166,697</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	31,441	103	31,544
3600	Unassigned	338,741	--	--	338,741
3000	Total Fund Balances	<u>338,741</u>	<u>31,441</u>	<u>103</u>	<u>370,285</u>
4000	Total Liabilities and Fund Balances	<u>\$ 504,681</u>	<u>\$ 31,441</u>	<u>\$ 860</u>	<u>\$ 536,982</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 370,285
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,388,251
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	82,713
Payables for notes which are not due in the current period are not reported in the funds.	(56,109)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(33,974)
Rounding difference	(2)
	<u> </u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 1,751,164</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	24 National School Breakfast/Lunch Program	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 1,075,757	\$ 18,729	\$ 19,687	\$ 1,114,173
5800 State Program Revenues	709,749	4,438	56,263	770,450
5900 Federal Program Revenues	15,960	113,844	337,694	467,498
5020 Total Revenues	<u>1,801,466</u>	<u>137,011</u>	<u>413,644</u>	<u>2,352,121</u>
EXPENDITURES:				
Current:				
0011 Instruction	913,216	--	307,761	1,220,977
0012 Instructional Resources and Media Services	4,099	--	11,208	15,307
0013 Curriculum and Staff Development	1,060	--	20,508	21,568
0021 Instructional Leadership	2,740	--	24,327	27,067
0023 School Leadership	93,148	--	--	93,148
0031 Guidance, Counseling, & Evaluation Services	39,518	--	--	39,518
0033 Health Services	4,688	--	--	4,688
0034 Student Transportation	88,338	--	--	88,338
0035 Food Service	--	129,421	--	129,421
0036 Cocurricular/Extracurricular Activities	57,938	--	--	57,938
0041 General Administration	197,526	--	--	197,526
0051 Plant Maintenance and Operations	205,212	--	--	205,212
0052 Security and Monitoring Services	1,020	--	--	1,020
0053 Data Processing Services	--	--	38,743	38,743
0061 Community Services	--	--	11,657	11,657
0071 Principal on Long-term Debt	12,376	--	--	12,376
0072 Interest on Long-term Debt	3,475	--	--	3,475
0093 Payments to Shared Service Arrangements	37,876	--	--	37,876
0099 Other Intergovernmental Charges	12,050	--	--	12,050
6030 Total Expenditures	<u>1,674,280</u>	<u>129,421</u>	<u>414,204</u>	<u>2,217,905</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>127,186</u>	<u>7,590</u>	<u>(560)</u>	<u>134,216</u>
Other Financing Sources and (Uses):				
7915 Transfers In	2,168	--	--	2,168
7080 Total Other Financing Sources and (Uses)	<u>2,168</u>	<u>--</u>	<u>--</u>	<u>2,168</u>
1200 Net Change in Fund Balances	129,354	7,590	(560)	136,384
0100 Fund Balances - Beginning	203,907	23,851	663	228,421
1300 Prior Period Adjustment	5,480	--	--	5,480
Fund Balances - Beginning, as Restated	209,387	23,851	663	233,901
3000 Fund Balances - Ending	<u>\$ 338,741</u>	<u>\$ 31,441</u>	<u>\$ 103</u>	<u>\$ 370,285</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

Net change in fund balances - total governmental funds	\$ 136,384
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(69,945)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,073
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	12,376
The net revenue (expense) of internal service funds is reported with governmental activities.	(2,112)
Unpaid worker's compensation claims are reported as incurred in the SOA but as the amount paid in the funds	<u>(33,974)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 43,802</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

AUGUST 31, 2011

Data Control Codes		Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
<u> </u>		<u>Store Fund</u>	<u>Workers Compensation Insurance</u>
	ASSETS:		
1000	Total Assets	\$ --	\$ --
	LIABILITIES:		
2000	Total Liabilities	--	--
	NET ASSETS:		
3000	Total Net Assets	\$ --	\$ --

