

WASKOM INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2011

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WASKOM INDEPENDENT SCHOOL DISTRICT
Annual Financial Report for the
Year Ended August 31, 2011

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the Year Ended August 31, 2011

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**WASKOM INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Waskom Independent School District</u>	<u>Harrison</u>	<u>102-903</u>
Name of School District	County	County-District Number

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

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)

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FINANCIAL SECTION



Independent Auditor's Report

Members of the Board of Trustees
Waskom Independent School District
Waskom, Texas

Members of the Board of Trustees:

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

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

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

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

Independent Auditor's Report

Members of the Board of Trustees

November 9, 2011

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and budgetary comparison information on page 36, 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, which 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 the other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The combining schedules and required TEA schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining schedules, the required TEA schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 9, 2011

WASKOM INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net assets were \$6,459,482 as of August 31, 2011.
- ▶ During the year ended August 31, 2011, the District's net assets increased by \$326,693. The District generated \$8,753,274 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$8,426,581.
- ▶ The general fund reported a total fund balance this year of \$3,188,700.
- ▶ The general fund unassigned fund balance is \$2,530,281.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial 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: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Assets**. This is the District wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

The second government-wide financial statement is the **Statement of Activities**, which reports how

WASKOM INDEPENDENT SCHOOL DISTRICT

the District's net assets changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements 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.
- ▶ The 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.

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 two 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 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 program's. 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 fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

Fiduciary funds - The District is the trustee, or fiduciary, for money raised by student activities and a scholarship program. 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

WASKOM INDEPENDENT SCHOOL DISTRICT

separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. The District's combined net assets were \$6,459,482 as of August 31, 2011. The following table provides a summary of the District's net assets.

The District's Net Assets

	Governmental Activities		
	2011	2010	% Change
Current and Other Assets	3,789,229	3,093,943	22.5%
Capital and Non-Current Assets	11,168,372	11,720,201	(4.7)%
Total Assets	14,957,601	14,814,144	1.0%
Other Liabilities	269,801	268,728	0.4%
Long Term Liabilities	8,228,318	8,412,627	(2.2)%
Total Liabilities	8,498,119	8,681,355	(2.1)%
Net Assets:			
Invested in Capital Assets, net of Related Debt	3,078,072	3,451,518	(10.8)%
Restricted	109,124	90,652	20.4%
Unrestricted	3,272,286	2,590,619	26.3%
Total Net Assets	6,459,482	6,132,789	5.3%

The \$109,124 of restricted net assets represents amounts to be spent on retirement of debt, food service operations, and grant programs.

Changes in net assets. The District's total revenues were \$8,753,274. A portion, 22.63 percent, of the District's revenue comes from state aid-formula grants. Property taxes represent 59.11 percent of the District's revenue. The rest of the District's revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$8,426,581; 75.36 percent of these costs are for instructional and student services.

WASKOM INDEPENDENT SCHOOL DISTRICT

Governmental Activities

The following table provides a summary of the District’s changes in net assets.

Changes in the District’s Net Assets

	Governmental Activities		% Change
	2011	2010	
Revenues:			
Program Revenues:			
Charges for services	128,129	148,243	(13.6)%
Operating grants	1,226,977	1,229,250	(0.2)%
General Revenues:			
Property taxes	5,174,393	5,219,286	(0.9)%
State aid - formula	1,980,477	2,059,715	(3.8)%
Investment earnings	41,246	36,493	13.0%
Other general revenues	202,052	131,865	53.2%
Total revenues	8,753,274	8,824,852	(0.8)%
Expenses:			
Instructional and instructional related	4,974,960	5,089,595	(2.3)%
Instructional and school leadership	375,424	364,705	2.9%
Counseling, health, transportation, and extracurricular	855,634	921,289	(7.1)%
Food services	405,004	403,404	0.4%
General administration	269,254	274,789	(2.0)%
Plant maintenance and security	901,615	849,995	6.1%
Data processing services	118,054	109,373	7.9%
Debt services	399,020	406,466	(1.8)%
Capital outlay	13,000	-	n/a
Payments to fiscal agent/member districts	114,616	121,239	(5.5)%
Total expenses	8,426,581	8,540,855	-1.3%
Increase (Decrease) in Net Assets	326,693	283,997	15.0%
Beginning Net Assets	6,132,789	5,848,792	4.9%
Ending Net Assets	6,459,482	6,132,789	5.3%

The District’s maintenance property tax rate of \$1.04 is unchanged from last year. Property tax revenues decreased by less than 1.0 percent from the prior year.

WASKOM INDEPENDENT SCHOOL DISTRICT

The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$8,426,581.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$5,174,393.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$128,129), or
- ▶ By operating grants (\$1,226,977).

The following table presents the cost of each of the District’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Net Cost of Selected District Functions

	Total cost of services			Net cost of services		
	2011	2010	% Change	2011	2010	% Change
Instruction	4,718,204	4,812,248	(2.0)%	3,915,305	3,976,780	(1.5)%
Maintenance & operations	899,015	847,228	6.1%	872,564	834,446	4.6%
Cocurricular/extracurricular	420,437	526,229	(20.1)%	400,692	508,170	(21.2)%
Interest on long-term debt	392,663	400,109	(1.9)%	392,663	400,109	(1.9)%
Food service	405,004	403,404	0.4%	15,203	31,587	(51.9)%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$8,811,522, an decrease of less than 1.00 percent from the preceding year.

The District’s governmental funds ended the year with a reported combined fund balance of \$3,297,824, an increase of \$758,047 from last years ending balance of \$2,239,777. The increase is attributable to revenues exceeding expectations.

