

**LANEVILLE  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

Laneville Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2014

TABLE OF CONTENTS

|  | <u>Page</u> | <u>Exhibit</u> |
|--|-------------|----------------|
| <b>INTRODUCTORY SECTION</b>  |             |                |
| Certificate of Board.....  | 1           |                |
| <b>FINANCIAL SECTION</b>   |             |                |
| Independent Auditor's Report.....  | 2           |                |
| Management's Discussion and Analysis (Required Supplementary Information)..... | 5           |                |
| <u>Basic Financial Statements</u>  |             |                |
| Government-wide Financial Statements:  |             |                |
| Statement of Net Position.....   | 12          | A-1            |
| Statement of Activities.....   | 13          | B-1            |
| Fund Financial Statements:   |             |                |
| Balance Sheet - Governmental Funds.....  | 14          | C-1            |
| Reconciliation of the Governmental Funds                                       |             |                |
| Balance Sheet to the Statement of Net Position.....                            | 15          | C-1R           |
| Statement of Revenues, Expenditures, and Changes in                            |             |                |
| Fund Balances - Governmental Funds.....  | 16          | C-2            |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in      |             |                |
| Fund Balances of Governmental Funds to the Statement of Activities.....        | 17          | C-3            |
| Statement of Fiduciary Net Position - Fiduciary Funds.....                     | 18          | E-1            |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....          | 19          | E-2            |
| Notes to the Financial Statements .....  | 20          |                |
| <u>Required Supplementary Information:</u>                                     |             |                |
| Budgetary Comparison Schedules:  |             |                |
| General Fund.....  | 32          | G-1            |
| <u>Combining Statements as Supplementary Information:</u>                      |             |                |
| Combining Balance Sheet - All Nonmajor Governmental Funds.....                 | 34          | H-1            |
| Combining Statement of Revenues, Expenditures and Changes in                   |             |                |
| Fund Balances - All Nonmajor Governmental Funds.....                           | 35          | H-2            |
| Special Revenue Funds:   |             |                |
| Combining Balance Sheet - Nonmajor Special Revenue Funds.....                  | 36          | H-3            |
| Combining Statement of Revenues, Expenditures and Changes                      |             |                |
| in Fund Balances - Nonmajor Special Revenue Funds.....                         | 37          | H-4            |

Laneville Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2014

TABLE OF CONTENTS

|   | <u>Page</u> | <u>Exhibit</u> |
|---|-------------|----------------|
| OTHER SUPPLEMENTARY INFORMATION SECTION   |             |                |
| Schedule of Delinquent Taxes Receivable.....  | 39          | J-1            |
| Budgetary Comparison Schedules Required by the Texas Education Agency:  |             |                |
| National School Breakfast and Lunch Program.....  | 41          | J-2            |
| Debt Service Fund.....  | 42          | J-3            |
| Report on Internal Control over Financial Reporting and on Compliance and<br>Other Matters Based on an Audit of Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> ..... | 43          |                |
| Schedule of Findings and Questioned Costs .....   | 45          |                |
| Summary Schedule of Prior Audit Findings.....   | 46          |                |
| Corrective Action Plan.....   | 47          |                |
| Schedule of Required Responses to Selected School First Indicators.....   | 48          | L-1            |

## 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, 2014, at a meeting of the board of trustees of such school district on the 11<sup>th</sup> day of December, 2014.

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, 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.

As described in Note A to the financial statements, in 2014, Laneville Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 2, 2014 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,

A handwritten signature in black ink that reads "Halls, Johnson, McLemore & Redfield, LLP". The signature is written in a cursive, professional style.

Halls, Johnson, McLemore & Redfield, LLP

Nacogdoches, Texas  
December 2, 2014

## 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, 2014. Please read it in conjunction with the District’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

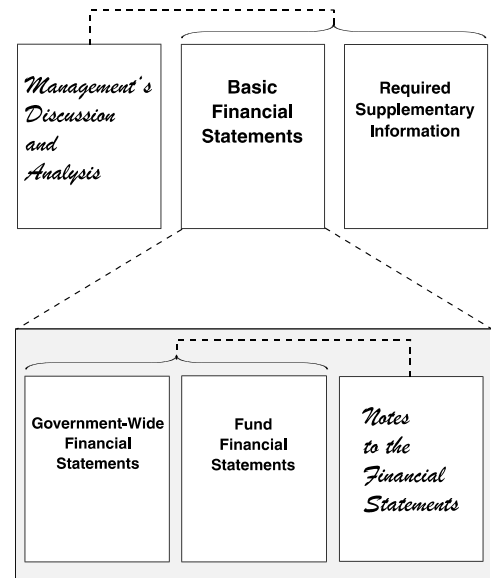
- The District’s total combined net position was \$1,872,729 at August 31, 2014.
- During the current year, the District’s government-wide expenses were \$2,097,040 compared to \$2,144,627 in the prior year.
- The general fund reported a fund balance this year of \$464,962 at August 31, 2014, an increase of \$120,141 from the prior year.
- The District’s property tax revenue was \$964,632 in fiscal 2014, compared to \$986,433 in fiscal 2013, a decrease of \$21,801 (2.2%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net 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:

| <b>Summary of Net Position</b>  |                     |                     |                     |                |
|---------------------------------|---------------------|---------------------|---------------------|----------------|
|                                 | 8/31/2014           | 8/31/2013           | Amount<br>of Change | % Change       |
| <u>Governmental Activities:</u> |                     |                     |                     |                |
| Current and other assets        | \$ 706,731          | \$ 667,213          | \$ 39,518           | 5.92%          |
| Capital assets                  | 1,753,488           | 1,820,252           | (66,764)            | -3.67%         |
| Total assets                    | <u>2,460,219</u>    | <u>2,487,465</u>    | <u>(27,246)</u>     | <u>-1.10%</u>  |
| Current liabilities             | 93,795              | 170,949             | (77,154)            | -45.13%        |
| Long term liabilities           | 493,695             | 509,442             | (15,747)            | -3.09%         |
| Total liabilities               | <u>587,490</u>      | <u>680,391</u>      | <u>(92,901)</u>     | <u>-13.65%</u> |
| Net Position:                   |                     |                     |                     |                |
| Invested in capital assets      | 1,259,793           | 1,328,620           | (68,827)            | -5.18%         |
| Restricted                      | 24,558              | 20,942              | 3,616               | 17.27%         |
| Unrestricted                    | 588,378             | 457,512             | 130,866             | 28.60%         |
| Total Net Position              | <u>\$ 1,872,729</u> | <u>\$ 1,807,074</u> | <u>\$ 65,655</u>    | <u>3.63%</u>   |

Net position of the District's governmental activities increased 3.63% to \$1,872,729 during the year ending August 31, 2014. 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, totaled \$588,378 at year-end.