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Nonmajor Enterprise Fund	Nonmajor Internal Service Fund
<u> </u>	<u>Store Fund</u>	<u>Workers Compensation Insurance</u>
OPERATING REVENUES:		
5700 Local and Intermediate Sources	\$ 1,457	\$ --
5020 Total Revenues	<u>1,457</u>	<u>--</u>
OPERATING EXPENSES:		
6300 Supplies and Materials	56	--
6400 Other Operating Costs	1,207	--
6030 Total Expenses	<u>1,263</u>	<u>--</u>
Income (Loss) before Contributions and Transfers	194	--
8911 Transfers Out	<u>(57)</u>	<u>(2,111)</u>
1300 Change in Net Assets	137	(2,111)
0100 Total Net Assets - Beginning	(137)	2,111
3300 Total Net Assets - Ending	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2011

	Nonmajor Enterprise Fund	Nonmajor Internal Service Fund Workers' Compensation Fund
	Store Fund	
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,457	\$ --
Cash Payments to Other Suppliers for Goods and Services	(1,413)	(18,903)
Other Operating Cash Receipts (Payments)	--	--
Net Cash Provided (Used) by Operating Activities	<u>44</u>	<u>(18,903)</u>
Cash Flows from Non-capital Financing Activities:		
Transfers From (To) Primary Government	--	--
Transfers From (To) Other Funds	(57)	(2,111)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(57)</u>	<u>(2,111)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13)	(21,014)
Cash and Cash Equivalents at Beginning of Year	13	21,014
Cash and Cash Equivalents at End of Year	<u>\$ --</u>	<u>\$ --</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 137	\$ (2,111)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Transfers From (To) Other Funds	57	2,111
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	(150)	--
Increase (Decrease) in Accrued Expenses	--	(18,903)
Increase (Decrease) in Unearned Revenue	--	--
Total Adjustments	<u>(93)</u>	<u>(16,792)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 44</u>	<u>\$ (18,903)</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2011

Data Control Codes		Private-purpose Trust Fund	Agency Fund
		Laneville ISD Scholarship Fund	Student Activity
	ASSETS:		
1110	Cash and Cash Equivalents	\$ 6,439	\$ 8,974
1000	Total Assets	<u>\$ 6,439</u>	<u>\$ 8,974</u>
	LIABILITIES:		
	Current Liabilities:		
2190	Due to Student Groups	\$ --	\$ 8,974
2000	Total Liabilities	<u>--</u>	<u>8,974</u>
	NET ASSETS		
3800	Held in Trust	6,439	--
3000	Total Net Assets	<u>\$ 6,439</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2011

	Private- Purpose Trusts
Additions:	
Donations	\$ 300
Transfers from General Fund	5,000
Total Additions	<u>5,300</u>
Deductions:	
Scholarship Awards	2,855
Administrative Expenses	--
Total Deductions	<u>2,855</u>
Change in Net Assets	2,445
Net Assets-Beginning of the Year	5,594
Prior Period Adjustment	<u>(1,600)</u>
Net Assets-Beginning as Restated	3,994
Net Assets-End of the Year	<u>\$ 6,439</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

A. Summary of Significant Accounting Policies

The basic financial statements of Laneville Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

National School Breakfast/Lunch Program Fund: This fund accounts for the revenues and expenditures associated with the operation of the District's cafeteria.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	15
Vehicles	10
Equipment	5-20

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Non-spendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	\$ -	

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$198,065 and the bank balance was \$220,902. The District's cash deposits at August 31, 2011 and during the year ended August 31, 2011, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, acceptable risk levels, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District's investments at August 31, 2011 are shown below.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool Investment Pool	n/a	\$ 25,605
Total investments		\$ 25,605

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2011, the District's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

TexPool Local Government Investment Pool – AAAM by Standard and Poors

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

4. Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

5. Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 56,218	\$ -	\$ -	\$ 56,218
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>56,218</u>	<u>-</u>	<u>-</u>	<u>56,218</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	2,773,684	-	-	2,773,684
Equipment	209,507	-	-	209,507
Vehicles	380,965	-	-	380,965
Total capital assets being depreciated	<u>3,364,156</u>	<u>-</u>	<u>-</u>	<u>3,364,156</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,542,737)	(50,725)	-	(1,593,462)
Equipment	(123,876)	(7,579)	-	(131,455)
Vehicles	(295,566)	(11,641)	-	(307,207)
Total accumulated depreciation	<u>(1,962,179)</u>	<u>(69,945)</u>	<u>-</u>	<u>(2,032,124)</u>
Total capital assets being depreciated, net	<u>1,401,977</u>	<u>(69,945)</u>	<u>-</u>	<u>1,332,032</u>
Governmental activities capital assets, net	<u>\$ 1,458,195</u>	<u>\$ (69,945)</u>	<u>\$ -</u>	<u>\$ 1,388,250</u>