General Fund Budgetary Highlights

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were \$285,159 below final budget amounts. The most significant positive variance results were in the instructional area as the final expenditures for instructional personnel

WASKOM INDEPENDENT SCHOOL DISTRICT

and supplies were less than expected.

Additionally reported total revenues were \$483,048 above the final budgeted amounts as state program revenues were more than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested \$20,020,634, less depreciation of \$8,852,262, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District's capital assets.

District's Capital Assets

(Net of depreciation)

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Land	155,135	155,135	0.0%
Buildings & improvements	10,188,705	10,692,296	(4.7)%
Equipment & vehicles	824,532	872,770	(5.5)%
Net capital assets	<u>11,168,372</u>	<u>11,720,201</u>	<u>(4.7)%</u>

Significant capital asset expenditures include the purchase of a gooseneck trailer, upgrades to technology equipment and athletic facility improvements.

More detailed information about the District's capital assets is presented in the notes to the financial statements. The District's fiscal year 2012 capital budget does not include any major capital expenditures.

Long-term Debt

The following table provides a summary of the District's long-term debt.

District's Long-term Debt

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Series 2005 School Building Bonds	7,895,000	8,065,000	(2.1)%
Total long term debt	<u>7,895,000</u>	<u>8,065,000</u>	<u>(2.1)%</u>

WASKOM INDEPENDENT SCHOOL DISTRICT

At year end the District had \$7,895,000 in school building bonds outstanding as shown above. The District's bonds presently carry very favorable ratings of "AAA" with Standard and Poors.

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 values used for the 2012 budget preparation were \$461,381,288, a 3.88 percent increase from 2011.
- ▶ The District's average daily attendance is expected to be 752 which is a slight increase from 2011.

These indicators were taken into account when adopting the general fund budget for 2012. Amounts available for expenditure in the general fund budget are \$6,764,806, an increase of 1.24 percent from the final 2011 budget of \$6,681,652. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 1.92 percent to \$6,810,806. If the budgeted estimates are realized, the District's budgetary general fund balance is expected to remain approximately the same by the close of 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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Government-Wide Financial Statements

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

Data Control Codes	Primary Government			
	Governmental Activities	Business-type Activities	Total	
ASSETS				
1110	Cash and cash equivalents	2,950,095	-	2,950,095
1220	Property taxes receivable - delinquent	507,588	-	507,588
1230	Allowance for uncollectible taxes (credit)	(406,070)	-	(406,070)
1240	Due from other governments	576,350	-	576,350
1290	Other receivables	23,248	-	23,248
1420	Capitalized bond & other debt issuance costs	138,018	-	138,018
	Capital Assets:			
1510	Land	155,135	-	155,135
1520	Buildings, net	10,188,705	-	10,188,705
1530	Furniture and equipment, net	824,532	-	824,532
1000	Total assets	<u>14,957,601</u>	-	<u>14,957,601</u>
LIABILITIES				
2140	Interest payable	17,932	-	17,932
2160	Accrued wages payable	251,869	-	251,869
	Long Term Liabilities:			
2501	Due within one year	175,000	-	175,000
2502	Due after one year	8,053,318	-	8,053,318
2000	Total liabilities	<u>8,498,119</u>	-	<u>8,498,119</u>
NET ASSETS				
3200	Invested in capital assets, net of related debt	3,078,072	-	3,078,072
3820	Restricted for federal and state programs	83,294	-	83,294
3850	Restricted for debt service	25,830	-	25,830
3900	Unrestricted net assets	3,272,286	-	3,272,286
3000	Total net assets	<u>6,459,482</u>	-	<u>6,459,482</u>

The accompanying notes are an integral part of this statement

**WASKOM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes	1 Expenses	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
Governmental activities:			
11 Instruction	4,718,204	14,338	752,561
12 Instructional resources and media services	128,128	-	3,191
13 Curriculum and staff development	128,628	-	56,329
21 Instructional leadership	4,275	-	4,275
23 School leadership	371,149	-	18,334
31 Guidance, counseling, and evaluation services	133,715	-	45,433
33 Health services	57,988	-	3,131
34 Student transportation	243,494	-	7,699
35 Food service	405,004	103,318	286,483
36 Extracurricular activities	420,437	10,473	9,272
41 General administration	269,254	-	8,369
51 Plant maintenance and operations	899,015	-	26,451
52 Security and monitoring services	2,600	-	-
53 Data processing services	118,054	-	5,449
72 Interest on long-term debt	392,663	-	-
73 Bond issuance costs and fees	6,357	-	-
81 Capital outlay	13,000	-	-
93 Payments related to shared services arrangements	114,616	-	-
TP Total primary government	<u>8,426,581</u>	<u>128,129</u>	<u>1,226,977</u>

Data Control Codes	General revenues:
MT	Taxes:
DT	Property taxes, levied for general purposes
SF	Property taxes, levied for debt service
GC	State aid formula grants
IE	Grants and contributions, not restricted to specific programs
MI	Investment earnings
TR	Miscellaneous
CN	Total general revenues
NB	Change in net assets
NE	Net assets, beginning
	Net assets, ending

The accompanying notes are an integral part of this statement

Program Revenues	Net (Expense) Revenues and Changes in Net Assets		
	5 Capital Grants and Contributions	Governmental Activities	Business Activities
-	(3,951,305)	-	(3,951,305)
-	(124,937)	-	(124,937)
-	(72,299)	-	(72,299)
-	-	-	-
-	(352,815)	-	(352,815)
-	(88,282)	-	(88,282)
-	(54,857)	-	(54,857)
-	(235,795)	-	(235,795)
-	(15,203)	-	(15,203)
-	(400,692)	-	(400,692)
-	(260,885)	-	(260,885)
-	(872,564)	-	(872,564)
-	(2,600)	-	(2,600)
-	(112,605)	-	(112,605)
-	(392,663)	-	(392,663)
-	(6,357)	-	(6,357)
-	(13,000)	-	(13,000)
-	(114,616)	-	(114,616)
-	(7,071,475)	-	(7,071,475)
-	4,599,943	-	4,599,943
-	574,450	-	574,450
-	1,980,477	-	1,980,477
-	115,520	-	115,520
-	41,246	-	41,246
-	86,532	-	86,532
-	7,398,168	-	7,398,168
-	326,693	-	326,693
-	6,132,789	-	6,132,789
-	6,459,482	-	6,459,482