### Governmental Activities

- The cost of all *governmental* activities this year was \$2,097,040.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$986,536.
- Some of the cost was paid by those who directly benefited from the programs (\$15,286), or by grants and contributions (\$357,314).
- Property tax values decreased by approximately \$1.8 million 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

|   | 8/31/2014           | 8/31/2013           | Amount<br>of Change | % Change        |
|---|---------------------|---------------------|---------------------|-----------------|
| Program revenues:                                   |                     |                     |                     |                 |
| Charges for services                                | \$ 15,286           | \$ 14,244           | \$ 1,042            | 7.32%           |
| Operating grants/contributions                      | 357,314             | 363,195             | (5,881)             | -1.62%          |
| Capital grants/contributions                        | -                   | 38,000              | (38,000)            | -100.00%        |
| General revenues:                                   |                     |                     |                     |                 |
| Property taxes                                      | 986,536             | 1,015,898           | (29,362)            | -2.89%          |
| Investment earnings                                 | 2,052               | 2,722               | (670)               | -24.61%         |
| Foundation and unrestricted grants                  | 728,660             | 529,377             | 199,283             | 37.64%          |
| Other general revenues                              | 92,728              | 148,818             | (56,090)            | -37.69%         |
| Total revenues/contributions                        | <u>2,182,576</u>    | <u>2,112,254</u>    | <u>70,322</u>       | <u>3.33%</u>    |
| <u>Function</u>                                     |                     |                     |                     |                 |
| Expenses:   |                     |                     |                     |                 |
| 11 Instruction                                      | 1,104,370           | 1,107,061           | (2,691)             | -0.24%          |
| 12 Instructional Resources and Media Services       | 3,513               | 14,560              | (11,047)            | -75.87%         |
| 13 Curriculum and Staff Development                 | 4,249               | 1,437               | 2,812               | 195.69%         |
| 21 Instructional Leadership                         | 5,573               | 5,732               | (159)               | -2.77%          |
| 23 School Leadership                                | 114,868             | 112,791             | 2,077               | 1.84%           |
| 31 Guidance, Counseling, & Evaluation Services      | 61,955              | 56,442              | 5,513               | 9.77%           |
| 33 Health Services                                  | 5,320               | 5,248               | 72                  | 1.37%           |
| 34 Student Transportation                           | 85,521              | 103,296             | (17,775)            | -17.21%         |
| 35 Food Service                                     | 130,209             | 144,406             | (14,197)            | -9.83%          |
| 36 Cocurricular/Extracurricular Activities          | 100,691             | 79,338              | 21,353              | 26.91%          |
| 41 General Administration                           | 217,700             | 236,702             | (19,002)            | -8.03%          |
| 51 Plant Maintenance and Operations                 | 186,948             | 191,074             | (4,126)             | -2.16%          |
| 52 Security and Monitoring Services                 | 2,375               | 1,330               | 1,045               | 78.57%          |
| 53 Data Processing Services                         | 28,785              | 24,321              | 4,464               | 18.35%          |
| 61 Community Services                               | -                   | 11,928              | (11,928)            | -100.00%        |
| 72 Interest on Long-term Debt                       | 9,026               | 10,149              | (1,123)             | -11.07%         |
| 73 Bond Issuance Cost and Fees                      | 310                 | 3,300               | (2,990)             | -90.61%         |
| 93 Payments Related to Shared Services Arrangements | 19,658              | 18,902              | 756                 | 4.00%           |
| 99 Other Intergovernmental Charges                  | 15,969              | 16,610              | (641)               | -3.86%          |
| Total expenses                                      | <u>2,097,040</u>    | <u>2,144,627</u>    | <u>(47,587)</u>     | <u>-2.22%</u>   |
| Revenues over (under) expenses                      | 85,536              | (32,373)            | 117,909             | -364.22%        |
| Transfers   | -                   | -                   | -                   |                 |
| Change in Net Position                              | <u>85,536</u>       | <u>(32,373)</u>     | <u>117,909</u>      | <u>-364.22%</u> |
| Prior period adjustment                             | (19,880)            | 47,277              |                     |                 |
| Beginning Net Position                              | 1,807,073           | 1,792,169           | 14,904              | 0.83%           |
| Ending Net Position                                 | <u>\$ 1,872,729</u> | <u>\$ 1,807,073</u> | <u>\$ 65,656</u>    | <u>3.63%</u>    |

Analysis and comments:

- Foundation revenue increased as a result of an increased allotment amount per child, increased enrollment, increased Compensatory Education allotment (due to increased free and reduced lunch applications) and increased Career & Technology allotment.
- Increases in Function 36 are a result of increased travel expenses as a result of athletic teams qualifying for the regional and state tournaments.

**FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL GOVERNMENTAL FUNDS**

General Fund revenues totaled \$1,857,223, compared to \$1,793,643 in the prior year. The increase was the net result of fluctuations in several revenue items. There was a decrease in property taxes (\$21,801), an increase in the state foundation allotment (\$167,407), a decrease in e-rate revenue (\$64,943), and a prior year grant for air conditioner replacement (\$38,000).

General Fund expenditures totaled \$1,725,622, as compared to \$1,846,619 the preceding year. The decrease was the net result of fluctuations in several expenditure functions. There was a decrease in Function 11 - Basic Instruction (\$73,314), a decrease in Plant Maintenance (\$42,126), and a decrease in capital outlays (\$28,850) resulting from the air conditioner project in the prior year.

The General Fund ended the year with a fund balance of \$464,962; an increase of \$120,141 from prior year's ending balance of \$344,821.

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<br>of Change |
|----------------------|--------------------|-------------------|---------------------|
|                      | 8/31/2014          | 8/31/2013         |                     |
| General Fund         | \$ 464,962         | \$ 344,821        | \$ 120,141          |
| Food Service Fund    | 23,934             | 19,619            | 4,315               |
| Debt Service Fund    | 105                | 239               | (134)               |
| State Textbook Fund  | 33                 | -                 | 33                  |
| Total - Governmental | <u>\$ 489,034</u>  | <u>\$ 364,679</u> | <u>\$ 124,355</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 \$52,220 under final budget amounts.

Resources available were \$79,381 over the final budgeted amount. State revenues were more than expected.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At August 31, 2014, 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    |          |
|-------------------------------|-------------------------|-------------|-----------|----------|
|                               | 8/31/2014               | 8/31/2013   | of Change | % Change |
| Land                          | \$ 56,218               | \$ 56,218   | \$ -      | 0.00%    |
| Buildings and improvements    | 3,001,394               | 3,001,394   | -         | 0.00%    |
| Equipment                     | 422,405                 | 399,070     | 23,335    | 5.85%    |
| Vehicles                      | 351,581                 | 351,186     | 395       | 0.11%    |
| Subtotal                      | 3,831,598               | 3,807,868   | 23,730    | 0.62%    |
| Less accumulated depreciation | (2,078,110)             | (1,987,616) | (90,494)  | 4.55%    |
| Net capital assets            | 1,753,488               | 1,820,252   | (66,764)  | -3.67%   |

### Long Term Debt

At year-end the District had \$493,695 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

|                                      | 8/31/2014  | 8/31/2013  |
|--------------------------------------|------------|------------|
| Balance of debt, beginning of yr     | \$ 509,442 | \$ 553,105 |
| New debts                            | 29,610     | -          |
| Principal payments on loans & leases | (45,357)   | (43,663)   |
| Balance of debt, end of year         | \$ 493,695 | \$ 509,442 |

Payments for interest totaled \$9,026 for fiscal 2014 and \$10,338 for fiscal 2013. 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 2015 budget preparation is projected to be \$94 million, which is more than the fiscal 2014 value of \$88 million.

The District's 2014-2015 enrollment is expected to be about 170 students, which is a slight increase in enrollment from the 2013-2014 year.

These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for appropriation in the general fund budget are \$1,829,298, an increase from the original 2014 budget of \$1,700,282.

Expenditures for the general fund are budgeted at \$1,814,250, an increase from the original 2014 budget of \$1,700,282.

If these estimates are realized, the District's budgetary general fund balance is expected to improve slightly by the close of fiscal 2015.