Depreciation was charged to functions as follows:

Instruction	\$ 25,610
Student transportation	4,032
Food services	6,604
Extracurricular activities	27,054
General administration	6,645
Total depreciation	<u>\$ 69,945</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

E. Interfund Balances and Activities

1. Due To and From Other Funds

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances due to and due from other funds at August 31, 2011, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
None			

2. Transfers To and From Other Funds

The summary of the District's transfers for the year ended August 31, 2011 is as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
Workers Compensation ISF	General Fund	\$ 2,111	Transfer residual equity
Store Enterprise Fund	General Fund	57	Transfer residual equity
	Total	<u>\$ 2,168</u>	

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2011, are as follows:

<u>Governmental activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
Note payable	\$ 68,485	\$ -	\$ 12,376	\$ 56,109	\$ 13,004
Total governmental activities	<u>\$ 68,485</u>	<u>\$ -</u>	<u>\$ 12,376</u>	<u>\$ 56,109</u>	<u>\$ 13,004</u>

Debts payable are comprised of the following individual issues:

<u>Issue</u>	<u>Interest Rates</u>	<u>Annual Payment</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Balance at Year-End</u>
<u>Governmental Activities:</u>					
Note payable for purchase of bus	5.04%	\$ 15,851	\$ 80,338	2015	\$ 56,109
Total Governmental Activities Debt					<u>\$ 56,109</u>

Equipment purchased with the debt is pledged as security. Total interest cost charged to expense for the year ended August 31, 2011 was \$3,475 and no interest cost incurred was capitalized.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2011, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 13,004	\$ 2,847	\$ 15,851
2013	13,663	2,188	15,851
2014	14,357	1,494	15,851
2015	15,085	766	15,851
Totals	\$ 56,109	\$ 7,295	\$ 63,404

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2011, the District participated in pools designed for school districts to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

The District participates in a partially self-funded workers' compensation pool administered by Claims Administrative Services, Inc. The District pays a contribution for the fund year to cover the servicing of programs administration, claims handling, loss control and stop loss coverage. Provided the District remains in the pool, there are no additional fees for services. The District has retained the services of an independent plan supervisor experienced in claims processing. The agreement for formation of the Plan provides that the Plan will be self-sustaining through member premiums and will reinsure through commercial companies for excessive claims.

Changes in the balances of workers' compensation claim liabilities during the past three years are as follows:

	Balance Beginning of Year	Incurred Claims (IBNR)	Claims Paid	Balance End of Year
Year ended Aug 31, 2009	\$ 12,319	\$ 5,455	\$ 3,361	\$ 14,413
Year ended Aug 31, 2010	14,413	8,083	3,593	18,903
Year ended Aug 31, 2011	18,903	18,169	3,098	33,974

H. Pension Plan

1. Plan Description

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

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2011, 2010 and 2009 were \$72,087, \$68,980 and \$63,372, respectively. The District paid additional state contributions for the years ending August 31, 2011, 2010 and 2009 in the amount of \$12,164, \$17,020 and \$11,020, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

I. Retiree Health Care Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$11,264, \$10,778, and \$10,683, respectively, the active member contributions were \$7,322, \$7,006, and \$6,944, respectively, and the District's contributions were \$7,604, \$8,167, and \$7,231, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2011, 2010, and 2009, the subsidy payments received by TRS-Care on behalf of the District were \$3,011, \$2,748, and \$2,413, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2011, employees of the District were covered by a health insurance plan (the Plan) through the TRS Active Care Program. The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2011

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2011.