The accompanying notes are an integral part of this statement

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Governmental Fund Financial Statements

**WASKOM INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2011**

Data Control Codes		General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
1110	Cash and cash equivalents	2,856,126	93,969	2,950,095
1220	Property taxes receivable - delinquent	462,498	45,090	507,588
1230	Allowance for uncollectible taxes (credit)	(369,998)	(36,072)	(406,070)
1240	Due from other governments	554,512	21,838	576,350
1290	Other receivables	23,248	-	23,248
1000	Total Assets	<u>3,526,386</u>	<u>124,825</u>	<u>3,651,211</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2160	Accrued wages payable	245,186	6,683	251,869
2300	Deferred revenues	92,500	9,018	101,518
2000	Total Liabilities	<u>337,686</u>	<u>15,701</u>	<u>353,387</u>
Fund balances:				
Restricted fund balance:				
3450	Federal or State grants	-	83,294	83,294
3480	Retirement of long term debt	-	25,830	25,830
Committed fund balance:				
3540	Self insurance	33,419	-	33,419
Assigned fund balance:				
3550	Construction	625,000	-	625,000
3600	Unassigned fund balance	2,530,281	-	2,530,281
3000	Total fund balances	<u>3,188,700</u>	<u>109,124</u>	<u>3,297,824</u>
4000	Total Liabilities and Fund Balances	<u>3,526,386</u>	<u>124,825</u>	<u>3,651,211</u>

The accompanying notes are an integral part of this statement

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

	Total fund balances - governmental funds	3,297,824
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$19,902,290 and the accumulated depreciation was \$8,182,719. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.	3,451,518
2	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net assets.	296,437
3	The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(669,543)
4	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net assets.	<u>83,246</u>
19	Net assets of governmental activities	<u><u>6,459,482</u></u>

The accompanying notes are an integral part of this statement

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

Data Control Codes		General Fund	Other Governmental Funds	Total Governmental Funds
	REVENUES			
5700	Total local and intermediate sources	4,773,913	714,635	5,488,548
5800	State program revenues	2,275,267	75,268	2,350,535
5900	Federal program revenues	115,520	856,919	972,439
5020	Total revenues	<u>7,164,700</u>	<u>1,646,822</u>	<u>8,811,522</u>
	EXPENDITURES			
0011	Instruction	3,880,304	610,372	4,490,676
0012	Instructional resources and media services	117,884	-	117,884
0013	Curriculum and staff development	74,975	51,843	126,818
0021	Instructional leadership	-	4,275	4,275
0023	School leadership	354,879	-	354,879
0031	Guidance, counseling, evaluation services	88,792	39,683	128,475
0033	Health services	55,727	-	55,727
0034	Student transportation	156,519	2,942	159,461
0035	Food service	-	357,124	357,124
0036	Extracurricular activities	299,842	-	299,842
0041	General administration	267,871	-	267,871
0051	Plant maintenance and operations	852,153	12,000	864,153
0053	Data processing services	106,781	-	106,781
0071	Principal on long-term debt	-	170,000	170,000
0072	Interest on long-term debt	-	407,312	407,312
0073	Bond issuance costs and fees	-	431	431
0081	Capital outlay	27,150	-	27,150
0093	Payments related to shared services	114,616	-	114,616
6030	Total expenditures	<u>6,397,493</u>	<u>1,655,982</u>	<u>8,053,475</u>
1100	Excess (deficiency) of revenues over expenditures	767,207	(9,160)	758,047
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	27,632	27,632
8911	Transfers out	(27,632)	-	(27,632)
7080	Total other financing sources and uses	<u>(27,632)</u>	<u>27,632</u>	<u>-</u>
1200	Net change in fund balances	739,575	18,472	758,047
0100	Fund balance - September 1 (beginning)	2,449,125	90,652	2,539,777
3000	Fund balance - August 31 (ending)	<u><u>3,188,700</u></u>	<u><u>109,124</u></u>	<u><u>3,297,824</u></u>

The accompanying notes are an integral part of this statement

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

Net change in fund balances - governmental funds	758,047
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net assets.	296,437
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(669,543)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net assets.	<u>(58,248)</u>
Change in net assets of governmental activities	<u><u>326,693</u></u>

The accompanying notes are an integral part of this statement

Fiduciary Fund Financial Statements

**WASKOM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2011**

	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	345,206	71,529
Total Assets	<u>345,206</u>	<u>71,529</u>
LIABILITIES		
Due to student groups	-	71,529
Total Liabilities	<u>-</u>	<u>71,529</u>
NET ASSETS		
Restricted for scholarships	<u>345,206</u>	
Total Net Assets	<u>345,206</u>	

The accompanying notes are an integral part of this statement

**WASKOM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011**

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Local and intermediate sources	6,385
Total additions	<u>6,385</u>
DEDUCTIONS:	
Scholarships awarded	6,325
Total deductions	<u>6,325</u>
Change in Net Assets	60
Total Net Assets - September 1 (Beginning)	<u>345,146</u>
Total Net Assets - August 31 (Ending)	<u><u>345,206</u></u>

The accompanying notes are an integral part of this statement

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Waskom Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the District's services such as tuition paid by students not residing in the District, athletic gate receipts and school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net assets.

