

**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED AUGUST 31, 2010**

**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**Annual Financial Report for**  
**the Year Ended August 31, 2010**

**Table of Contents**

<b>Exhibit</b>	<b>Page</b>
<b>CERTIFICATE OF BOARD</b> .....	1
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	2-3
Management’s Discussion and Analysis .....	4-10
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
A-1 Statement of Net Assets .....	11
B-1 Statement of Activities .....	12-13
<b>Governmental Fund Financial Statements</b>	
C-1 Balance Sheet .....	14
C-2 Reconciliation for C-1 .....	15
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance .....	16
C-4 Reconciliation for C-3 .....	17
<b>Fiduciary Fund Financial Statements</b>	
E-1 Statement of Fiduciary Net Assets .....	18
E-2 Statement of Changes in Fiduciary Net Assets .....	19
<b>Notes to the Financial Statements</b> .....	20-34
 <b>Budgetary Comparison Reporting</b>	
G-1 Budgetary Comparison Schedule - General Fund .....	35
 <b>Combining Schedules</b>	
H-1 Combining Balance Sheet - Nonmajor Governmental Funds .....	36-39
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	42-43
 <b>Required TEA Schedules</b>	
J-1 Schedule of Delinquent Taxes Receivable .....	44
J-2 Schedule of Expenditures for Computation of Indirect Costs .....	45
J-3 Fund Balance and Cash Flow Calculation Worksheet .....	46
J-4 Budgetary Comparison Schedule - Child Nutrition Fund .....	47
J-5 Budgetary Comparison Schedule - Debt Service Fund .....	48

**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**Annual Financial Report for**  
**the Year Ended August 31, 2010**

**Table of Contents**

<b>Exhibit</b>		<b>Page</b>
	<b>FEDERAL AWARDS SECTION</b>	
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	49-50
	Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	51-52
	Schedule of Findings and Questioned Costs .....	53
	Schedule of Status of Prior Findings .....	54
	Corrective Action Plan .....	55
	Notes to Schedule of Expenditures of Federal Awards .....	56
K-1	Schedule of Expenditures of Federal Awards .....	57

**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, 2010, at a meeting of the Board of Trustees of such school district on the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

## **FINANCIAL SECTION**



Pipes & Associates

Monte C. Pipes, CPA  
Carolyn A. Pipes, CPA

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Certified Public Accountants

### **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, 2010, 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, 2010, 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 19, 2010, 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 19, 2010

Page 2

The management's discussion and analysis on pages 4 through 10 and the budgetary comparison information on page 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules, the required TEA schedules, and the accompanying schedule of expenditures of federal awards as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules, the required TEA schedules (except for Exhibit J-3, Fund Balance and Cash Flow Calculation Worksheet, which is marked unaudited and on which we express no opinion) and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pipes & Associates*

PIPES & ASSOCIATES

Certified Public Accountants

November 19, 2010

## WASKOM INDEPENDENT SCHOOL DISTRICT

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### 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, 2010. 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 \$6,132,789 as of August 31, 2010.
- ▶ During the year ended August 31, 2010, the District's net assets increased by \$283,997. The District generated \$8,824,852 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$8,540,855.
- ▶ The general fund reported a fund balance this year of \$2,449,125.
- ▶ The general fund unreserved and undesignated fund balance is \$1,745,908.

#### 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**

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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

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## WASKOM INDEPENDENT SCHOOL DISTRICT

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separate statement of fiduciary net assets and 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 \$6,132,789 as of August 31, 2010. The following table provides a summary of the District's net assets.

#### The District's Net Assets

	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Current and Other Assets	3,093,943	2,674,185	15.7%
Capital and Non-Current Assets	11,720,201	12,030,963	(2.6)%
<b>Total Assets</b>	14,814,144	14,705,148	0.7%
Other Liabilities	268,728	269,420	(0.3)%
Long Term Liabilities	8,412,627	8,586,936	(2.0)%
<b>Total Liabilities</b>	8,681,355	8,856,356	(2.0)%
Net Assets:			
Invested in Capital Assets, net of Related Debt	3,451,518	3,593,897	(4.0)%
Restricted	90,652	114,170	(20.6)%
Unrestricted	2,590,619	2,140,725	21.0%
<b>Total Net Assets</b>	<u>6,132,789</u>	<u>5,848,792</u>	<u>4.9%</u>

The \$90,652 of restricted net assets represent amounts to be expended on debt service, food service, and state programs.