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for state special education services with the following school districts:

Member Districts

Carlisle ISD
Leverett's Chapel ISD
Mt. Enterprise ISD
Overton ISD
Tatum ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Overton ISD, 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 manager is responsible for all financial activities of the SSA.

M. Other Disclosures

The allowance for uncollectible property taxes was \$74,559 at August 31, 2011.

Interest income was \$1,813 for the year ended August 31, 2011.

There was a prior period adjustment of \$5,480 made to the General Fund and to the Government-Wide Financial Statements to eliminate prior year outstanding checks that were voided.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,058,444	\$ 1,072,234	\$ 1,075,757	\$ 3,523
5800	State Program Revenues	621,291	717,785	709,749	(8,036)
5900	Federal Program Revenues	12,777	16,130	15,960	(170)
5020	Total Revenues	<u>1,692,512</u>	<u>1,806,149</u>	<u>1,801,466</u>	<u>(4,683)</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	922,206	957,441	913,216	44,225
0012	Instructional Resources and Media Services	825	4,325	4,099	226
0013	Curriculum and Staff Development	900	1,700	1,060	640
	Total Instruction & Instr. Related Services	<u>923,931</u>	<u>963,466</u>	<u>918,375</u>	<u>45,091</u>
Instructional and School Leadership:					
0021	Instructional Leadership	--	2,740	2,740	--
0023	School Leadership	94,205	94,483	93,148	1,335
	Total Instructional & School Leadership	<u>94,205</u>	<u>97,223</u>	<u>95,888</u>	<u>1,335</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	29,801	39,509	39,518	(9)
0033	Health Services	4,650	4,750	4,688	62
0034	Student (Pupil) Transportation	68,122	91,647	88,338	3,309
0036	Cocurricular/Extracurricular Activities	75,991	67,438	57,938	9,500
	Total Support Services - Student (Pupil)	<u>178,564</u>	<u>203,344</u>	<u>190,482</u>	<u>12,862</u>
Administrative Support Services:					
0041	General Administration	206,558	208,153	197,526	10,627
	Total Administrative Support Services	<u>206,558</u>	<u>208,153</u>	<u>197,526</u>	<u>10,627</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	240,577	242,401	205,212	37,189
0052	Security and Monitoring Services	800	1,075	1,020	55
	Total Support Services - Nonstudent Based	<u>241,377</u>	<u>243,476</u>	<u>206,232</u>	<u>37,244</u>
Debt Service:					
0071	Principal on Long-Term Debt	--	15,851	12,376	3,475
0072	Interest on Long-Term Debt	--	--	3,475	(3,475)
	Total Debt Service	<u>--</u>	<u>15,851</u>	<u>15,851</u>	<u>--</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	37,877	37,877	37,876	1
0099	Other Intergovernmental Charges	10,000	12,800	12,050	750
	Total Intergovernmental Charges	<u>47,877</u>	<u>50,677</u>	<u>49,926</u>	<u>751</u>
6030	Total Expenditures	<u>1,692,512</u>	<u>1,782,190</u>	<u>1,674,280</u>	<u>107,910</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>23,959</u>	<u>127,186</u>	<u>103,227</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Other Financing Sources (Uses):				
7915	Transfers In	--	--	2,168	2,168
7080	Total Other Financing Sources and (Uses)	--	--	2,168	2,168
1200	Net Change in Fund Balance	--	23,959	129,354	105,395
0100	Fund Balance - Beginning	203,907	203,907	203,907	--
1300	Prior Period Adjustment	--	--	5,480	5,480
0100	Fund Balance - Beginning, as Restated	203,907	203,907	209,387	5,480
3000	Fund Balance - Ending	<u>\$ 203,907</u>	<u>\$ 227,866</u>	<u>\$ 338,741</u>	<u>\$ 110,875</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 21,454	\$ 22,760	\$ 18,729	\$ (4,031)
5800	State Program Revenues	3,735	4,438	4,438	--
5900	Federal Program Revenues	94,182	124,435	113,844	(10,591)
5020	Total Revenues	<u>119,371</u>	<u>151,633</u>	<u>137,011</u>	<u>(14,622)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	119,371	133,635	129,421	4,214
	Total Support Services - Student (Pupil)	<u>119,371</u>	<u>133,635</u>	<u>129,421</u>	<u>4,214</u>
6030	Total Expenditures	<u>119,371</u>	<u>133,635</u>	<u>129,421</u>	<u>4,214</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	17,998	7,590	(10,408)
1200	Net Change in Fund Balance	--	17,998	7,590	(10,408)
0100	Fund Balance - Beginning	23,851	23,851	23,851	--
3000	Fund Balance - Ending	<u>\$ 23,851</u>	<u>\$ 41,849</u>	<u>\$ 31,441</u>	<u>\$ (10,408)</u>

