

**LANEVILLE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013

Laneville Independent School District
Annual Financial Report
For The Year Ended August 31, 2013

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Laneville Independent School District
Annual Financial Report
For The Year Ended August 31, 2013

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Introductory Section

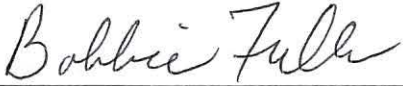
CERTIFICATE OF BOARD

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, 2013, at a meeting of the board of trustees of such school district on the 12th day of December, 2013.



Signature of Board Secretary



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

1329 N University A3
Nacogdoches, TX 75961
936-564-8186

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Laneville Independent School District as of August 31, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laneville Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of Laneville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laneville Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Halls, Johnson, McLemore, Redfield & Rodriguez, LLP

Halls, Johnson, McLemore, Redfield & Rodriguez, LLP

Nacogdoches, Texas
December 5, 2013

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, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

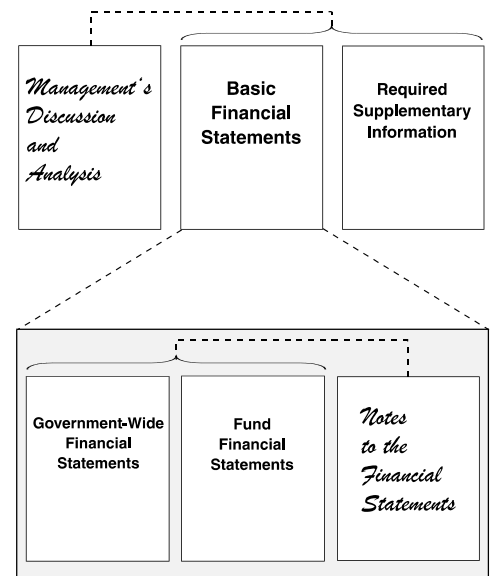
- The District's total combined net position was \$1,807,074 at August 31, 2013.
- For the fiscal year ended August 31, 2013, the District's total expenses were \$32,373 more than the \$2,159,531 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$344,821 at August 31, 2013, a decrease of \$91,976 from the prior year.
- The District's property tax revenue was \$1,015,898 in fiscal 2013, compared to \$1,054,070 in fiscal 2012, a decrease of \$38,172 (3.6%).

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 position 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 position and how it has changed. Net position (the difference between the District's assets and liabilities) is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position 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.

- *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 position and a statement of changes in fiduciary net position. 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 and scholarships.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As year to year financial information is accumulated on a consistent basis, changes in net position 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 position from its governmental activities:

Summary of Net Position				
	8/31/2013	8/31/2012	Amount of Change	% Change
<u>Governmental Activities:</u>				
Current and other assets	\$ 667,213	\$ 781,971	\$ (114,758)	-14.68%
Capital assets	1,820,252	1,796,673	23,579	1.31%
Total assets	<u>2,487,465</u>	<u>2,578,644</u>	<u>(91,179)</u>	<u>-3.54%</u>
Current liabilities	170,949	233,369	(62,420)	-26.75%
Long term liabilities	509,442	553,105	(43,663)	-7.89%
Total liabilities	<u>680,391</u>	<u>786,474</u>	<u>(106,083)</u>	<u>-13.49%</u>
Net Position:				
Invested in capital assets	1,328,620	1,263,768	64,852	5.13%
Restricted	20,942	60,107	(39,165)	-65.16%
Unrestricted	457,512	468,295	(10,783)	-2.30%
Total Net Position	<u>\$ 1,807,074</u>	<u>\$ 1,792,170</u>	<u>\$ 14,904</u>	<u>0.83%</u>

Net position of the District's governmental activities increased 0.83% to \$1,807,074 during the year ending August 31, 2013. However some of the net position is either restricted as to the purposes it can be used for, or is invested in capital assets (buildings, vehicles, equipment, and so on). Consequently, the unrestricted net position, which decreased by \$10,783, totaled \$457,512 at year-end.

Governmental Activities

- The cost of all *governmental* activities this year was \$2,144,627.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$1,015,898.
- Some of the cost was paid by those who directly benefited from the programs (\$14,244), or by grants and contributions (\$401,195).
- Property tax values decreased by approximately \$3,234,433 compared to the prior year. The property tax rate was \$1.17 for the current and prior years.

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 position:

Summary of Activities & Changes in Net Position

Governmental Activities

	8/31/2013	8/31/2012	Amount of Change	% Change
Program revenues:				
Charges for services	\$ 14,244	\$ 17,176	\$ (2,932)	-17.07%
Operating grants/contributions	363,195	393,205	(30,010)	-7.63%
Capital grants/contributions	38,000	-	38,000	
General revenues:				
Property taxes	1,015,898	1,054,070	(38,172)	-3.62%
Investment earnings	2,722	3,730	(1,008)	-27.02%
Foundation and unrestricted grants	529,377	593,332	(63,955)	-10.78%
Other general revenues	148,818	140,643	8,175	5.81%
Total revenues/contributions	<u>2,112,254</u>	<u>2,202,156</u>	<u>(89,902)</u>	<u>-4.08%</u>
<u>Function</u>				
Expenses:				
11 Instruction	1,107,061	1,165,779	(58,718)	-5.04%
12 Instructional Resources and Media Services	14,560	12,042	2,518	20.91%
13 Curriculum and Staff Development	1,437	7,408	(5,971)	-80.60%
21 Instructional Leadership	5,732	23,375	(17,643)	-75.48%
23 School Leadership	112,791	106,699	6,092	5.71%
31 Guidance, Counseling, & Evaluation Services	56,442	56,822	(380)	-0.67%
33 Health Services	5,248	4,539	709	15.62%
34 Student Transportation	103,296	103,993	(697)	-0.67%
35 Food Service	144,406	123,808	20,598	16.64%
36 Cocurricular/Extracurricular Activities	79,338	79,107	231	0.29%
41 General Administration	236,702	201,815	34,887	17.29%
51 Plant Maintenance and Operations	191,074	215,253	(24,179)	-11.23%
52 Security and Monitoring Services	1,330	510	820	160.78%
53 Data Processing Services	24,321	-	24,321	
61 Community Services	11,928	11,675	253	2.17%
72 Interest on Long-term Debt	10,149	7,559	2,590	34.26%
73 Bond Issuance Cost and Fees	3,300	-	3,300	
81 Capital Outlay	-	4,790	(4,790)	-100.00%
93 Payments Related to Shared Services Arrangements	18,902	19,457	(555)	-2.85%
99 Other Intergovernmental Charges	16,610	17,496	(886)	-5.06%
Total expenses	<u>2,144,627</u>	<u>2,162,127</u>	<u>(17,500)</u>	<u>-0.81%</u>
Revenues over (under) expenses	(32,373)	40,029	(72,402)	-180.87%
Transfers	-	-	-	
Change in Net Position	<u>(32,373)</u>	<u>40,029</u>	<u>(72,402)</u>	<u>-180.87%</u>
Prior period adjustment	47,277	977		
Beginning Net Position	1,792,170	1,751,164	41,006	2.34%
Ending Net Position	<u>\$ 1,807,074</u>	<u>\$ 1,792,170</u>	<u>\$ 14,904</u>	<u>0.83%</u>

FINANCIAL ANALYSIS OF THE DISTRICT’S INDIVIDUAL GOVERNMENTAL FUNDS

General Fund revenues totaled \$1,793,643, a decrease of \$45,290 (2.5%) from the preceding year. The decrease was the net result of fluctuations in several revenue items. There was a decrease in property taxes (\$49,932), a decrease in the state foundation allotment (\$65,918), an increase in e-rate revenue (52,417), and a current year grant for air conditioner replacement (\$38,000).

General Fund expenditures totaled \$1,846,619, a decrease of \$405,337 (18.0%) from the preceding year. The decrease was the net result of fluctuations in several expenditure functions. There was a decrease in transportation (\$16,544), a decrease in debt issue costs (\$19,900), and a decrease in capital outlays (\$442,985) resulting from the renovation project in the prior year.

The General Fund ended the year with a fund balance of \$344,821 a decrease of \$91,976 from prior year’s ending balance of \$436,797. The decrease is primarily attributable to a decrease in state foundation funding and a decrease in property value and tax collections.

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

	Governmental Funds		Amount of Change
	8/31/2013	8/31/2012	
General Fund	\$ 344,821	\$ 436,797	\$ (91,976)
Food Service Fund	19,619	31,651	(12,032)
Debt Service Fund	239	-	239
Total - Governmental	<u>\$ 364,679</u>	<u>\$ 468,448</u>	<u>\$ (103,769)</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 \$3,807 under final budget amounts.

Resources available were \$27,492 under the final budgeted amount. State revenues were less than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2013, the District had invested \$3.8 million in a broad range of capital assets, including land, buildings, equipment, and vehicles.

Summary of the District's Capital Assets

	Governmental Activities		Amount	
	8/31/2013	8/31/2012	of Change	% Change
Land	\$ 56,218	\$ 56,218	\$ -	0.00%
Buildings and improvements	3,001,394	2,985,128	16,266	0.54%
Equipment	399,070	288,085	110,985	38.53%
Vehicles	351,186	351,186	-	0.00%
Subtotal	3,807,868	3,680,617	127,251	3.46%
Less accumulated depreciation	(1,987,616)	(1,883,944)	(103,672)	5.50%
Net capital assets	<u>1,820,252</u>	<u>1,796,673</u>	<u>23,579</u>	<u>1.31%</u>

Long Term Debt

At year-end the District had \$509,442 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

	8/31/2013	8/31/2012
Balance of debt, beginning of yr	\$ 553,105	\$ 56,109
New debts	-	510,000
Principal payments on loans & leases	(43,663)	(13,004)
Balance of debt, end of year	<u>\$ 509,442</u>	<u>\$ 553,105</u>

Payments for interest totaled \$10,338 for fiscal 2013 and \$2,847 for fiscal 2012. 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 2014 budget preparation is projected to be \$88 million, which is more than the fiscal 2013 value of \$86 million.