## **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, 2014

| Data<br>Control<br>Codes | 1                                | Governmental<br>Activities |
|--------------------------|----------------------------------|----------------------------|
| <b>ASSETS:</b>           |                                  |                            |
| 1110                     | Cash and Cash Equivalents        | \$ 162,942                 |
| 1120                     | Current Investments              | 325,608                    |
| 1225                     | Property Taxes Receivable (Net)  | 144,399                    |
| 1240                     | Due from Other Governments       | 70,272                     |
| 1267                     | Due from Fiduciary               | 12                         |
| 1290                     | Other Receivables (Net)          | 3,011                      |
| Capital Assets:          |                                  |                            |
| 1510                     | Land                             | 56,218                     |
| 1520                     | Buildings and Improvements, Net  | 1,393,468                  |
| 1530                     | Furniture and Equipment, Net     | 303,802                    |
| 1800                     | Restricted Assets                | 487                        |
| 1000                     | Total Assets                     | <u>2,460,219</u>           |
| <b>LIABILITIES:</b>      |                                  |                            |
| 2140                     | Interest Payable                 | 4,231                      |
| 2165                     | Accrued Liabilities              | 67,094                     |
| 2177                     | Due to Fiduciary                 | 4,027                      |
| 2180                     | Due to Other Governments         | 18,443                     |
| Noncurrent Liabilities:  |                                  |                            |
| 2501                     | Due Within One Year              | 55,600                     |
| 2502                     | Due in More Than One Year        | 438,095                    |
| 2000                     | Total Liabilities                | <u>587,490</u>             |
| <b>NET POSITION</b>      |                                  |                            |
| 3200                     | Net Investment in Capital Assets | 1,259,793                  |
| Restricted For:          |                                  |                            |
| 3820                     | State and Federal Programs       | 23,967                     |
| 3850                     | Debt Service                     | 105                        |
| 3860                     | Capital Projects                 | 486                        |
| 3900                     | Unrestricted                     | 588,378                    |
| 3000                     | Total Net Position               | <u>\$ 1,872,729</u>        |

The accompanying notes are an integral part of this statement.

## LANEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

| Data<br>Control<br>Codes | Functions/Programs   | 1<br>Expenses       | Program Revenues             |                            | 4<br>Operating<br>Grants and<br>Contributions | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--------------------------|--|---------------------|------------------------------|----------------------------|---|--|
|                          |  |                     | 3<br>Charges for<br>Services | Governmental<br>Activities |   |  |
|                          | Governmental Activities:                                     |                     |                              |                            |   |  |
| 11                       | Instruction  | \$ 1,104,370        | \$ --                        |                            | \$ 209,270                                    | \$ (895,100)   |
| 12                       | Instructional Resources and Media Services                   | 3,513               | --                           |                            | 26  | (3,487)  |
| 13                       | Curriculum and Staff Development                             | 4,249               | --                           |                            | 4,089   | (160)  |
| 21                       | Instructional Leadership                                     | 5,573               | --                           |                            | 2,156   | (3,417)  |
| 23                       | School Leadership  | 114,868             | --                           |                            | 5,634   | (109,234)  |
| 31                       | Guidance, Counseling, & Evaluation Services                  | 61,955              | --                           |                            | 3,987   | (57,968)   |
| 33                       | Health Services  | 5,320               | --                           |                            | --  | (5,320)  |
| 34                       | Student Transportation                                       | 85,521              | --                           |                            | 1,824   | (83,697)   |
| 35                       | Food Service   | 130,209             | 9,881                        |                            | 117,530                                       | (2,798)  |
| 36                       | Cocurricular/Extracurricular Activities                      | 100,691             | 5,405                        |                            | 1,811   | (93,475)   |
| 41                       | General Administration                                       | 217,700             | --                           |                            | 5,207   | (212,493)  |
| 51                       | Facilities Maintenance and Operations                        | 186,948             | --                           |                            | 4,014   | (182,934)  |
| 52                       | Security and Monitoring Services                             | 2,375               | --                           |                            | --  | (2,375)  |
| 53                       | Data Processing Services                                     | 28,785              | --                           |                            | 1,766   | (27,019)   |
| 72                       | Interest on Long-term Debt                                   | 9,026               | --                           |                            | --  | (9,026)  |
| 73                       | Bond Issuance Costs and Fees                                 | 310                 | --                           |                            | --  | (310)  |
| 93                       | Payments Related to Shared Services Arrangements             | 19,658              | --                           |                            | --  | (19,658)   |
| 99                       | Other Intergovernmental Charges                              | 15,969              | --                           |                            | --  | (15,969)   |
| TG                       | Total Governmental Activities                                | <u>2,097,040</u>    | <u>15,286</u>                |                            | <u>357,314</u>                                | <u>(1,724,440)</u>   |
| TP                       | Total Primary Government                                     | <u>\$ 2,097,040</u> | <u>\$ 15,286</u>             |                            | <u>\$ 357,314</u>                             | <u>(1,724,440)</u>   |
|                          | General Revenues:  |                     |                              |                            |   |  |
| MT                       | Property Taxes, Levied for General Purposes                  |                     |                              |                            |   | 986,536  |
| IE                       | Investment Earnings  |                     |                              |                            |   | 2,052  |
| GC                       | Grants and Contributions Not Restricted to Specific Programs |                     |                              |                            |   | 728,660  |
| MI                       | Miscellaneous  |                     |                              |                            |   | 92,728   |
| TR                       | Total General Revenues                                       |                     |                              |                            |   | <u>1,809,976</u>   |
| CN                       | Change in Net Position                                       |                     |                              |                            |   | 85,536   |
| NB                       | Net Position - Beginning                                     |                     |                              |                            |   | 1,807,073  |
| PA                       | Prior Period Adjustment                                      |                     |                              |                            |   | (19,880)   |
|                          | Net Position - Beginning, as Restated                        |                     |                              |                            |   | 1,787,193  |
| NE                       | Net Position - Ending  |                     |                              |                            |   | <u>\$ 1,872,729</u>  |

The accompanying notes are an integral part of this statement.

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2014

| Data<br>Control<br>Codes              | 10<br>General<br>Fund  | Other<br>Governmental<br>Funds | 98<br>Total<br>Governmental<br>Funds |                   |
|---------------------------------------|--|--------------------------------|--------------------------------------|-------------------|
| <b>ASSETS:</b>                        |  |                                |                                      |                   |
| 1110                                  | Cash and Cash Equivalents  | \$ 142,873                     | \$ 20,069                            | \$ 162,942        |
| 1120                                  | Current Investments  | 325,608                        | --                                   | 325,608           |
| 1225                                  | Taxes Receivable, Net  | 144,399                        | --                                   | 144,399           |
| 1240                                  | Due from Other Governments   | 64,013                         | 6,259                                | 70,272            |
| 1260                                  | Due from Other Funds   | 2,317                          | --                                   | 2,317             |
| 1290                                  | Other Receivables  | 2,962                          | 49                                   | 3,011             |
| 1800                                  | Restricted Assets  | 487                            | --                                   | 487               |
| 1000                                  | Total Assets   | <u>682,659</u>                 | <u>26,377</u>                        | <u>709,036</u>    |
| <b>LIABILITIES:</b>                   |  |                                |                                      |                   |
| Current Liabilities:                  |  |                                |                                      |                   |
| 2150                                  | Payroll Deductions & Withholdings                                    | \$ 189                         | \$ --                                | \$ 189            |
| 2160                                  | Accrued Wages Payable  | 50,639                         | --                                   | 50,639            |
| 2170                                  | Due to Other Funds   | 4,027                          | 2,305                                | 6,332             |
| 2180                                  | Due to Other Governments   | 18,443                         | --                                   | 18,443            |
| 2000                                  | Total Liabilities  | <u>73,298</u>                  | <u>2,305</u>                         | <u>75,603</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES:</b> |  |                                |                                      |                   |
|                                       | Deferred Revenue   | 144,399                        | --                                   | 144,399           |
| 2600                                  | Total Deferred Inflows of Resources                                  | <u>144,399</u>                 | <u>--</u>                            | <u>144,399</u>    |
| <b>FUND BALANCES:</b>                 |  |                                |                                      |                   |
| Restricted Fund Balances:             |  |                                |                                      |                   |
| 3450                                  | Federal/State Funds Grant Restrictions                               | --                             | 23,967                               | 23,967            |
| 3470                                  | Capital Acquisitions & Contractual Obligations                       | 486                            | --                                   | 486               |
| 3480                                  | Retirement of Long-Term Debt   | --                             | 105                                  | 105               |
| 3600                                  | Unassigned   | 464,476                        | --                                   | 464,476           |
| 3000                                  | Total Fund Balances  | <u>464,962</u>                 | <u>24,072</u>                        | <u>489,034</u>    |
| 4000                                  | Total Liabilities, Deferred Inflow<br>of Resources and Fund Balances | <u>\$ 682,659</u>              | <u>\$ 26,377</u>                     | <u>\$ 709,036</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, 2014