**Changes in net assets.** The District's total revenues were \$8,824,852. State aid formula grants represent 23.3 percent of the District's revenue. Property taxes represent 59.1 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 \$8,540,855; 75.1 percent of these costs are for instructional and student services.

**WASKOM INDEPENDENT SCHOOL DISTRICT**

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**Governmental Activities**

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

**Changes in the District's Net Assets**

	<u>Governmental Activities</u>		<u>% Change</u>
	<u>2010</u>	<u>2009</u>	
<b>Revenues:</b>			
Program Revenues:			
Charges for services	148,243	127,189	16.6%
Operating grants	1,229,250	845,085	45.5%
General Revenues:			
Property taxes	5,219,286	5,152,558	1.3%
State aid - formula	2,059,715	1,901,050	8.3%
Investment earnings	36,493	37,430	(2.5)%
Other general revenues	131,865	197,415	(33.2)%
<b>Total revenues</b>	<b>8,824,852</b>	<b>8,260,727</b>	<b>6.8%</b>
<b>Expenses:</b>			
Instructional and instructional related	5,089,595	4,586,583	11.0%
Instructional and school leadership	364,705	339,266	7.5%
Counseling, health, transportation, and extracurricular	921,289	768,175	19.9%
Food services	403,404	429,152	(6.0)%
General administration	274,789	265,028	3.7%
Plant maintenance and security	849,995	724,161	17.4%
Data processing services	109,373	105,476	3.7%
Debt service	406,466	413,562	(1.7)%
Payments to fiscal agent/member districts	121,239	126,608	(4.2)%
<b>Total expenses</b>	<b>8,540,855</b>	<b>7,758,011</b>	<b>10.1%</b>
Increase (decrease) in Net Assets	283,997	502,716	(43.5)%
Beginning Net Assets	5,848,792	5,346,076	9.4%
Ending Net Assets	<u>6,132,789</u>	<u>5,848,792</u>	<u>4.9%</u>

## WASKOM INDEPENDENT SCHOOL DISTRICT

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The District's overall property tax rate remained the same as last year, however property tax revenues increased 1.3 percent due to higher appraised values. The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$8,540,855.
- ▶ However, the amount that our taxpayers paid for these activities through property taxes was \$5,219,286.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$148,243), or
- ▶ By operating grants (\$1,229,250).

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		
	2010	2009	% Change	2010	2009	% Change
Instruction	4,812,248	4,316,987	11.5%	3,976,780	3,839,733	3.6%
Food services	403,404	429,152	(6.0)%	31,587	69,066	(54.3)%
Interest on long-term debt	400,109	407,205	(1.7)%	400,109	407,205	(1.7)%
Maintenance & operations	847,228	721,228	17.5%	834,446	708,168	17.8%
Extracurricular activities	526,229	369,449	42.4%	508,170	352,458	44.2%

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$8,823,372, an increase of 6.9 percent from the preceding year.

The District's governmental funds ended the year with a reported combined fund balance of \$2,539,777, which is \$425,576 more than last years ending balance of \$2,114,201.

#### General Fund Budgetary Highlights

Over the course of the year the District revised it's budget as actual results were analyzed. Actual expenditures were \$355,617 below final budget amounts. The most significant positive variance was in the instructional function as the final expenditures were less than expected. Positive results were

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## WASKOM INDEPENDENT SCHOOL DISTRICT

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seen in reported revenues which were \$156,558 above the final budgeted amounts. Contributing to this positive variance was state revenue exceeding the budgeted amount.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2010, the District had invested \$19,902,920, less depreciation of \$8,182,719, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, school buses, and facility construction not completed. The following table provides a summary of the District's capital assets.

#### District's Capital Assets (Net of depreciation)

	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Land	155,135	155,135	0.0%
Buildings & improvements	10,692,296	10,978,939	(2.6)%
Equipment & vehicles	872,770	896,889	(2.7)%
Net capital assets	<u>11,720,201</u>	<u>12,030,963</u>	<u>(2.6)%</u>

During 2010, the District purchased a greenhouse, completed parking lot improvements, and made various other campus improvements. Additionally, the District purchased a new school bus, pickup, mower, and other equipment. In 2011 the District does not have any major capital expenditures budgeted.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

#### 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>2010</u>	<u>2009</u>	<u>% Change</u>
2005 Bond Series	8,065,000	8,225,000	(1.9)%
Total long term debt	<u>8,065,000</u>	<u>8,225,000</u>	<u>(1.9)%</u>

## **WASKOM INDEPENDENT SCHOOL DISTRICT**

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At year end the District had \$8,065,000 in school building bonds outstanding as shown above, with a very favorable rating 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 2011 budget preparation will be \$445,117,824 or .44 percent more than 2010.
- ▶ The District’s average daily attendance for the school year 2011 is expected to be 740 which is an increase from the prior year.