The District's 2013-2014 enrollment is expected to be about 165 students, which is a slight increase in enrollment from the 2012-2013 year.

These indicators were taken into account when adopting the general fund budget for 2014. Amounts available for appropriation in the general fund budget are \$1,700,282, a slight decrease from the original 2013 budget of \$1,745,101.

Expenditures for the general fund are budgeted at \$1,700,282, a slight decrease from the original 2013 budget of \$1,745,101.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same by the close of fiscal 2014.

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 POSITION
 AUGUST 31, 2013

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 63,124
1120	Current Investments	412,227
1225	Property Taxes Receivable (Net)	138,259
1240	Due from Other Governments	3,241
1260	Internal Balances	--
1290	Other Receivables (Net)	32,068
1420	Capitalized Bond and Other Debt Issuance Costs	17,810
Capital Assets:		
1510	Land	56,218
1520	Buildings and Improvements, Net	1,464,044
1530	Furniture and Equipment, Net	299,990
1800	Restricted Assets	484
1000	Total Assets	<u>2,487,465</u>
LIABILITIES:		
2140	Interest Payable	4,523
2165	Accrued Liabilities	78,184
2177	Due to Fiduciary	5,055
2180	Due to Other Governments	83,187
Noncurrent Liabilities:		
2501	Due Within One Year	45,357
2502	Due in More Than One Year	464,085
2000	Total Liabilities	<u>680,391</u>
NET POSITION		
3200	Net Investment in Capital Assets	1,328,620
Restricted For:		
3820	State and Federal Programs	19,619
3850	Debt Service	839
3860	Capital Projects	484
3900	Unrestricted	457,512
3000	Total Net Position	<u>\$ 1,807,074</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1	3	4	5
		Expenses	Charges for Services	Program Revenues	
				Operating Grants and Contributions	Capital Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 1,107,061	\$ --	\$ 228,057	\$ --
12	Instructional Resources and Media Services	14,560	--	--	--
13	Curriculum and Staff Development	1,437	--	--	--
21	Instructional Leadership	5,732	--	--	--
23	School Leadership	112,791	--	4,869	--
31	Guidance, Counseling, & Evaluation Services	56,442	--	3,527	--
33	Health Services	5,248	--	--	--
34	Student Transportation	103,296	--	1,606	--
35	Food Service	144,406	10,443	115,269	--
36	Cocurricular/Extracurricular Activities	79,338	3,801	1,363	--
41	General Administration	236,702	--	4,618	--
51	Plant Maintenance and Operations	191,074	--	3,886	38,000
52	Security and Monitoring Services	1,330	--	--	--
53	Data Processing Services	24,321	--	--	--
61	Community Services	11,928	--	--	--
72	Interest on Long-term Debt	10,149	--	--	--
73	Bond Issuance Costs and Fees	3,300	--	--	--
93	Payments Related to Shared Services Arrangement:	18,902	--	--	--
99	Other Intergovernmental Charges	16,610	--	--	--
TG	Total Governmental Activities	<u>2,144,627</u>	<u>14,244</u>	<u>363,195</u>	<u>38,000</u>
TP	Total Primary Government	<u>\$ 2,144,627</u>	<u>\$ 14,244</u>	<u>\$ 363,195</u>	<u>\$ 38,000</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 and Transfers				
CN	Change in Net Position				
NB	Net Position - Beginning				
PA	Prior Period Adjustment				
	Net Position - Beginning, as Restated				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	
<u>Governmental Activities</u>	
\$	(879,004)
	(14,560)
	(1,437)
	(5,732)
	(107,922)
	(52,915)
	(5,248)
	(101,690)
	(18,694)
	(74,174)
	(232,084)
	(149,188)
	(1,330)
	(24,321)
	(11,928)
	(10,149)
	(3,300)
	(18,902)
	(16,610)
	<u>(1,729,188)</u>
	<u>(1,729,188)</u>
	1,015,898
	2,722
	529,377
	148,818
	--
	<u>1,696,815</u>
	(32,373)
	1,792,170
	47,277
	1,839,447
\$	<u><u>1,807,074</u></u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:			
1110	\$ 45,675	\$ 17,448	\$ 63,123
1120	412,227	--	412,227
1225	138,259	--	138,259
1240	--	3,241	3,241
1260	920	--	920
1290	31,952	116	32,068
1800	484	--	484
1000	<u>629,517</u>	<u>20,805</u>	<u>650,322</u>
LIABILITIES:			
Current Liabilities:			
2150	\$ 189	\$ --	\$ 189
2160	58,033	--	58,033
2170	5,055	920	5,975
2180	83,160	27	83,187
2300	138,259	--	138,259
2000	<u>284,696</u>	<u>947</u>	<u>285,643</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	--	19,619	19,619
3470	484	--	484
3480	--	239	239
3600	344,337	--	344,337
3000	<u>344,821</u>	<u>19,858</u>	<u>364,679</u>
4000	<u>\$ 629,517</u>	<u>\$ 20,805</u>	<u>\$ 650,322</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 POSITION
 AUGUST 31, 2013