|  |                     |
|--|---------------------|
| Total fund balances - governmental funds balance sheet   | \$ 489,034          |
| Amounts reported for governmental activities in the Statement of Net Position<br>are different because:        |                     |
| Capital assets used in governmental activities are not reported in the funds.                                  | 1,753,488           |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.        | 144,399             |
| Payables for bond interest which are not due in the current period are not reported in the funds.              | (4,231)             |
| Payables for notes which are not due in the current period are not reported in the funds.                      | (493,695)           |
| Other long-term liabilities which are not due and payable in the current period are not reported in the funds. | <u>(16,266)</u>     |
| Net position of governmental activities - Statement of Net Position  | <u>\$ 1,872,729</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, 2014

| Data Control Codes                                | 10<br>General Fund | Other Governmental Funds | 98<br>Total Governmental Funds |
|---|--------------------|--------------------------|--------------------------------|
| <b>REVENUES:</b>                                  |                    |                          |                                |
| 5700 Local and Intermediate Sources               | \$ 1,057,245       | \$ 9,881                 | \$ 1,067,126                   |
| 5800 State Program Revenues                       | 754,336            | 16,285                   | 770,621                        |
| 5900 Federal Program Revenues                     | 45,642             | 269,711                  | 315,353                        |
| 5020 Total Revenues                               | <u>1,857,223</u>   | <u>295,877</u>           | <u>2,153,100</u>               |
| <b>EXPENDITURES:</b>                              |                    |                          |                                |
| Current:  |                    |                          |                                |
| 0011 Instruction                                  | 876,336            | 161,749                  | 1,038,085                      |
| 0012 Instructional Resources and Media Services   | 3,487              | 26                       | 3,513                          |
| 0013 Curriculum and Staff Development             | 160                | 4,089                    | 4,249                          |
| 0021 Instructional Leadership                     | 3,004              | 2,569                    | 5,573                          |
| 0023 School Leadership                            | 114,868            | --                       | 114,868                        |
| 0031 Guidance, Counseling, & Evaluation Services  | 61,955             | --                       | 61,955                         |
| 0033 Health Services                              | 5,320              | --                       | 5,320                          |
| 0034 Student Transportation                       | 109,720            | --                       | 109,720                        |
| 0035 Food Service                                 | --                 | 123,096                  | 123,096                        |
| 0036 Cocurricular/Extracurricular Activities      | 72,096             | --                       | 72,096                         |
| 0041 General Administration                       | 210,546            | --                       | 210,546                        |
| 0051 Facilities Maintenance and Operations        | 186,948            | --                       | 186,948                        |
| 0052 Security and Monitoring Services             | 919                | --                       | 919                            |
| 0053 Data Processing Services                     | 28,785             | --                       | 28,785                         |
| 0071 Principal on Long-term Debt                  | 14,357             | 31,000                   | 45,357                         |
| 0072 Interest on Long-term Debt                   | 1,494              | 7,824                    | 9,318                          |
| 0073 Bond Issuance Costs and Fees                 | --                 | 310                      | 310                            |
| 0093 Payments to Shared Service Arrangements      | 19,658             | --                       | 19,658                         |
| 0099 Other Intergovernmental Charges              | 15,969             | --                       | 15,969                         |
| 6030 Total Expenditures                           | <u>1,725,622</u>   | <u>330,663</u>           | <u>2,056,285</u>               |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                    |                          |                                |
| 1100 Expenditures                                 | <u>131,601</u>     | <u>(34,786)</u>          | <u>96,815</u>                  |
| Other Financing Sources and (Uses):               |                    |                          |                                |
| 7914 Issuance of Non-Current Debt                 | 29,610             | --                       | 29,610                         |
| 7915 Transfers In                                 | --                 | 39,000                   | 39,000                         |
| 8911 Transfers Out                                | (39,000)           | --                       | (39,000)                       |
| 7080 Total Other Financing Sources and (Uses)     | <u>(9,390)</u>     | <u>39,000</u>            | <u>29,610</u>                  |
| 1200 Net Change in Fund Balances                  | <u>122,211</u>     | <u>4,214</u>             | <u>126,425</u>                 |
| 0100 Fund Balances - Beginning                    | 344,821            | 19,858                   | 364,679                        |
| 1300 Prior Period Adjustment                      | (2,070)            | --                       | (2,070)                        |
| Fund Balances - Beginning, as Restated            | 342,751            | 19,858                   | 362,609                        |
| 3000 Fund Balances - Ending                       | <u>\$ 464,962</u>  | <u>\$ 24,072</u>         | <u>\$ 489,034</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, 2014

|   |                  |
|---|------------------|
| Net change in fund balances - total governmental funds  | \$ 126,425       |
| Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:      |                  |
| Capital outlays are not reported as expenses in the SOA.  | 32,900           |
| The depreciation of capital assets used in governmental activities is not reported in the funds.                | (123,000)        |
| Donations of capital assets increase net position in the SOA but not in the funds.                              | 23,336           |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.         | 6,140            |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.                    | 31,000           |
| Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.                    | 14,357           |
| (Increase) decrease in accrued interest from beginning of period to end of period.                              | 292              |
| Revenues in the SOA for franchise taxes not providing current financial resources are not reported in the funds | 3,696            |
| Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.        | <u>(29,610)</u>  |
| Change in net position of governmental activities - Statement of Activities                                     | <u>\$ 85,536</u> |

The accompanying notes are an integral part of this statement.

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2014

| Data<br>Control<br>Codes       | Private-purpose<br>Trust<br>Fund              | Agency<br>Fund              |
|--------------------------------|---|-----------------------------|
| <u>          </u>              | <u>Laneville ISD<br/>Scholarship<br/>Fund</u> | <u>Student<br/>Activity</u> |
| <b>ASSETS:</b>                 |   |                             |
| 1110 Cash and Cash Equivalents | \$ 17,502                                     | \$ 11,021                   |
| 1260 Due from Other Funds      | 4,027   | --                          |
| 1000 Total Assets              | <u>21,529</u>                                 | <u>11,021</u>               |
| <b>LIABILITIES:</b>            |   |                             |
| Current Liabilities:           |   |                             |
| 2170 Due to Other Funds        | \$ --   | \$ 12                       |
| 2190 Due to Student Groups     | --  | 11,009                      |
| 2000 Total Liabilities         | <u>--</u>                                     | <u>11,021</u>               |
| <b>NET POSITION:</b>           |   |                             |
| 3800 Held in Trust             | 21,529  | --                          |
| 3000 Total Net Position        | <u>\$ 21,529</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, 2014

|                                    | Private-<br>Purpose<br>Trust Fund    |
|------------------------------------|--------------------------------------|
|                                    | Laneville ISD<br>Scholarship<br>Fund |
| <b>Additions:</b>                  |                                      |
| Investment Income                  | \$ 55                                |
| Donations from General Fund        | 4,027                                |
| Donations from Public              | 5,900                                |
| Total Additions                    | <u>9,982</u>                         |
| <b>Deductions:</b>                 |                                      |
| Scholarship Awards                 | 10,908                               |
| Administrative Expenses            | --                                   |
| Total Deductions                   | <u>10,908</u>                        |
| <b>Change in Net Position</b>      | (926)                                |
| Net Position-Beginning of the Year | 22,455                               |
| Net Position-End of the Year       | <u>\$ 21,529</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, 2014

### 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. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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, 2014**

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

# LANEVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

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. The allowance for uncollectible property taxes was \$44,332 at August 31, 2014.

c. Inventories and Prepaid Items

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

d. Capital Assets

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

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

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

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

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

g. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no item that qualifies for reporting in this category.

# LANEVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

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

### h. 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 convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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

### i. Use of Estimates

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

### j. 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.

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**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    | N/A                   | Not applicable |

**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, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$517,560 and the bank balance was \$547,424. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Restricted cash consists of remaining unspent debt proceeds of \$487.

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 investment in money market account at Citizen's National Bank is not rated.

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

The District's investments at August 31, 2014 are shown below.

| <u>Investment or Investment Type</u>              | <u>Maturity</u> | <u>Fair Value</u> |
|---|-----------------|-------------------|
| Money market account at<br>Citizens National Bank | N/A             | \$ 325,608        |
| Total Investments                                 |                 | <u>\$ 325,608</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.

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.

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**D. Capital Assets**

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

|   | Beginning<br>Balances | Increases          | Decreases       | Ending<br>Balances  |
|---|-----------------------|--------------------|-----------------|---------------------|
| Governmental activities:                    |                       |                    |                 |                     |
| <i>Capital assets not being depreciated</i> |                       |                    |                 |                     |
| Land  | \$ 56,218             |                    |                 | \$ 56,218           |
| Total capital assets not being depreciated  | <u>56,218</u>         | <u>-</u>           | <u>-</u>        | <u>56,218</u>       |
| <i>Capital assets being depreciated:</i>    |                       |                    |                 |                     |
| Buildings and improvements                  | 3,001,394             |                    |                 | 3,001,394           |
| Equipment                                   | 399,070               | 23,335             |                 | 422,405             |
| Vehicles                                    | 351,186               | 32,900             | 32,505          | 351,581             |
| Total capital assets being depreciated      | <u>3,751,650</u>      | <u>56,235</u>      | <u>32,505</u>   | <u>3,775,380</u>    |
| Less accumulated depreciation for:          |                       |                    |                 |                     |
| Buildings and improvements                  | (1,537,350)           | (70,576)           |                 | (1,607,926)         |
| Equipment                                   | (160,271)             | (36,240)           |                 | (196,511)           |
| Vehicles                                    | (289,995)             | (16,183)           | (32,505)        | (273,673)           |
| Total accumulated depreciation              | <u>(1,987,616)</u>    | <u>(122,999)</u>   | <u>(32,505)</u> | <u>(2,078,110)</u>  |
| Total capital assets being depreciated, net | 1,764,034             | (66,764)           | -               | 1,697,270           |
| Governmental activities capital assets, net | <u>\$ 1,820,252</u>   | <u>\$ (66,764)</u> | <u>\$ -</u>     | <u>\$ 1,753,488</u> |

Depreciation was charged to functions as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Instruction                      | \$ 69,980         |
| Student transportation           | 8,701             |
| Food services                    | 7,113             |
| Extracurricular activities       | 28,595            |
| General administration           | 7,154             |
| Security and monitoring services | 1,456             |
| Total depreciation               | <u>\$ 122,999</u> |



**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**E. Interfund Balances and Activities**

1. Balances due to and due from other funds at August 31, 2014, consisted of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u>   | <u>Purpose</u>            |
|------------------------|-----------------------|-----------------|---------------------------|
| General Fund           | State Textbook Fund   | \$ 2,305        | Supplement cash resources |
| General Fund           | Student Activity Fund | 12              | Reimbursement due         |
| Scholarship Trust Fund | General Fund          | 4,027           | Reimbursement due         |
|                        | Total                 | <u>\$ 6,344</u> |                           |

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2014, consisted of the following:

| <u>Transfers From</u> | <u>Transfers To</u> | <u>Amount</u>    | <u>Purpose</u>             |
|-----------------------|---------------------|------------------|----------------------------|
| General Fund          | Debt Service Fund   | \$ 39,000        | Fund debt service for QZAB |
|                       | Total               | <u>\$ 39,000</u> |                            |

**F. Long-Term Obligations**

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2014, 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           | \$ 480,000               | \$ -             | \$ 31,000        | \$ 449,000            | \$ 31,000                          |
| Notes payable - buses           | 29,442                   | 29,610           | 14,357           | 44,695                | 24,600                             |
| Total governmental activities   | <u>\$ 509,442</u>        | <u>\$ 29,610</u> | <u>\$ 45,357</u> | <u>\$ 493,695</u>     | <u>\$ 55,600</u>                   |

The buses purchased with notes payable are pledged as security. Debts payable are comprised of the following individual issues:

|                                   | <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                 | \$ 449,000        |
| Note payable for purchase of bus  | 5.04%                 | 80,338                | 2015                 | 15,085            |
| Note payable for purchase of bus  | 3.69%                 | 29,610                | 2017                 | 29,610            |
| Total governmental activities     |                       |                       |                      | <u>\$ 493,695</u> |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2014, are as follows:

|                               | Governmental Activities |                  |                   |
|-------------------------------|-------------------------|------------------|-------------------|
|                               | Principal               | Interest         | Total             |
| <u>Year Ending August 31,</u> |                         |                  |                   |
| 2015                          | \$ 55,600               | \$ 9,177         | \$ 64,777         |
| 2016                          | 41,865                  | 7,554            | 49,419            |
| 2017                          | 42,230                  | 6,670            | 48,900            |
| 2018                          | 33,000                  | 5,770            | 38,770            |
| 2019                          | 33,000                  | 5,233            | 38,233            |
| 2020 to 2024                  | 176,000                 | 17,816           | 193,816           |
| 2025 to 2029                  | 112,000                 | 3,667            | 115,667           |
| Total governmental activities | <u>\$ 493,695</u>       | <u>\$ 55,887</u> | <u>\$ 549,582</u> |

**G. Commitments Under Noncapitalized Leases**

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2014, as follows:

|                               |                 |
|-------------------------------|-----------------|
| <u>Year Ending August 31,</u> |                 |
| 2015                          | \$ 2,436        |
| 2016                          | 2,436           |
| 2017                          | 1,627           |
| Total governmental activities | <u>\$ 6,499</u> |
| Rental expenditures           | <u>\$ 3,306</u> |

**H. 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 2014, 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 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:

|                            | Beginning<br>Balance | Incurred<br>Claims (IBNR) | Claims Paid | Ending<br>Balance |
|----------------------------|----------------------|---------------------------|-------------|-------------------|
| Year ended August 31, 2012 | \$ 33,974            | \$ (1,090)                | \$ 15,948   | \$ 16,936         |
| Year ended August 31, 2013 | 16,936               | 5,879                     | 2,853       | 19,962            |
| Year ended August 31, 2014 | 19,962               | (430)                     | 3,266       | 16,266            |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

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

2. Funding Policy

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

Contribution rates and contributions for fiscal years 2014 to 2012 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

| Year | Member |           | State |           | Statutory Minimum Amount |
|------|--------|-----------|-------|-----------|--------------------------|
|      | Rate   | Amount    | Rate  | Amount    |                          |
| 2014 | 6.4%   | \$ 73,834 | 6.8%  | \$ 63,147 | \$ 5,307                 |
| 2013 | 6.4%   | 75,678    | 6.4%  | 58,531    | 4,957                    |
| 2012 | 6.4%   | 71,615    | 6.0%  | 54,873    | 2,754                    |

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

b. Funding Policy

# LANEVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

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

| Year | Active Member |          | State |          | School District |          |
|------|---------------|----------|-------|----------|-----------------|----------|
|      | Rate          | Amount   | Rate  | Amount   | Rate            | Amount   |
| 2014 | 0.65%         | \$ 7,499 | 1.00% | \$ 9,286 | 0.55%           | \$ 6,345 |
| 2013 | 0.65%         | 7,691    | 0.50% | 4,573    | 0.55%           | 6,508    |
| 2012 | 0.65%         | 7,274    | 1.00% | 9,146    | 0.55%           | 6,154    |

### 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, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$3,147, \$3,179, and \$2,860, respectively.