Fund Financial Statements

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from on the governmental fund balance sheet and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

D. FUND TYPES AND MAJOR FUNDS

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

Major Governmental Funds:

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

Non Major Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some State financial assistance is accounted for in a special revenue fund. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

Other Fund Types:

Private Purpose Trust Fund - The District accounts for a donation for which the donor has stipulated that the income generated by the donation be used for an annual cash scholarship to the valedictorian and salutatorian of each graduating senior class.

Agency Fund - The District accounts for resources held for others in a custodial capacity in the agency fund. The District's agency fund is used to account for the activities of student groups and other organizational activities.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

E. OTHER ACCOUNTING POLICIES

Capital Assets and Depreciation - The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight line method. The District has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	15-30
Improvements	15-30
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

Long-Term Debt - In the government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums, as well as issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The governmental fund financial statements recognize the proceeds of debt and premiums received as other financing sources of the current period and principal and interest payments as expense and issuance costs paid with bond proceeds as other uses of the current period.

Net Assets and Fund Balance - Net assets in the statement of net assets include components that are restricted for use in a federal or state program, to pay debt service on capital related debt or for use in food service operations.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future operations. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Committed fund balance represents amounts approved by the Board of Trustees. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. The General Fund commits \$33,419 for self insurance and assigns \$625,000 for construction. The Special Revenue Fund restricts \$8,202 for state grant programs and \$75,092 for the food service operations. The Debt Service Fund

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

restricts \$25,830 for retirement of indebtedness.

Compensated Absences - The District does not pay any employees accrued sick leave or vacation time upon termination or retirement. Therefore, no liability for accrued sick leave or vacation time is recorded in the government-wide or governmental fund financial statements.

Fund Balance Policy - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications-committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt, for technology grant programs and for operation of the food service program.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

Data Control Codes - These codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

F. BUDGETARY DATA

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Food Service Fund (which is included in the Special Revenue Funds.) The District is required to present the adopted and final budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meeting. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. During the fiscal year ended August 31, 2011, the District did not make any amendments that increased overall appropriations over the original budget.
4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District 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 stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market saving accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments. In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

Deposits

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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. The District's cash deposits at August 31, 2011 and during the year ended August 31, 2011 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District was not exposed to custodial credit risk as all deposits are covered by depository insurance or by pledged collateral as follows:

1. Depository: Citizens National Bank, Waskom, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$5,974,520.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$4,145,303 and occurred during the month of January 2011.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

Investments

Credit Risk - This 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. The District was not exposed to credit risk at August 31, 2011.

Custodial Credit Risk - 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 name of the District. The District was not exposed to custodial credit risk at August 31, 2011.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2011.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2011.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2011.

The District's certificates of deposit at Citizens National Bank in the amount of \$1,907,274 as of August 31, 2011 are included in cash and cash equivalents. The District's deposits with investment pools are included in cash and cash equivalents. This amounted to \$947,416 with Lone Star (First Public) Investment Pool as of August 31, 2011.

The investment pool used by the District is organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of the Districts funds in authorized short-term investments.

The investment in the Pool is based on contractual agreements and not the individual security itself, therefore, the District's investment in the Pool is not categorized as to credit risk. The market value of the Pool is based on quoted market values of underlying investments of the Pool. Authorized investments include obligations of the United States, or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities; and other investments authorized by statutes governing public funds investment pools.

The Pool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool. The purpose of the Pool is to allow for the pooling of public funds to provide a higher yield on the pooled investments than would be possible with the investment of the individual public entity's funds. The investments in the Pool and any accrued interest may be redeemed at the District's discretion.

Financial reports issued by Lone Star Investment Pool may be obtained by contacting First Public, LLC, a subsidiary of the Texas Association of School Boards (TASB), 7620 Guadalupe, Austin, Texas 78752. The Pool is not registered with the SEC, however TASB, through First Public maintains oversight of the Pool.

B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Property Tax Calender, Property Tax Receivables, and Deferred Revenue

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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. In the governmental fund financial statements, property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent tax collections are prorated between maintenance and debt service based on rates adopted for year of the levy. Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred revenue, net of an estimated allowance for uncollectible taxes. Allowances for uncollectible tax receivables within the General Fund are based on 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.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

Due From/To Other Governments and Deferred Revenue

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from and to federal and state governments as of August 31, 2011 are summarized below. These amounts are reported on the governmental fund financial statements as Due from and to Other Governments.

Due from other governments at year-end consisted of the following:

Fund	State Foundation	State Entitlements	Federal Grants	Total
General Fund	554,512	-	-	554,512
Special Revenue Fund	-	3,591	18,247	21,838
	554,512	3,591	18,247	576,350

Deferred revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Net Tax Revenue	92,500	9,018	101,518

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

C. INTERFUND BALANCES AND TRANSFERS

Interfund transfers for the year ended August 31, 2011 consisted of the following amounts:

Transfers to Special Revenue Fund from:

General Fund	27,632
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Transfers are periodically used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

The District disaggregates significant components of receivables and payables in the financial statements. The only receivables not expected to be collected within one year is \$406,070 of delinquent property taxes.

E. CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities:				
Land	155,135	-	-	155,135
Buildings and improvements	18,016,257	14,150	-	18,030,407
Vehicles and equipment	1,731,528	103,564	-	1,835,092
Totals at cost	19,902,920	117,714	0	20,020,634
Less accumulated depreciation:				
Buildings and improvements	7,323,961	517,741	-	7,841,702
Vehicles and equipment	858,758	151,802	-	1,010,560
Total accumulated depreciation	8,182,719	669,543	0	8,852,262
Governmental activities capital assets, net	11,720,201	(551,829)	0	11,168,372

Depreciation was charged to governmental functions as follows:

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

Instruction	331,092
Instructional Resources	10,244
Curriculum Development	1,810
School Leadership	16,270
Counseling	5,240
Health Services	2,261
Student Transportation	84,033
Food Services	47,880
Cocurricular/Extracurricular	120,595
General Administration	1,383
Plant Maintenance	34,862
Security	2,600
Data Processing	<u>11,273</u>
Total depreciation expense	<u><u>669,543</u></u>

F. LONG-TERM DEBT

In prior years, the District as authorized by Texas Education Code Section 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities and purchase of equipment and vehicles. Unlimited tax bonds currently outstanding are as follows:

- ▶ Series 2005, issued in the original amount of \$8,800,000. Interest rates range from 4.5% to 5.25%. The bonds final maturity is February 15, 2035.

Long term liability activity for the year ended August 31, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Governmental Activities:					
Bonds Payable					
2005 Series	8,065,000	-	170,000	7,895,000	175,000
Total loans and bonds payable	8,065,000	-	170,000	7,895,000	175,000
Unamortized bond premium	347,627	-	14,309	333,318	-
Total long term debt	<u>8,412,627</u>	-	<u>155,691</u>	<u>8,228,318</u>	<u>175,000</u>

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

The sale of the Series 2005 bond issue resulted in a premium received, which is being amortized over 30 years, the life of the bonds. In addition, debt issuance costs were incurred and are being amortized over 30 years, the life of the bonds. The balance of capitalized debt issuance costs of \$138,018 is included in assets in these financial statements.

Annual debt service requirements to maturity for the District's long term debt are as follows:

Year Ending August 31,	Principal	Interest	Total
2012	175,000	399,550	574,550
2013	185,000	391,450	576,450
2014	195,000	382,900	577,900
2015	200,000	374,013	574,013
2016	210,000	364,788	574,788
2017-2021	1,220,000	1,654,062	2,874,062
2021-2026	1,580,000	1,299,544	2,879,544
2027-2031	2,055,000	825,431	2,880,431
2032-2035	2,075,000	224,831	2,299,831
Totals	<u>7,895,000</u>	<u>5,916,569</u>	<u>13,811,569</u>

G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2011, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	4,588,485	-	572,240	5,160,725
Food Sales	-	103,318	-	103,318
Investment Income	41,057	-	189	41,246
Penalties, interest, and other tax related	64,970	-	6,850	71,820
Tuition	8,858	-	-	8,858
Co-curricular student activities	10,472	-	-	10,472
Other	60,071	32,038	-	92,109
Total	<u>4,773,913</u>	<u>135,356</u>	<u>579,279</u>	<u>5,488,548</u>

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

H. PENSION PLAN AND RETIREE HEALTH PLAN

Pension Plan

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, under 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 pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us.

Funding Policy. State law provides for a fiscal year 2009 state contribution rate of 6.58% and for 2010 and 2011 a state contribution rate of 6.644% and a member contribution rate of 6.4% to the TRS pension plan. In certain instances the District is required to make all or a portion of the state's 6.644% contribution.

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state pension plan funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2009, 2010 and 2011 were \$229,833, \$246,746, and \$257,362, respectively. The District paid the additional state pension contributions for the years ended August 31, 2009, 2010 and 2011 in the amounts of \$18,859, \$21,921, and \$25,510, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

Retiree Health Plan

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

Plan Description. The District contributes to the Texas Public Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under TRS. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained from the same source as the pension plan.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public employee contributions, respectively. The State of Texas and active District employee contribution rates were 1.00% and 0.65% of District payroll, respectively, with the District contributing a percentage of payroll of 0.55% for fiscal years 2011, 2010, and 2009. Per Texas Insurance Code, Chapter 1575, the District contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the District. For the years ended August 31, 2009, 2010 and 2011, the State's contribution to TRS-Care were \$38,890, 41,158, and \$43,690, respectively, the active members contributions were \$25,995, \$27,877, and \$28,860, respectively, and the District's contributions to TRS-Care were \$21,996, \$23,588 and \$24,420, respectively, which equaled the required contributions each year.

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The allocated on behalf for the year ended August 31, 2011 is estimated by TRS at \$10,383.

I. HEALTH CARE COVERAGE

During the year ended August 31, 2011, employees of the District were covered by a state wide health care program known as TRS-Active Care. TRS-Active Care is administered by the Teacher Retirement System of Texas. The District contributed \$225 per month per employee to TRS, and employees, at their option, authorized payroll withholdings to fund contributions for dependents.

J. SELF-FUNDED WORKERS' COMPENSATION

The District has joined together with other area district's to form a self-insurance workers' compensation risk pool (Pool.) Claims administration and processing for the Pool is provided by Claim Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event, with an unlimited aggregate. The Pool contracts with Midwest Employers Casualty Company for reinsurance.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

The District's administrative expenses for the year ended August 31, 2011 were \$21,925. The claims administrator estimates the District's annual loss maximum at \$70,998. Estimated total claims liability for the year ended August 31, 2011, including estimated claims incurred but not reported, amounted to \$33,419. The estimated total liability for workers' compensation claims incurred but not reported claims amounts to \$20,747.

Claims liability, beginning of year	78,217
Incurred claims:	
Provision for insured events of current year	11,376
Increase (Decrease) in provision for insured events of prior years	<u>(46,636)</u>
Total incurred claims	<u>(35,260)</u>
Payments:	
Claims expenses attributable to insured events of current year	888
Claims expenses attributable to insured events of prior years	<u>8,650</u>
Total payments	<u>9,538</u>
Total unpaid claims at the end of the year	<u><u>33,419</u></u>

K. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the ability to collect any related receivable at August 31, 2011 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 financial statements for such contingencies.

L. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS

Special Education Programs:

The District participates in a shared services arrangement for special education programs with area school districts. The District does not account for the 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, Hallsville ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor liabilities that would give rise to future additional benefit or burden to the District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The District's support of the shared service arrangement is included in intergovernmental charges in these

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011**

financial statements.

M. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended August 31, 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

N. UNEMPLOYMENT COMPENSATION POOL

The District provided unemployment coverage to its employees through participation in the TASB Risk Management Pool (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participation in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2010, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Budgetary Comparison Reporting

**WASKOM INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and intermediate sources	4,817,225	4,817,225	4,773,913	(43,312)
5800	State program revenues	1,748,907	1,748,907	2,275,267	526,360
5900	Federal program revenues	115,520	115,520	115,520	-
5020	Total revenues	6,681,652	6,681,652	7,164,700	483,048
EXPENDITURES:					
0011	Instruction	4,077,446	4,045,446	3,880,304	165,142
0012	Instructional resources and media services	125,711	125,711	117,884	7,827
0013	Curriculum and staff development	83,493	83,493	74,975	8,518
0023	School leadership	353,565	361,565	354,879	6,686
0031	Guidance, counseling, and evaluation services	122,046	102,046	88,792	13,254
0033	Health services	65,743	61,743	55,727	6,016
0034	Student transportation	163,400	168,400	156,519	11,881
0036	Cocurricular/Extracurricular activities	285,664	305,664	299,842	5,822
0041	General administration	319,430	294,430	267,871	26,559
0051	Plant maintenance and operations	784,775	864,775	852,153	12,622
0053	Data processing services	108,161	110,161	106,781	3,380
0081	Capital outlay	75,000	41,000	27,150	13,850
0093	Payments related to shared services arrangements	118,218	118,218	114,616	3,602
6030	Total expenditures	6,682,652	6,682,652	6,397,493	285,159
1100	Excess (deficiency) of revenues over expenditures	(1,000)	(1,000)	767,207	768,207
OTHER FINANCING SOURCES (USES):					
7912	Sale of property	1,000	1,000	-	(1,000)
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	(27,632)	(27,632)
7080	Total other financing sources (uses)	1,000	1,000	(27,632)	(28,632)
1200	Net change in fund balances	-	-	739,575	739,575
0100	Fund balance - September 1 (beginning)	2,449,125	2,449,125	2,449,125	-
3000	Fund balance - August 31 (ending)	2,449,125	2,449,125	3,188,700	739,575

The accompanying notes are an integral part of this statement

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Combining Schedules

**WASKOM INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011**

Data Control Codes	Special Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	
ASSETS				
1110	Cash and cash equivalents	-	81,775	-
1220	Property taxes - delinquent	-	-	-
1230	Allowance for uncollectible (credit)	-	-	-
1240	Due from other governments	-	-	-
<hr/>				
1000	Total Assets	-	81,775	-
<hr/> <hr/>				
LIABILITIES AND FUND BALANCES				
Liabilities:				
2160	Accrued wages payable	-	6,683	-
2300	Deferred revenue	-	-	-
<hr/>				
2000	Total Liabilities	-	6,683	-
<hr/>				
Fund balances:				
Restricted fund balance:				
3450	Federal or State grants	-	75,092	-
3480	Retirement of long term debt	-	-	-
<hr/>				
3000	Total fund balances	-	75,092	-
<hr/>				
4000	Total Liabilities and Fund Balances	-	81,775	-
<hr/> <hr/>				

Special Revenue Funds						
255	262	266	270	279	283	285
Title II A	Title II D	Title XIV	Title VI, B	Title II D	IDEA Part B	ESEA
Principal	Education	SFSF	Rural & Low	Ed. Tech.	Formula	Title I, A
Training	Technology	ARRA	Income	ARRA	ARRA	ARRA
(838)	(1,000)	(5,984)	-	-	(10,425)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
838	1,000	5,984	-	-	10,425	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

**WASKOM INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011**

Data Control Codes	Special Revenue Funds			
	404 Student Success Initiative	411 Technology Allotment	419 Headstart Ready to Read	
ASSETS				
1110	Cash and cash equivalents	(3,591)	8,202	-
1220	Property taxes - delinquent	-	-	-
1230	Allowance for uncollectible (credit)	-	-	-
1240	Due from other governments	3,591	-	-
1000	Total Assets	-	8,202	-
LIABILITIES AND FUND BALANCES				
Liabilities:				
2160	Accrued wages payable	-	-	-
2300	Deferred revenue	-	-	-
2000	Total Liabilities	-	-	-
Fund balances:				
Restricted fund balance:				
3450	Federal or State grants	-	8,202	-
3480	Retirement of long term debt	-	-	-
3000	Total fund balances	-	8,202	-
4000	Total Liabilities and Fund Balances	-	8,202	-

429 District Awards Teacher Excel.	Total Special Revenue Funds	Other Governmental 599 Debt Service Fund	Total Nonmajor Governmental Funds
-	68,139	25,830	93,969
-	-	45,090	45,090
-	-	(36,072)	(36,072)
-	21,838	-	21,838
-	89,977	34,848	124,825
-	6,683	-	6,683
-	-	9,018	9,018
-	6,683	9,018	15,701
-	83,294	-	83,294
-	-	25,830	25,830
-	83,294	25,830	109,124
-	89,977	34,848	124,825