Total fund balances - governmental funds balance sheet	\$ 364,679
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	1,820,252
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	138,259
Payables for bond interest which are not due in the current period are not reported in the funds.	(4,523)
Payables for notes which are not due in the current period are not reported in the funds.	(509,442)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(19,962)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	17,810
Rounding difference	<u>1</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 1,807,074</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, 2013

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 1,161,860	\$ 10,442	\$ 1,172,302
5800 State Program Revenues	578,768	7,284	586,052
5900 Federal Program Revenues	53,015	291,504	344,519
5020 Total Revenues	<u>1,793,643</u>	<u>309,230</u>	<u>2,102,873</u>
EXPENDITURES:			
Current:			
0011 Instruction	949,650	159,171	1,108,821
0012 Instructional Resources and Media Services	6,086	8,474	14,560
0013 Curriculum and Staff Development	330	1,107	1,437
0021 Instructional Leadership	2,893	2,839	5,732
0023 School Leadership	112,791	--	112,791
0031 Guidance, Counseling, & Evaluation Services	56,442	--	56,442
0033 Health Services	5,248	--	5,248
0034 Student Transportation	96,112	--	96,112
0035 Food Service	--	137,743	137,743
0036 Cocurricular/Extracurricular Activities	52,195	--	52,195
0041 General Administration	229,998	--	229,998
0051 Plant Maintenance and Operations	229,074	--	229,074
0052 Security and Monitoring Services	966	--	966
0053 Data Processing Services	24,321	--	24,321
0061 Community Services	--	11,928	11,928
0071 Principal on Long-term Debt	13,664	30,000	43,664
0072 Interest on Long-term Debt	2,187	8,151	10,338
0073 Bond Issuance Costs and Fees	300	610	910
0081 Capital Outlay	28,850	--	28,850
0093 Payments to Shared Service Arrangements	18,902	--	18,902
0099 Other Intergovernmental Charges	16,610	--	16,610
6030 Total Expenditures	<u>1,846,619</u>	<u>360,023</u>	<u>2,206,642</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(52,976)</u>	<u>(50,793)</u>	<u>(103,769)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	--	39,000	39,000
8911 Transfers Out	<u>(39,000)</u>	<u>--</u>	<u>(39,000)</u>
7080 Total Other Financing Sources and (Uses)	<u>(39,000)</u>	<u>39,000</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(91,976)</u>	<u>(11,793)</u>	<u>(103,769)</u>
0100 Fund Balances - Beginning	436,797	31,651	468,448
3000 Fund Balances - Ending	<u>\$ 344,821</u>	<u>\$ 19,858</u>	<u>\$ 364,679</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, 2013

Net change in fund balances - total governmental funds	\$ (103,769)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	127,251
The depreciation of capital assets used in governmental activities is not reported in the funds.	(103,673)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	9,380
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	30,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	13,663
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(2,390)
(Increase) decrease in accrued interest from beginning of period to end of period.	189
Changes in long-term worker's compensation payables are not recognized in the funds.	(3,026)
Rounding difference	1
	<u>1</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (32,373)</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2013

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u> </u>	<u>Laneville ISD Scholarship Fund</u>	<u>Student Activity</u>
ASSETS:		
1110 Cash and Cash Equivalents	\$ 17,768	\$ 15,000
1260 Due from Other Funds	4,687	368
1000 Total Assets	<u>22,455</u>	<u>15,368</u>
LIABILITIES:		
Current Liabilities:		
2190 Due to Student Groups	\$ --	\$ 15,368
2000 Total Liabilities	<u>--</u>	<u>15,368</u>
NET POSITION:		
3800 Held in Trust	22,455	--
3000 Total Net Position	<u>\$ 22,455</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2013

	Private- Purpose Trusts
	Laneville ISD Scholarship Fund
Additions:	
Investment Income	\$ 33
Donations from General Fund	4,687
Donations from Public	3,800
Total Additions	<u>8,520</u>
Deductions:	
Scholarship Awards	4,687
Administrative Expenses	--
Total Deductions	<u>4,687</u>
Change in Net Position	3,833
Net Position-Beginning of the Year	18,622
Net Position-End of the Year	<u>\$ 22,455</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, 2013

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 and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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 funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

In addition, the District reports the following fund types:

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 and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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.

3. **Financial Statement Amounts**

a. **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.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

b. 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.

c. 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

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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 positions.

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:

Nonspendable 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 Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees 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 Board of Trustees. 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 Board of Trustees or by an official or body to which the Board of Trustees 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 conveys 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.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

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 reported	Not applicable

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$508,603 and the bank balance was \$551,482. The District's cash deposits at August 31, 2013 and during the year ended August 31, 2013, 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 address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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 basic 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, 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, 2013 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market account		
at Citizens National Bank	N/A	\$ 412,227
Total Investments		<u>\$ 412,227</u>

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.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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.

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.