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

Data Control Codes	404 Student Success Initiative	411 Technology Allotment	429 State Funded Special Revenue Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 757	\$ 103	\$ (1,151)	\$ (291)
1240	Due from Other Governments	--	--	1,151	1,151
1000	Total Assets	<u>\$ 757</u>	<u>\$ 103</u>	<u>\$ --</u>	<u>\$ 860</u>
LIABILITIES:					
Current Liabilities:					
2180	Due to Other Governments	\$ 757	\$ --	\$ --	\$ 757
2000	Total Liabilities	<u>757</u>	<u>--</u>	<u>--</u>	<u>757</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	103	--	103
3000	Total Fund Balances	<u>--</u>	<u>103</u>	<u>--</u>	<u>103</u>
4000	Total Liabilities and Fund Balances	<u>\$ 757</u>	<u>\$ 103</u>	<u>\$ --</u>	<u>\$ 860</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	255 ESEA Title II Training & Recruiting
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	36,217	122,341	8,214	24,666
5020 Total Revenues	<u>36,217</u>	<u>122,341</u>	<u>8,214</u>	<u>24,666</u>
EXPENDITURES:				
Current:				
0011 Instruction	36,217	61,892	8,214	18,987
0012 Instructional Resources and Media Services	--	7,432	--	3,776
0013 Curriculum and Staff Development	--	19,158	--	1,350
0021 Instructional Leadership	--	22,202	--	553
0053 Data Processing Services	--	--	--	--
0061 Community Services	--	11,657	--	--
6030 Total Expenditures	<u>36,217</u>	<u>122,341</u>	<u>8,214</u>	<u>24,666</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

266 ARRA of 2009 Title XIV State Fiscal Stabilization	279 Enhancing Education through Technology-ARRA	284 IDEA - Part B Preschool - ARRA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	404 Student Success Initiative
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	32,214
142,952	52	856	2,396	--
<u>142,952</u>	<u>52</u>	<u>856</u>	<u>2,396</u>	<u>32,214</u>
102,637	52	856	2,396	32,214
--	--	--	--	--
--	--	--	--	--
1,572	--	--	--	--
38,743	--	--	--	--
--	--	--	--	--
<u>142,952</u>	<u>52</u>	<u>856</u>	<u>2,396</u>	<u>32,214</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes	411 Technology Allotment	415 Kindergarten and Prekindergarten Grants
REVENUES:		
5700 Local and Intermediate Sources	\$ --	\$ --
5800 State Program Revenues	4,460	6,579
5900 Federal Program Revenues	--	--
5020 Total Revenues	<u>4,460</u>	<u>6,579</u>
EXPENDITURES:		
Current:		
0011 Instruction	5,020	6,579
0012 Instructional Resources and Media Services	--	--
0013 Curriculum and Staff Development	--	--
0021 Instructional Leadership	--	--
0053 Data Processing Services	--	--
0061 Community Services	--	--
6030 Total Expenditures	<u>5,020</u>	<u>6,579</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(560)</u>	<u>--</u>
1200 Net Change in Fund Balances	(560)	--
0100 Fund Balances - Beginning	663	--
3000 Fund Balances - Ending	<u>\$ 103</u>	<u>\$ --</u>

d

	429 State Funded Special Revenue Fund	499 Region VII ESC Technology Consortium	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
	\$ --	\$ 19,687	\$ 19,687
	13,010	--	56,263
	--	--	337,694
	<u>13,010</u>	<u>19,687</u>	<u>413,644</u>
	13,010	19,687	307,761
	--	--	11,208
	--	--	20,508
	--	--	24,327
	--	--	38,743
	--	--	11,657
	<u>13,010</u>	<u>19,687</u>	<u>414,204</u>
	--	--	(560)
	--	--	(560)
	--	--	663
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 103</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