**WASKOM INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes	Special Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	
REVENUES				
5700	Total local and intermediate sources	-	103,318	-
5800	State program revenues	-	8,809	-
5900	Federal program revenues	157,354	277,674	4,700
5020	Total Revenues	157,354	389,801	4,700
EXPENDITURES				
0011	Instruction	150,137	-	4,700
0013	Curriculum and staff development	-	-	-
0021	Instructional leadership	4,275	-	-
0031	Guidance, counseling and evaluation	-	-	-
0034	Student transportation	2,942	-	-
0035	Food service	-	357,124	-
0051	Facilities maintenance & operations	-	-	-
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
0073	Bond issuance cost & fees	-	-	-
6030	Total Expenditures	157,354	357,124	4,700
1100	Excess (Deficiency) of Revenues Over Expenditures	-	32,677	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	-	-	-
1200	Net change in fund balances	-	32,677	-
0100	Fund balances, beginning	-	42,415	-
3000	Fund balances, ending	-	75,092	-

Special Revenue Funds						
255 Title II A Principal Training	262 Title II D Education Technology	266 Title XIV SFSF ARRA	270 Title VI, B Rural & Low Income	279 Title II D Ed. Tech. ARRA	283 IDEA Part B Formula ARRA	285 ESEA Title I, A ARRA
-	-	-	-	-	-	-
-	-	-	-	-	-	-
51,843	81,371	213,973	12,865	100	42,292	14,747
51,843	81,371	213,973	12,865	100	42,292	14,747
-	81,371	201,973	12,865	100	42,292	-
51,843	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	14,747
-	-	-	-	-	-	-
-	-	12,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
51,843	81,371	213,973	12,865	100	42,292	14,747
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

**WASKOM INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes	Special Revenue Funds			
	404 Student Success Initiative	411 Technology Allotment	419 Headstart Ready to Read	
REVENUES				
5700	Total local and intermediate sources	-	-	32,038
5800	State program revenues	36,487	21,551	-
5900	Federal program revenues	-	-	-
5020	Total Revenues	36,487	21,551	32,038
EXPENDITURES				
0011	Instruction	11,551	37,292	59,670
0013	Curriculum and staff development	-	-	-
0021	Instructional leadership	-	-	-
0031	Guidance, counseling and evaluation	24,936	-	-
0034	Student transportation	-	-	-
0035	Food service	-	-	-
0051	Facilities maintenance & operations	-	-	-
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
0073	Bond issuance cost & fees	-	-	-
6030	Total Expenditures	36,487	37,292	59,670
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(15,741)	(27,632)
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	27,632
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	-	-	27,632
1200	Net change in fund balances	-	(15,741)	-
0100	Fund balances, beginning	-	23,943	-
3000	Fund balances, ending	-	8,202	-

429 District Awards Teacher Excel.	Total Special Revenue Funds	Other Governmental 599 Debt Service Fund	Total Nonmajor Governmental Funds
-	135,356	579,279	714,635
8,421	75,268	-	75,268
-	856,919	-	856,919
8,421	1,067,543	579,279	1,646,822
8,421	610,372	-	610,372
-	51,843	-	51,843
-	4,275	-	4,275
-	39,683	-	39,683
-	2,942	-	2,942
-	357,124	-	357,124
-	12,000	-	12,000
-	-	170,000	170,000
-	-	407,312	407,312
-	-	431	431
8,421	1,078,239	577,743	1,655,982
-	(10,696)	1,536	(9,160)
-	27,632	-	27,632
-	-	-	-
-	27,632	-	27,632
-	16,936	1,536	18,472
-	66,358	24,294	90,652
-	83,294	25,830	109,124

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Required TEA Schedules

**WASKOM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2011**

Last Ten Years Ended August 31,	1	2	3	10	20	31	32	40	50
	Tax Rates		Assessed or Appraised Valuation	Beginning Balance September 1	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31
	Maint- enance	Debt Service							
2002 & Prior	Various	Various	-	94,947	-	8,381	-	(19,644)	66,922
2003	1.5000	-	206,390,422	20,003	-	3,010	-	(4,557)	12,436
2004	1.5000	-	196,724,124	22,168	-	2,530	-	(4,571)	15,067
2005	1.5000	-	229,325,115	27,214	-	3,198	-	(3,894)	20,122
2006	1.5000	0.2249	262,101,752	43,291	-	6,972	1,045	(5,940)	29,334
2007	1.3700	0.1800	321,306,054	57,196	-	8,928	1,173	(4,859)	42,236
2008	1.0400	0.1500	362,235,378	54,854	-	6,869	991	(4,020)	42,974
2009	1.0400	0.1300	437,903,140	84,505	-	18,733	2,342	(6,714)	56,716
2010	1.0400	0.1300	443,127,510	128,376	-	31,135	3,892	(6,131)	87,218
2011 (Current)	1.0400	0.1300	444,114,265	-	5,196,137	4,499,178	562,396	-	134,563
1000	Totals			532,554	5,196,137	4,588,934	571,839	(60,330)	507,588

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

Function 41 and related Function 53 - General Administration, Function 99 - Appraisal District Cost

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	-	-	143,427	92,510	-	-	235,937
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				-			-
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)				-			-
6211	Legal Services	-	-	1,422		-		1,422
6212	Audit Services				12,200			12,200
6213	Tax Appraisal and Collection		69,135					69,135
621X	Other Prof. Services	-	-	-	-	-	-	-
6220	Tuition and Transfer Payments							-
6230	Education Service Centers	-	-	2,178	-	-	-	2,178
6240	Contr. Maint. and Repair							-
6250	Utilities							-
6260	Rentals	-	-	6,395	-	-	-	6,395
6290	Miscellaneous Contr.	-	-	2,080	-	-	-	2,080
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	2,610	3,914	-	-	6,524
6410	Travel, Subsistence, Stipends	7,117	-	2,217	-	-	-	9,334
6420	Ins. and Bonding Costs	2,795	-	-	-	-	-	2,795
6430	Election Costs	1,450						1,450
6490	Miscellaneous Operating	-	-	4,372	6,557	-	-	10,929
6500	Debt Service							-
6600	Capital Outlay							-
6000	TOTAL	11,362	69,135	164,701	115,181	-	-	360,379