D. Restricted Cash

In 2012, the District issued debt under the Qualified Zone Academy Bond program. The proceeds are restricted for payment of rehabilitation, renovation, improvement, and equipment costs. The proceeds are held in a separate bank account, which is shown as restricted cash in the accompanying financial statements. The following is a summary of the cash transactions:

Net proceeds from QZAB	\$	499,800
Interest earned		544
Payments for rehabilitation, renovation, improvement, and qualifying equipment		(499,860)
Balance at August 31, 2013	\$	<u>484</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 56,218	\$ --	\$ --	\$ 56,218
Total capital assets not being depreciated	<u>56,218</u>	<u>--</u>	<u>--</u>	<u>56,218</u>
Capital assets being depreciated:				
Buildings and improvements	2,985,127	16,267	--	3,001,394
Equipment	288,086	110,984	--	399,070
Vehicles	351,186	--	--	351,186
Total capital assets being depreciated	<u>3,624,399</u>	<u>127,251</u>	<u>--</u>	<u>3,751,650</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,467,073)	(70,277)	--	(1,537,350)
Equipment	(141,654)	(18,617)	--	(160,271)
Vehicles	(275,217)	(14,778)	--	(289,995)
Total accumulated depreciation	<u>(1,883,944)</u>	<u>(103,672)</u>	<u>--</u>	<u>(1,987,616)</u>
Total capital assets being depreciated, net	<u>1,740,455</u>	<u>23,579</u>	<u>--</u>	<u>1,764,034</u>
Governmental activities capital assets, net	<u>\$ 1,796,673</u>	<u>\$ 23,579</u>	<u>\$ --</u>	<u>\$ 1,820,252</u>

Depreciation was charged to functions as follows:

Instruction	\$ 55,615
Student Transportation	7,184
Food Services	6,663
Extracurricular Activities	27,143
General Administration	6,704
Security and Monitoring Services	363
	<u>\$ 103,672</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2013, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	ESEA Title I Basic Program	\$ 320	Supplement cash needs
General Fund	Debt Service Fund	600	Supplement cash needs
Student Activity Fund	General Fund	368	Supplement cash needs
Scholarship Trust Fund	General Fund	4,687	Reimbursement due
	Total	<u>\$ 5,975</u>	

All amounts due are scheduled to be repaid within one year.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2013, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 39,000	Fund debt service QZAB
	Total	\$ <u>39,000</u>	

G. Long-Term Obligations

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, 2013, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
Tax Maintenance Notes	\$ 510,000	\$ --	\$ 30,000	\$ 480,000	\$ 31,000
Note Payable	43,105	--	13,663	29,442	14,357
Total governmental activities	\$ <u>553,105</u>	\$ <u>--</u>	\$ <u>43,663</u>	\$ <u>509,442</u>	\$ <u>45,357</u>

<u>Issue</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Balance</u>
<u>Governmental Activities:</u>				
2012 Tax Maintenance Notes (QZAB)	1.63%	510,000	2027	\$ 480,000
Note payable for purchase of bus	5.04%	80,338	2015	29,442
Total Governmental Activities				\$ <u>509,442</u>

The equipment (bus) purchased with the note is pledged as security.

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2013, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 45,357	\$ 9,318	\$ 54,675
2015	46,085	8,084	54,169
2016	32,000	6,813	38,813
2017	32,000	6,292	38,292
2018	33,000	5,770	38,770
2019-2023	173,000	20,636	193,636
2024-2028	148,000	6,080	154,080
Totals	\$ <u>509,442</u>	\$ <u>62,993</u>	\$ <u>572,435</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

H. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2013, as follows:

<u>Year Ending August 31,</u>	
2014	\$ 2,436
2015	2,436
2016	2,436
2017	1,624
Total Minimum Rentals	\$ <u>8,932</u>
 Rental Expenditures in 2013	 \$ <u>3,622</u>

I. 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 fiscal year 2013, the District purchased commercial insurance 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 fiscal 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, 2011	\$ 18,903	\$ 18,169	\$ 3,098	\$ 33,974
Year ended Aug 31, 2012	33,974	(1,090)	15,948	16,936
Year ended Aug 31, 2013	16,936	5,879	2,853	19,962

J. 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, 2013

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 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0 % for fiscal year 2012, and 6.644% for fiscal year 2011. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2013, 2012 and 2011 were \$68,092, \$57,627 and \$72,087, respectively. The District paid additional state contributions for the years ending August 31, 2013, 2012 and 2011 in the amount of \$4,957, \$2,754 and \$2,804, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

K. Retiree Health Care Plans

1. TRS-Care

a. 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.trstate.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 0.5% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. For the years ended August 31, 2013, 2012, and 2011, the State's contributions to TRS-Care were \$5,912, \$11,190, and \$11,264, respectively, the active member contributions were \$7,691, \$7,274, and \$7,322, respectively, and the District's contributions were \$7,278, \$7,740, and \$7,604, respectively, which equaled the required contributions each year.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

2. Medicare Part D Subsidies

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, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$4,564, \$2,860, and \$2,625, respectively.

3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2013, the amount received by TRS-Care on behalf of the District was \$2,705.

L. Employee Health Care Coverage

During the year ended August 31, 2013, 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.