## K. Employee Health Care Coverage

During the year ended August 31, 2014, 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.

## L. Commitments and Contingencies

### 1. Contingencies

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

### 2. Litigation

No reportable litigation was pending against the District at August 31, 2014.

# LANEVILLE INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

### M. 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:

#### Special Education Services

Carlisle ISD  
Laneville ISD  
Frankston 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.29610

29

### N. Other Disclosures

Prior period adjustments were recorded for the following:

|   | Government-<br>wide | General<br>Fund   |
|---|---------------------|-------------------|
| Correction for negative student activities      | \$ (2,070)          | \$ (2,070)        |
| Write off debt issue costs related to QZAB debt | (17,810)            |                   |
| Totals  | <u>\$ (19,880)</u>  | <u>\$ (2,070)</u> |

## 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, 2014

**EXHIBIT G-1**

Page 1 of 2

| Data Control Codes                            |  | 1                | 2                | 3                | Variance with Final Budget Positive (Negative) |
|---|--|------------------|------------------|------------------|--|
|   |  | Budgeted Amounts |                  |                  |  |
|   |  | Original         | Final            | Actual           |  |
| <b>REVENUES:</b>                              |  |                  |                  |                  |  |
| 5700  | Local and Intermediate Sources               | \$ 1,028,659     | \$ 1,076,607     | \$ 1,057,245     | \$ (19,362)                                    |
| 5800  | State Program Revenues                       | 656,123          | 655,585          | 754,336          | 98,751   |
| 5900  | Federal Program Revenues                     | 15,500           | 45,650           | 45,642           | (8)  |
| 5020  | Total Revenues                               | <u>1,700,282</u> | <u>1,777,842</u> | <u>1,857,223</u> | <u>79,381</u>                                  |
| <b>EXPENDITURES:</b>                          |  |                  |                  |                  |  |
| Current:                                      |  |                  |                  |                  |  |
| Instruction & Instructional Related Services: |  |                  |                  |                  |  |
| 0011  | Instruction                                  | 865,956          | 915,822          | 876,336          | 39,486   |
| 0012  | Instructional Resources and Media Services   | 7,060            | 5,060            | 3,487            | 1,573  |
| 0013  | Curriculum and Staff Development             | 600              | 600              | 160              | 440  |
|   | Total Instruction & Instr. Related Services  | <u>873,616</u>   | <u>921,482</u>   | <u>879,983</u>   | <u>41,499</u>                                  |
| Instructional and School Leadership:          |  |                  |                  |                  |  |
| 0021  | Instructional Leadership                     | 3,000            | 3,004            | 3,004            | --   |
| 0023  | School Leadership                            | 116,779          | 116,689          | 114,868          | 1,821  |
|   | Total Instructional & School Leadership      | <u>119,779</u>   | <u>119,693</u>   | <u>117,872</u>   | <u>1,821</u>                                   |
| Support Services - Student (Pupil):           |  |                  |                  |                  |  |
| 0031  | Guidance, Counseling and Evaluation Services | 59,339           | 59,389           | 61,955           | (2,566)  |
| 0033  | Health Services                              | 5,250            | 5,350            | 5,320            | 30   |
| 0034  | Student (Pupil) Transportation               | 87,650           | 89,154           | 109,720          | (20,566)                                       |
| 0036  | Cocurricular/Extracurricular Activities      | 53,900           | 74,611           | 72,096           | 2,515  |
|   | Total Support Services - Student (Pupil)     | <u>206,139</u>   | <u>228,504</u>   | <u>249,091</u>   | <u>(20,587)</u>                                |
| Administrative Support Services:              |  |                  |                  |                  |  |
| 0041  | General Administration                       | 227,731          | 227,273          | 210,546          | 16,727   |
|   | Total Administrative Support Services        | <u>227,731</u>   | <u>227,273</u>   | <u>210,546</u>   | <u>16,727</u>                                  |
| Support Services - Nonstudent Based:          |  |                  |                  |                  |  |
| 0051  | Plant Maintenance and Operations             | 192,846          | 199,219          | 186,948          | 12,271   |
| 0052  | Security and Monitoring Services             | 1,075            | 1,075            | 919              | 156  |
| 0053  | Data Processing Services                     | 26,595           | 28,095           | 28,785           | (690)  |
|   | Total Support Services - Nonstudent Based    | <u>220,516</u>   | <u>228,389</u>   | <u>216,652</u>   | <u>11,737</u>                                  |
| Debt Service:                                 |  |                  |                  |                  |  |
| 0071  | Principal on Long-Term Debt                  | 15,851           | 13,851           | 14,357           | (506)  |
| 0072  | Interest on Long-Term Debt                   | --               | 2,000            | 1,494            | 506  |
|   | Total Debt Service                           | <u>15,851</u>    | <u>15,851</u>    | <u>15,851</u>    | <u>--</u>                                      |
| Intergovernmental Charges:                    |  |                  |                  |                  |  |
| 0093  | Payments to Fiscal Agent/Member Dist.-SSA    | 19,700           | 19,700           | 19,658           | 42   |
| 0099  | Other Intergovernmental Charges              | 16,950           | 16,950           | 15,969           | 981  |
|   | Total Intergovernmental Charges              | <u>36,650</u>    | <u>36,650</u>    | <u>35,627</u>    | <u>1,023</u>                                   |
| 6030  | Total Expenditures                           | <u>1,700,282</u> | <u>1,777,842</u> | <u>1,725,622</u> | <u>52,220</u>                                  |
| 1100  | Excess (Deficiency) of Revenues Over (Under) |                  |                  |                  |  |
| 1100  | Expenditures                                 | <u>--</u>        | <u>--</u>        | <u>131,601</u>   | <u>131,601</u>                                 |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2014