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

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2002 and Prior Years	\$	Various	\$	Various	\$	Various
2003		1.50		--		41,479,180
2004		1.50		--		38,753,400
2005		1.50		--		38,075,751
2006		1.50		--		45,909,468
2007		1.37		--		51,675,500
2008		1.04		--		76,027,350
2009		1.04		--		98,972,596
2010		1.17		--		79,342,480
2011 (School Year Under Audit)		1.17		--		84,774,016

1000 Totals

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

10 Beginning Balance 9/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/11
\$ 26,141	\$ --	\$ 364	\$ --	\$ (326)	\$ 25,451
5,905	--	533	--	(310)	5,062
6,536	--	971	--	(310)	5,255
6,520	--	1,151	--	(311)	5,058
9,059	--	1,756	--	(444)	6,859
13,558	--	2,872	--	(346)	10,340
13,710	--	3,863	--	(256)	9,591
22,068	--	5,827	--	(245)	15,996
49,153	--	19,915	--	(1,183)	28,055
--	989,139	936,980	--	(6,554)	45,605
<u>\$ 152,650</u>	<u>\$ 989,139</u>	<u>\$ 974,232</u>	<u>\$ --</u>	<u>\$ (10,285)</u>	<u>\$ 157,272</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LANEVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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

FUNCTION 41 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 84,167	\$ 59,438	\$ --	\$ --	\$ 143,605
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	--	--	--	--	--
6212	Audit Services	--	--	--	8,550	--	--	8,550
6213	Tax Appraisal and Collection	--	7,986	--	--	--	--	7,986
621X	Other Prof. Services	--	--	--	--	--	--	--
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	6,466	--	--	6,466
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	--	--	--
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	1,344	1,421	--	--	2,765
6410	Travel, Subsistence, Stipends	8,781	--	5,144	906	--	--	14,831
6420	Ins. and Bonding Costs	1,939	--	--	--	--	--	1,939
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	--	--	10,408	976	--	--	11,384
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 10,720 \$ 7,986 \$ 101,063 \$ 77,757 \$ -- \$ -- \$ 197,526

Total Expenditures for General and Special Revenue Funds (9) \$ 2,217,905

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ --
Total Debt & Lease (6500)	(11)	\$ 15,851
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 205,212
Food (Function 35, 6341 and 6499)	(13)	\$ 48,461
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		<u>\$ 77,757</u>

Subtotal 347,281

Net Allowed Direct Cost \$ 1,870,624

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 2,773,684
Historical Cost of Buildings over 50 years old	(16)	271,591
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	590,472
Historical Cost of Furniture & Equipment over 16 years old	(19)	217,491
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 61,206

(8) Note A - No Function 53 expenditures and no Function 99 expenditures are included in this report on administrative costs.

HALLS, JOHNSON, MCLEMORE, REDFIELD & RODRIGUES, LLP

CERTIFIED PUBLIC ACCOUNTANTS
A REGISTERED LIMITED LIABILITY PARTNERSHIP
1329 N. University Dr., Suite A3, Nacogdoches, Texas 75961
Phone: (936) 564-8186 Fax: (936) 564-3811 Web Site: hjmrr.com

Michael Halls, CPA
Gary Johnson, CPA
Terre McLemore, CPA
J.D. Redfield, CPA
Kenneth Rodrigues, CPA, P.C.

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Laneville Independent School District
P.O. Box 127
Laneville, Texas 75667

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laneville Independent School District (the "District") as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Respectfully submitted,

Halls, Johnson, McLeMare, Redfield & Rodriguez, LLP

Nacogdoches, Texas
November 9, 2011

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

 Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

2. Federal Awards

The District is not required to obtain a Single Audit.

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NO PRIOR FINDINGS		

LANEVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2011

N/A - No current findings

LANEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2011

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