M. 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 collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2013.

LANEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

N. Shared Services Arrangements

Shared Services Arrangement - Membership

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

Member Districts

Carlisle ISD
Laneville ISD
Leverett's Chapel ISD
Mt. Enterprise ISD
Overton ISD
Tatum ISD (fiscal agent)

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, Tatum 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.

O. Other Disclosures

The allowance for uncollectible property taxes was \$42,232 at August 31, 2013.

Interest income was \$2,755 for the year ended August 31, 2013.

A prior period adjustment of \$47,277 was made to the government-wide financial statements showing the effect of changing the District's methodology for computing the allowance for uncollectible property taxes. This did not affect the fund financial statements.

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, 2013

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	\$ 1,147,200	\$ 1,192,221	\$ 1,161,860	\$ (30,361)
5800	State Program Revenues	597,901	612,914	578,768	(34,146)
5900	Federal Program Revenues	--	16,000	53,015	37,015
5020	Total Revenues	<u>1,745,101</u>	<u>1,821,135</u>	<u>1,793,643</u>	<u>(27,492)</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	884,936	941,256	949,650	(8,394)
0012	Instructional Resources and Media Services	6,960	6,155	6,086	69
0013	Curriculum and Staff Development	600	400	330	70
	Total Instruction & Instr. Related Services	<u>892,496</u>	<u>947,811</u>	<u>956,066</u>	<u>(8,255)</u>
Instructional and School Leadership:					
0021	Instructional Leadership	3,000	3,000	2,893	107
0023	School Leadership	110,684	112,802	112,791	11
	Total Instructional & School Leadership	<u>113,684</u>	<u>115,802</u>	<u>115,684</u>	<u>118</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	58,664	58,914	56,442	2,472
0033	Health Services	4,650	5,250	5,248	2
0034	Student (Pupil) Transportation	82,032	96,412	96,112	300
0036	Cocurricular/Extracurricular Activities	53,987	52,546	52,195	351
	Total Support Services - Student (Pupil)	<u>199,333</u>	<u>213,122</u>	<u>209,997</u>	<u>3,125</u>
Administrative Support Services:					
0041	General Administration	236,487	236,014	229,998	6,016
	Total Administrative Support Services	<u>236,487</u>	<u>236,014</u>	<u>229,998</u>	<u>6,016</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	218,658	231,727	229,074	2,653
0052	Security and Monitoring Services	1,075	970	966	4
0053	Data Processing Services	--	24,321	24,321	--
	Total Support Services - Nonstudent Based	<u>219,733</u>	<u>257,018</u>	<u>254,361</u>	<u>2,657</u>
Debt Service:					
0071	Principal on Long-Term Debt	53,851	15,851	13,664	2,187
0072	Interest on Long-Term Debt	--	--	2,187	(2,187)
0073	Bond Issuance Costs and Fees	--	--	300	(300)
	Total Debt Service	<u>53,851</u>	<u>15,851</u>	<u>16,151</u>	<u>(300)</u>
Capital Outlay:					
0081	Capital Outlay	--	29,291	28,850	441
	Total Capital Outlay	<u>--</u>	<u>29,291</u>	<u>28,850</u>	<u>441</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	16,217	18,902	18,902	--
0099	Other Intergovernmental Charges	13,300	16,615	16,610	5
	Total Intergovernmental Charges	<u>29,517</u>	<u>35,517</u>	<u>35,512</u>	<u>5</u>
6030	Total Expenditures	<u>1,745,101</u>	<u>1,850,426</u>	<u>1,846,619</u>	<u>3,807</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(29,291)	(52,976)	(23,685)
	Other Financing Sources (Uses):				
7914	Issuance of Non-Current Debt	--	29,291	--	(29,291)
8911	Transfers Out	--	--	(39,000)	(39,000)
7080	Total Other Financing Sources and (Uses)	--	29,291	(39,000)	(68,291)
1200	Net Change in Fund Balance	--	--	(91,976)	(91,976)
0100	Fund Balance - Beginning	436,797	436,797	436,797	--
3000	Fund Balance - Ending	<u>\$ 436,797</u>	<u>\$ 436,797</u>	<u>\$ 344,821</u>	<u>\$ (91,976)</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 GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:			
1110	\$ 16,609	\$ 839	\$ 17,448
1240	3,241	--	3,241
1290	116	--	116
1000	<u>19,966</u>	<u>839</u>	<u>20,805</u>
LIABILITIES:			
Current Liabilities:			
2170	\$ 320	\$ 600	\$ 920
2180	27	--	27
2000	<u>347</u>	<u>600</u>	<u>947</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	19,619	--	19,619
3480	--	239	239
3000	<u>19,619</u>	<u>239</u>	<u>19,858</u>
4000	<u>\$ 19,966</u>	<u>\$ 839</u>	<u>\$ 20,805</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 10,442	\$ --	\$ 10,442
5800	State Program Revenues	7,284	--	7,284
5900	Federal Program Revenues	291,504	--	291,504
5020	Total Revenues	<u>309,230</u>	<u>--</u>	<u>309,230</u>
EXPENDITURES:				
Current:				
0011	Instruction	159,171	--	159,171
0012	Instructional Resources and Media Services	8,474	--	8,474
0013	Curriculum and Staff Development	1,107	--	1,107
0021	Instructional Leadership	2,839	--	2,839
0035	Food Service	137,743	--	137,743
0061	Community Services	11,928	--	11,928
0071	Principal on Long-term Debt	--	30,000	30,000
0072	Interest on Long-term Debt	--	8,151	8,151
0073	Bond Issuance Costs and Fees	--	610	610
6030	Total Expenditures	<u>321,262</u>	<u>38,761</u>	<u>360,023</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(12,032)</u>	<u>(38,761)</u>	<u>(50,793)</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	39,000	39,000
7080	Total Other Financing Sources and (Uses)	--	39,000	39,000
1200	Net Change in Fund Balances	<u>(12,032)</u>	<u>239</u>	<u>(11,793)</u>
0100	Fund Balances - Beginning	31,651	--	31,651
3000	Fund Balances - Ending	<u>\$ 19,619</u>	<u>\$ 239</u>	<u>\$ 19,858</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	410 State Textbook Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 16,582	\$ 27	\$ 16,609
1240	Due from Other Governments	320	2,921	--	3,241
1290	Other Receivables	--	116	--	116
1000	Total Assets	<u>320</u>	<u>19,619</u>	<u>27</u>	<u>19,966</u>
LIABILITIES:					
Current Liabilities:					
2170	Due to Other Funds	\$ 320	\$ --	\$ --	\$ 320
2180	Due to Other Governments	--	--	27	27
2000	Total Liabilities	<u>320</u>	<u>--</u>	<u>27</u>	<u>347</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	19,619	--	19,619
3000	Total Fund Balances	<u>--</u>	<u>19,619</u>	<u>--</u>	<u>19,619</u>
4000	Total Liabilities and Fund Balances	<u>\$ 320</u>	<u>\$ 19,619</u>	<u>\$ 27</u>	<u>\$ 19,966</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, 2013