**EXHIBIT G-1**

Page 2 of 2

| Data<br>Control<br>Codes |  | 1                 | 2                 | 3                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------|--|-------------------|-------------------|-------------------|---|
|                          |  | Budgeted Amounts  |                   | Actual            |   |
|                          |  | Original          | Final             |                   |   |
|                          | Other Financing Sources (Uses):          |                   |                   |                   |   |
| 7914                     | Issuance of Non-Current Debt             | --                | --                | 29,610            | 29,610  |
| 8911                     | Transfers Out                            | --                | --                | (39,000)          | (39,000)  |
| 7080                     | Total Other Financing Sources and (Uses) | --                | --                | (9,390)           | (9,390)   |
| 1200                     | Net Change in Fund Balance               | --                | --                | 122,211           | 122,211   |
| 0100                     | Fund Balance - Beginning                 | 342,754           | 342,754           | 344,821           | 2,067   |
| 1300                     | Prior Period Adjustment                  | --                | --                | (2,070)           | (2,070)   |
| 0100                     | Fund Balance - Beginning, as Restated    | 342,754           | 342,754           | 342,751           | (3)   |
| 3000                     | Fund Balance - Ending                    | <u>\$ 342,754</u> | <u>\$ 342,754</u> | <u>\$ 464,962</u> | <u>\$ 122,208</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, 2014

| Data<br>Control<br>Codes  | Special<br>Revenue<br>Funds            | Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds (See<br>Exhibit C-1) |                  |
|---------------------------|--|-------------------------|---|------------------|
| <b>ASSETS:</b>            |  |                         |   |                  |
| 1110                      | Cash and Cash Equivalents              | \$ 19,964               | \$ 105  | \$ 20,069        |
| 1240                      | Due from Other Governments             | 6,259                   | --  | 6,259            |
| 1290                      | Other Receivables                      | 49                      | --  | 49               |
| 1000                      | Total Assets                           | <u>26,272</u>           | <u>105</u>  | <u>26,377</u>    |
| <b>LIABILITIES:</b>       |  |                         |   |                  |
| Current Liabilities:      |  |                         |   |                  |
| 2170                      | Due to Other Funds                     | \$ 2,305                | \$ --   | \$ 2,305         |
| 2000                      | Total Liabilities                      | <u>2,305</u>            | <u>--</u>   | <u>2,305</u>     |
| <b>FUND BALANCES:</b>     |  |                         |   |                  |
| Restricted Fund Balances: |  |                         |   |                  |
| 3450                      | Federal/State Funds Grant Restrictions | 23,967                  | --  | 23,967           |
| 3480                      | Retirement of Long-Term Debt           | --                      | 105   | 105              |
| 3000                      | Total Fund Balances                    | <u>23,967</u>           | <u>105</u>  | <u>24,072</u>    |
| 4000                      | Total Liabilities and Fund Balances    | <u>\$ 26,272</u>        | <u>\$ 105</u>   | <u>\$ 26,377</u> |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

| Data<br>Control<br>Codes            |  | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds (See<br>Exhibit C-2) |
|-------------------------------------|--|-----------------------------|-------------------------|---|
| <b>REVENUES:</b>                    |  |                             |                         |   |
| 5700                                | Local and Intermediate Sources               | \$ 9,881                    | \$ --                   | \$ 9,881  |
| 5800                                | State Program Revenues                       | 16,285                      | --                      | 16,285  |
| 5900                                | Federal Program Revenues                     | 269,711                     | --                      | 269,711   |
| 5020                                | Total Revenues                               | <u>295,877</u>              | <u>--</u>               | <u>295,877</u>  |
| <b>EXPENDITURES:</b>                |  |                             |                         |   |
| Current:                            |  |                             |                         |   |
| 0011                                | Instruction                                  | 161,749                     | --                      | 161,749   |
| 0012                                | Instructional Resources and Media Services   | 26                          | --                      | 26  |
| 0013                                | Curriculum and Staff Development             | 4,089                       | --                      | 4,089   |
| 0021                                | Instructional Leadership                     | 2,569                       | --                      | 2,569   |
| 0035                                | Food Service                                 | 123,096                     | --                      | 123,096   |
| 0071                                | Principal on Long-term Debt                  | --                          | 31,000                  | 31,000  |
| 0072                                | Interest on Long-term Debt                   | --                          | 7,824                   | 7,824   |
| 0073                                | Bond Issuance Costs and Fees                 | --                          | 310                     | 310   |
| 6030                                | Total Expenditures                           | <u>291,529</u>              | <u>39,134</u>           | <u>330,663</u>  |
| 1100                                | Excess (Deficiency) of Revenues Over (Under) |                             |                         |   |
| 1100                                | Expenditures                                 | <u>4,348</u>                | <u>(39,134)</u>         | <u>(34,786)</u>   |
| Other Financing Sources and (Uses): |  |                             |                         |   |
| 7915                                | Transfers In                                 | --                          | 39,000                  | 39,000  |
| 7080                                | Total Other Financing Sources and (Uses)     | <u>--</u>                   | <u>39,000</u>           | <u>39,000</u>   |
| 1200                                | Net Change in Fund Balances                  | <u>4,348</u>                | <u>(134)</u>            | <u>4,214</u>  |
| 0100                                | Fund Balances - Beginning                    | <u>19,619</u>               | <u>239</u>              | <u>19,858</u>   |
| 3000                                | Fund Balances - Ending                       | <u>\$ 23,967</u>            | <u>\$ 105</u>           | <u>\$ 24,072</u>  |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2014

| Data<br>Control<br>Codes  | 240<br>National School<br>Breakfast/Lunch<br>Program | 410<br>State<br>Textbook<br>Fund | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-1) |
|---------------------------|--|----------------------------------|---|
| <b>ASSETS:</b>            |  |                                  |   |
| 1110                      | Cash and Cash Equivalents                            | \$ 19,964                        | \$ 19,964   |
| 1240                      | Due from Other Governments                           | 3,921                            | 6,259   |
| 1290                      | Other Receivables                                    | 49                               | 49  |
| 1000                      | Total Assets   | <u>23,934</u>                    | <u>26,272</u>   |
| <b>LIABILITIES:</b>       |  |                                  |   |
| Current Liabilities:      |  |                                  |   |
| 2170                      | Due to Other Funds                                   | \$ --                            | \$ 2,305  |
| 2000                      | Total Liabilities                                    | <u>--</u>                        | <u>2,305</u>  |
| <b>FUND BALANCES:</b>     |  |                                  |   |
| Restricted Fund Balances: |  |                                  |   |
| 3450                      | Federal/State Funds Grant Restrictions               | 23,934                           | 23,967  |
| 3000                      | Total Fund Balances                                  | <u>23,934</u>                    | <u>23,967</u>   |
| 4000                      | Total Liabilities and Fund Balances                  | <u>\$ 23,934</u>                 | <u>\$ 26,272</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, 2014

| Data<br>Control<br>Codes                          | 205<br>Head<br>Start | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 240<br>National School<br>Breakfast/Lunch<br>Program |
|---|----------------------|--|--|
| <b>REVENUES:</b>                                  |                      |  |  |
| 5700 Local and Intermediate Sources               | \$ --                | \$ --  | \$ 9,881   |
| 5800 State Program Revenues                       | --                   | --   | 3,479  |
| 5900 Federal Program Revenues                     | 35,978               | 94,544   | 114,051  |
| 5020 Total Revenues                               | <u>35,978</u>        | <u>94,544</u>                                      | <u>127,411</u>                                       |
| <b>EXPENDITURES:</b>                              |                      |  |  |
| Current:  |                      |  |  |
| 0011 Instruction                                  | 35,978               | 88,299   | --   |
| 0012 Instructional Resources and Media Services   | --                   | --   | --   |
| 0013 Curriculum and Staff Development             | --                   | 4,089  | --   |
| 0021 Instructional Leadership                     | --                   | 2,156  | --   |
| 0035 Food Service                                 | --                   | --   | 123,096  |
| 6030 Total Expenditures                           | <u>35,978</u>        | <u>94,544</u>                                      | <u>123,096</u>                                       |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                      |  |  |
| 1100 Expenditures                                 | --                   | --   | 4,315  |
| 1200 Net Change in Fund Balances                  | --                   | --   | 4,315  |
| 0100 Fund Balances - Beginning                    | --                   | --   | 19,619   |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>         | <u>\$ --</u>                                       | <u>\$ 23,934</u>                                     |