Total expenditures for General and Special Revenue Funds (9) 7,475,732

Less: Deductions of unallowable costs

Total Capital Outlay (6600) Funds 100 - 499	(10)	134,305	
Total Debt & Lease (6500) Funds 100 - 499	(11)	-	
Plant Maintenance (Function 51, 6100-6400)	(12)	864,153	
Food (Function 35, 6341 and 6499)	(13)	197,151	
Stipends (6413)	(14)	-	
Column 4 (above) - Total Indirect Costs		115,181	1,310,790

Net allowed direct cost

Total cost of Buildings before depreciation	(15)	18,030,404	
Historical Cost of Buildings over 50 years old	(16)	775,476	
Federal Money in Building Cost (Net of line 16)	(17)	-	
Total cost of Furniture & Equipment before depreciation	(18)	1,835,092	
Historical Cost of Furniture & Equipment over 16 years old	(19)	-	
Federal Money in Furniture & Equipment (Net of line 19 above)	(20)	121,932	

(8) Note A \$92,508 in Function 53 and \$-0- in Function 99 expenditures are included in this report on administrative costs.

**WASKOM INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	109,100	109,100	103,318	(5,782)
5800	State program revenues	3,000	3,000	8,809	5,809
5900	Federal program revenues	232,000	232,000	277,674	45,674
5020	Total revenues	344,100	344,100	389,801	45,701
	EXPENDITURES:				
0035	Food service	344,100	364,100	357,124	6,976
6030	Total expenditures	344,100	364,100	357,124	6,976
1100	Excess (deficiency) of revenues over expenditures	-	(20,000)	32,677	52,677
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	-	-	-
8911	Transfers out (use)	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	(20,000)	32,677	52,677
0100	Fund balance - September 1 (beginning)	42,415	42,415	42,415	-
3000	Fund balance - August 31 (ending)	42,415	22,415	75,092	52,677

**WASKOM INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2011**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	578,213	578,213	579,279	1,066
5020	Total revenues	578,213	578,213	579,279	1,066
	EXPENDITURES:				
0071	Debt service - principal on long-term debt	170,000	170,000	170,000	-
0072	Debt service - interest on long-term debt	407,313	407,313	407,312	1
0073	Debt service - bond issuance cost & fees	900	900	431	469
6030	Total expenditures	578,213	578,213	577,743	470
1100	Excess (deficiency) of revenues over expenditures	-	-	1,536	1,536
	OTHER FINANCING SOURCES (USES):				
7915	Transfers in	-	-	-	-
8911	Transfers out (use)	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	1,536	1,536
0100	Fund balance - September 1 (beginning)	24,294	24,294	24,294	-
3000	Fund balance - August 31 (ending)	24,294	24,294	25,830	1,536

FEDERAL AWARDS SECTION



**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**

Members of the Board of Trustees of
Waskom Independent School District
Waskom, Texas

Members of the Board:

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

Internal Control Over Financial Reporting

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

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

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

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

Members of the Board of Trustees

November 9, 2011

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Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, management, Texas Education Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 9, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Trustees of
Waskom Independent School District
Waskom, Texas

Members of the Board:

Compliance

We have audited the compliance of Waskom Independent School District with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on to each of its major federal programs for the year ended August 31, 2011.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Trustees

November 9, 2011

Page 2

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Trustees, management, Texas Education Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

November 9, 2011

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

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___yes <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___yes <u>X</u> no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___yes <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Type of auditor's report on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in compliance with section 510(a) of OMB Circular A-133?	___yes <u>X</u> no

Identification of Major Programs

CFDA 84.010A, 84.389A	ESEA Title I, Cluster
CFDA 84.394A	Title XIV, SFSF

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as a low risk auditee?	<u>X</u> yes ___no
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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**WASKOM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2011**

There were no findings reported for the prior year.

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

None required.

**WASKOM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2011**

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**WASKOM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Education			
<i>Passed through Texas Education Agency:</i>			
ESEA Title 1, Part A	84.010A	10610101102903	4,450
ESEA Title 1, Part A	84.010A	11610101102903	152,904
ESEA Title 1, Part A ARRA Title I cluster	84.389A	10551001102903	14,747
			<u>172,101</u>
Title II Part A	84.367A	10694501102903	6,980
Title II Part A	84.367A	11694501102903	44,863
Total Title II Part A			<u>51,843</u>
Title II Part D ARRA	84.386A	10553001102903	100
ESEA Title VI, Part B	84.358B	11696001102903	12,865
Title XIV SFSF ARRA	84.394A	10557001102903	11,094
Title XIV SFSF ARRA	84.394A	11557001102903	202,879
Total Title XIV SFSF ARRA			<u>213,973</u>
<i>Passed through Harrison Co-op</i>			
IDEA B Formula	84.027A	11660001102904	115,520
IDEA B Formula ARRA	84.391A	10554001102904	42,292
Total Special Education IDEA B cluster			<u>157,812</u>
<i>Passed through Union Grove ISD</i>			
Career and Technology	84.048A	11420006230908	4,700
<i>Passed through Beckville ISD</i>			
Connections Title IID	84.318X	116300077110002	81,371
Total Department of Education			<u>694,765</u>
U.S. Department of Agriculture			
<i>Passed through Texas Education Agency:</i>			
National School Breakfast Program	10.553	71401101	70,562
National School Lunch Program	10.555	71301101	192,187
Commodities	10.550	102005A	14,925
Total child nutrition cluster			<u>277,674</u>
Total expenditures of federal awards			<u>972,439</u>

\$115,520 of federal revenues are in the General Fund.

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