Data Control Codes	205 Head Start	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ 10,442
5800 State Program Revenues	--	--	4,274
5900 Federal Program Revenues	<u>35,728</u>	<u>124,521</u>	<u>110,995</u>
5020 Total Revenues	<u>35,728</u>	<u>124,521</u>	<u>125,711</u>
EXPENDITURES:			
Current:			
0011 Instruction	35,728	100,617	--
0012 Instructional Resources and Media Services	--	8,474	--
0013 Curriculum and Staff Development	--	1,107	--
0021 Instructional Leadership	--	2,395	--
0035 Food Service	--	--	137,743
0061 Community Services	--	11,928	--
6030 Total Expenditures	<u>35,728</u>	<u>124,521</u>	<u>137,743</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>--</u>	<u>(12,032)</u>
1200 Net Change in Fund Balances	--	--	(12,032)
0100 Fund Balances - Beginning	--	--	31,651
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 19,619</u>

255 ESEA Title II Training & Recruiting	289 Rural Education Program	410 State Textbook Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ --	\$ 10,442
--	--	3,010	7,284
<u>18,627</u>	<u>1,633</u>	<u>--</u>	<u>291,504</u>
<u>18,627</u>	<u>1,633</u>	<u>3,010</u>	<u>309,230</u>
18,183	1,633	3,010	159,171
--	--	--	8,474
--	--	--	1,107
444	--	--	2,839
--	--	--	137,743
--	--	--	11,928
<u>18,627</u>	<u>1,633</u>	<u>3,010</u>	<u>321,262</u>
--	--	--	(12,032)
--	--	--	(12,032)
--	--	--	31,651
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 19,619</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, 2013

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2004 and Prior Years	\$	Various	\$	Various	\$	Various
2005		1.50		--		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		1.17		--		84,774,016
2012		1.17		--		89,361,745
2013 (School Year Under Audit)		1.17		--		86,127,312

1000 Totals

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

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 34,783	\$ --	\$ 1,227	\$ --	\$ 2	\$ 33,558
4,893	--	335	--	--	4,558
6,169	--	455	--	--	5,714
8,754	--	1,501	--	--	7,253
8,463	--	1,649	--	--	6,814
13,854	--	2,179	--	--	11,675
21,059	--	3,975	--	--	17,084
28,765	--	8,860	--	--	19,905
37,409	--	9,979	--	(1,192)	26,238
--	1,006,736	956,273	--	(2,771)	47,692
<u>\$ 164,149</u>	<u>\$ 1,006,736</u>	<u>\$ 986,433</u>	<u>\$ --</u>	<u>\$ (3,961)</u>	<u>\$ 180,491</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LANEVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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

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	\$ --	\$ --	\$ 108,685	\$ 58,412	\$ --	\$ --	\$ 167,097
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	--	--	--	8,900	--	--	8,900
6213	Tax Appraisal and Collection	--	7,239	--	--	--	--	7,239
621X	Other Prof. Services	--	--	3,000	--	--	--	3,000
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	6,800	--	--	6,800
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	888	--	--	--	888
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	1,638	1,527	--	--	3,165
6410	Travel, Subsistence, Stipends	9,721	--	2,208	1,000	--	--	12,929
6420	Ins. and Bonding Costs	2,099	--	--	--	--	--	2,099
6430	Election Costs	4,110	--	--	--	--	--	4,110
6490	Miscellaneous Operating	--	--	12,641	1,130	--	--	13,771
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 15,930 \$ 7,239 \$ 129,060 \$ 77,769 \$ -- \$ -- \$ 229,998