| 255<br>ESEA Title II<br>Training &<br>Recruiting | 289<br>Rural<br>Education<br>Program | 410<br>State<br>Textbook<br>Fund | 429<br>Read to<br>Succeed<br>License Plate | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-2) |
|--|--------------------------------------|----------------------------------|--|---|
| \$ --  | \$ --                                | \$ --                            | \$ --                                      | \$ 9,881  |
| --   | --                                   | 12,780                           | 26   | 16,285  |
| 23,657   | 1,481                                | --                               | --   | 269,711   |
| <u>23,657</u>                                    | <u>1,481</u>                         | <u>12,780</u>                    | <u>26</u>                                  | <u>295,877</u>  |
| 23,244   | 1,481                                | 12,747                           | --   | 161,749   |
| --   | --                                   | --                               | 26   | 26  |
| --   | --                                   | --                               | --   | 4,089   |
| 413  | --                                   | --                               | --   | 2,569   |
| --   | --                                   | --                               | --   | 123,096   |
| <u>23,657</u>                                    | <u>1,481</u>                         | <u>12,747</u>                    | <u>26</u>                                  | <u>291,529</u>  |
| --   | --                                   | 33                               | --   | 4,348   |
| --   | --                                   | 33                               | --   | 4,348   |
| --   | --                                   | --                               | --   | 19,619  |
| <u>\$ --</u>                                     | <u>\$ --</u>                         | <u>\$ 33</u>                     | <u>\$ --</u>                               | <u>\$ 23,967</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, 2014

| Year Ended<br>August 31        | Tax Rates        |                   | 3<br>Assessed/Appraised<br>Value For School<br>Tax Purposes |
|--------------------------------|------------------|-------------------|---|
|                                | 1<br>Maintenance | 2<br>Debt Service |   |
| 2005 and Prior Years           | \$ Various       | \$ Various        | \$ Various  |
| 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                           | 1.17             | --                | 86,127,312  |
| 2014 (School Year Under Audit) | 1.17             | --                | 84,277,142  |

1000 Totals

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



| 10<br>Beginning<br>Balance<br>9/1/13 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/14 |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| \$ 38,116                            | \$ --                                 | \$ 200                           | \$ --                             | \$ (3,815)                            | \$ 34,101                          |
| 5,714                                | --                                    | 212                              | --                                | (429)                                 | 5,073                              |
| 7,253                                | --                                    | 868                              | --                                | (444)                                 | 5,941                              |
| 6,814                                | --                                    | 643                              | --                                | (339)                                 | 5,832                              |
| 11,675                               | --                                    | 1,546                            | --                                | (331)                                 | 9,798                              |
| 17,084                               | --                                    | 2,195                            | --                                | (379)                                 | 14,510                             |
| 19,905                               | --                                    | 1,787                            | --                                | (184)                                 | 17,934                             |
| 26,238                               | --                                    | 4,854                            | --                                | (185)                                 | 21,199                             |
| 47,692                               | --                                    | 14,222                           | --                                | (417)                                 | 33,053                             |
| --                                   | 980,429                               | 938,105                          | --                                | (1,034)                               | 41,290                             |
| <u>\$ 180,491</u>                    | <u>\$ 980,429</u>                     | <u>\$ 964,632</u>                | <u>\$ --</u>                      | <u>\$ (7,557)</u>                     | <u>\$ 188,731</u>                  |
| \$ --                                | \$ --                                 | \$ --                            | \$ --                             | \$ --                                 | \$ --                              |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

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

| Data<br>Control<br>Codes            |  | 1                | 2                | 3                                  |
|-------------------------------------|--|------------------|------------------|------------------------------------|
|                                     |  | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
| <b>REVENUES:</b>                    |  |                  |                  |                                    |
| 5700                                | Local and Intermediate Sources               | \$ 9,830         | \$ 9,881         | \$ 51                              |
| 5800                                | State Program Revenues                       | 3,505            | 3,479            | (26)                               |
| 5900                                | Federal Program Revenues                     | 113,524          | 114,051          | 527                                |
| 5020                                | Total Revenues                               | <u>126,859</u>   | <u>127,411</u>   | <u>552</u>                         |
| <b>EXPENDITURES:</b>                |  |                  |                  |                                    |
| Current:                            |  |                  |                  |                                    |
| Support Services - Student (Pupil): |  |                  |                  |                                    |
| 0035                                | Food Services                                | 126,859          | 123,096          | 3,763                              |
|                                     | Total Support Services - Student (Pupil)     | <u>126,859</u>   | <u>123,096</u>   | <u>3,763</u>                       |
| 6030                                | Total Expenditures                           | <u>126,859</u>   | <u>123,096</u>   | <u>3,763</u>                       |
| 1100                                | Excess (Deficiency) of Revenues Over (Under) |                  |                  |                                    |
| 1100                                | Expenditures                                 | --               | 4,315            | 4,315                              |
| 1200                                | Net Change in Fund Balance                   | --               | 4,315            | 4,315                              |
| 0100                                | Fund Balance - Beginning                     | 19,619           | 19,619           | --                                 |
| 3000                                | Fund Balance - Ending                        | <u>\$ 19,619</u> | <u>\$ 23,934</u> | <u>\$ 4,315</u>                    |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

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

| Data<br>Control<br>Codes                          | 1             | 2               | 3                                  |
|---|---------------|-----------------|------------------------------------|
|   | Budget        | Actual          | Variance<br>Positive<br>(Negative) |
| <b>REVENUES:</b>                                  |               |                 |                                    |
| 5700 Local and Intermediate Sources               | \$ 39,834     | \$ --           | \$ (39,834)                        |
| 5020 Total Revenues                               | <u>39,834</u> | <u>--</u>       | <u>(39,834)</u>                    |
| <b>EXPENDITURES:</b>                              |               |                 |                                    |
| Debt Service:                                     |               |                 |                                    |
| 0071 Principal on Long-Term Debt                  | 31,000        | 31,000          | --                                 |
| 0072 Interest on Long-Term Debt                   | 8,224         | 7,824           | 400                                |
| 0073 Bond Issuance Costs and Fees                 | 610           | 310             | 300                                |
| Total Debt Service                                | <u>39,834</u> | <u>39,134</u>   | <u>700</u>                         |
| 6030 Total Expenditures                           | <u>39,834</u> | <u>39,134</u>   | <u>700</u>                         |
| 1100 Excess (Deficiency) of Revenues Over (Under) |               |                 |                                    |
| 1100 Expenditures                                 | <u>--</u>     | <u>(39,134)</u> | <u>(39,134)</u>                    |
| Other Financing Sources (Uses):                   |               |                 |                                    |
| 7915 Transfers In                                 | --            | 39,000          | 39,000                             |
| 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>(134)</u>    | <u>(134)</u>                       |
| 0100 Fund Balance - Beginning                     | 239           | 239             | --                                 |
| 3000 Fund Balance - Ending                        | <u>\$ 239</u> | <u>\$ 105</u>   | <u>\$ (134)</u>                    |

**HALLS, JOHNSON, MCLEMORE & REDFIELD, 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, 2014, 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 2, 2014.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

## 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,

A handwritten signature in cursive script that reads "Halls, Johnson, McLemore & Redfield, LLP".

Halls, Johnson, McLemore & Redfield, LLP

Nacogdoches, Texas  
December 2, 2014

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

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?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

A single audit is not required since total federal expenditures are less than \$500,000.

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2014

| <u>Finding/Recommendation</u>   | <u>Current Status</u>   | <u>Management's Explanation<br/>If Not Implemented</u> |
|---|---|--|
| The reconciled bank balance did not match ledger totals. The bank balances were being reconciled to a hand-kept cash balance. | Management investigated and corrected reconciliation differences. There was no finding related to this issue in the current year. |  |

**LANEVILLE INDEPENDENT SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2014

N/A - NO CURRENT FINDINGS



**LANEVILLE INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2014

| <u>Data<br/>Control<br/>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?     | \$    --         |