Total Expenditures for General and Special Revenue Funds (9) \$ 2,167,881

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 28,850
Total Debt & Lease (6500)	(11)	\$ 16,151
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 229,074
Food (Function 35, 6341 and 6499)	(13)	\$ 43,847
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		<u>\$ 77,769</u>

Subtotal 395,691

Net Allowed Direct Cost \$ 1,772,190

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 3,001,394
Historical Cost of Buildings over 50 years old	(16)	94,568
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	750,256
Historical Cost of Furniture & Equipment over 16 years old	(19)	250,077
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 99,206

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

LANEVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

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

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 24,300	\$ 10,442	\$ (13,858)
5800 State Program Revenues	4,200	4,274	74
5900 Federal Program Revenues	109,740	110,995	1,255
5020 Total Revenues	<u>138,240</u>	<u>125,711</u>	<u>(12,529)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	138,240	137,743	497
Total Support Services - Student (Pupil)	<u>138,240</u>	<u>137,743</u>	<u>497</u>
6030 Total Expenditures	<u>138,240</u>	<u>137,743</u>	<u>497</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	(12,032)	(12,032)
1200 Net Change in Fund Balance	--	(12,032)	(12,032)
0100 Fund Balance - Beginning	31,651	31,651	--
3000 Fund Balance - Ending	<u>\$ 31,651</u>	<u>\$ 19,619</u>	<u>\$ (12,032)</u>

LANEVILLE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

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

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 39,300	\$ --	\$ (39,300)
5020 Total Revenues	<u>39,300</u>	<u>--</u>	<u>(39,300)</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	38,152	30,000	8,152
0072 Interest on Long-Term Debt	238	8,151	(7,913)
0073 Bond Issuance Costs and Fees	910	610	300
Total Debt Service	<u>39,300</u>	<u>38,761</u>	<u>539</u>
6030 Total Expenditures	<u>39,300</u>	<u>38,761</u>	<u>539</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>(38,761)</u>	<u>(38,761)</u>
Other Financing Sources (Uses):			
7915 Transfers In	<u>--</u>	<u>39,000</u>	<u>39,000</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>39,000</u>	<u>39,000</u>
1200 Net Change in Fund Balance	<u>--</u>	<u>239</u>	<u>239</u>
0100 Fund Balance - Beginning	<u>--</u>	<u>--</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ --</u>	<u>\$ 239</u>	<u>\$ 239</u>

HALLS, JOHNSON, MCLEMORE, REDFIELD, & RODRIGUES LLP

1329 N University A3
Nacogdoches, TX 75961
936-564-8186

Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laneville Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Laneville Independent School District's basic financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1, that we consider to be significant deficiencies.

Compliance and Other Matters

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

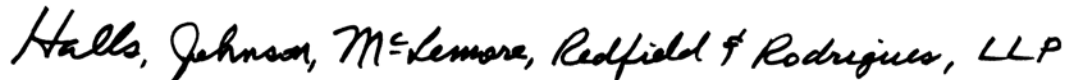
Laneville Independent School District's Response to Findings

Laneville Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Laneville Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Halls, Johnson, McLemore, Redfield & Rodriguez, LLP

Nacogdoches, Texas
December 5, 2013

LANEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

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? X Yes 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

2013-1: Cash Reconciliation Procedures

Criteria: Bank balances should be reconciled periodically to ledger cash totals.

Condition: The reconciled bank balance is not matched to ledger totals. The bank balances were being reconciled to a hand-kept cash balance.

Cause: The District implemented new software and the codes were not properly input that would provide a means for the ledger cash accounts to be easily accumulated. Rather than adding various ledger cash accounts by hand, a hand-kept cash balance was maintained and reconciled.

Effect: There were small differences noted between the reconciled cash balance and the ledger totals. These differences were not investigated or corrected by management in the normal course of the reconciliation process.

Recommendation: All ledger cash accounts should be coded to their applicable bank accounts so that the ledger cash accounts can be properly reconciled. Any unlocated differences should be promptly investigated and corrections posted to the ledger.

C. Federal Award Findings and Questioned Costs

NONE

LANEVILLE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No Prior Findings		

LANEVILLE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2013

2013-1: Cash Reconciliation Procedures

Condition: The reconciled bank balance is not matched to ledger totals. The bank balances were being reconciled to a hand-kept cash balance.

Recommendation: All ledger cash accounts should be coded to their applicable bank accounts so that the ledger cash accounts can be properly reconciled. Any unlocated differences should be promptly investigated and corrections posted to the ledger.

Corrective Action Plan: Management has corrected the ledger codes that associate various ledger cash accounts with matching bank accounts. Reconciliation differences were investigated and corrected. The corrections added \$5,203.81 to the ledger cash balance.

LANEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2013

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