These indicators were taken into account when adopting the general fund budget for 2011. Amounts, available for expenditure in the general fund budget are \$6,681,652, a decrease of 3.8 percent from the final 2010 budget of \$6,947,318. Revenues from state and local sources are expected to decrease.

Expenditures are budgeted to decrease 4.9 percent to \$6,682,652 from the final 2010 budget of \$7,028,318. If these estimates are realized, the District’s budgetary general fund balance will remain approximately the same by the close of 2011.

### **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.

## **Government-Wide Financial Statements**

**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**AUGUST 31, 2010**

Data Control Codes	Primary Government			
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
1110	Cash and cash equivalents	2,259,623	-	2,259,623
1220	Property taxes receivable - delinquent	532,554	-	532,554
1230	Allowance for uncollectible taxes (credit)	(372,788)	-	(372,788)
1240	Due from other governments	530,610	-	530,610
1420	Capitalized bond & other debt issuance costs	143,944	-	143,944
	Capital Assets:			
1510	Land	155,135	-	155,135
1520	Buildings, net	10,692,296	-	10,692,296
1530	Furniture and equipment, net	872,770	-	872,770
1000	Total assets	<u>14,814,144</u>	-	<u>14,814,144</u>
<b>LIABILITIES</b>				
2140	Interest payable	18,272	-	18,272
2160	Accrued wages payable	250,456	-	250,456
	Long Term Liabilities:			
2501	Due within one year	170,000	-	170,000
2502	Due after one year	8,242,627	-	8,242,627
2000	Total liabilities	<u>8,681,355</u>	-	<u>8,681,355</u>
<b>NET ASSETS</b>				
3200	Invested in capital assets, net of related debt	3,451,518	-	3,451,518
3820	Restricted for federal and state programs	23,943	-	23,943
3850	Restricted for debt service	24,294	-	24,294
3890	Restricted for other purposes	42,415	-	42,415
3900	Unrestricted net assets	2,590,619	-	2,590,619
3000	Total net assets	<u>6,132,789</u>	-	<u>6,132,789</u>

The accompanying notes are an integral part of this statement



**WASKOM INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2010**

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
11 Instruction	4,812,428	38,602	797,046
12 Instructional resources and media services	137,771	-	3,051
13 Curriculum and staff development	139,396	-	52,429
21 Instructional leadership	4,058	-	4,058
23 School leadership	360,647	-	17,704
31 Guidance, counseling, and evaluation services	110,048	-	37,127
33 Health services	66,110	-	3,598
34 Student transportation	218,902	-	8,035
35 Food service	403,404	101,053	270,764
36 Extracurricular activities	526,229	8,588	9,471
41 General administration	274,789	-	8,032
51 Plant maintenance and operations	847,228	-	12,782
52 Security and monitoring services	2,767	-	-
53 Data processing services	109,373	-	5,153
72 Interest on long-term debt	400,109	-	-
73 Bond issuance costs and fees	6,357	-	-
93 Payments related to shared services arrangements	121,239	-	-
TP Total primary government	8,540,855	148,243	1,229,250

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

<b>Program Revenues</b>	<b>Net (Expense) Revenues and Changes in Net Assets</b>		
5	<b>Governmental</b>	<b>Business</b>	<b>Total</b>
<b>Capital Grants and Contributions</b>	<b>Activities</b>	<b>Activities</b>	
-	(3,976,780)	-	(3,976,780)
-	(134,720)	-	(134,720)
-	(86,967)	-	(86,967)
-	-	-	-
-	(342,943)	-	(342,943)
-	(72,921)	-	(72,921)
-	(62,512)	-	(62,512)
-	(210,867)	-	(210,867)
-	(31,587)	-	(31,587)
-	(508,170)	-	(508,170)
-	(266,757)	-	(266,757)
-	(834,446)	-	(834,446)
-	(2,767)	-	(2,767)
-	(104,220)	-	(104,220)
-	(400,109)	-	(400,109)
-	(6,357)	-	(6,357)
-	(121,239)	-	(121,239)
-	(7,163,362)	-	(7,163,362)
	4,641,643	-	4,641,643
	577,643	-	577,643
	2,059,715	-	2,059,715
	115,520	-	115,520
	36,493	-	36,493
	16,345	-	16,345
	7,447,359	-	7,447,359
	283,997	-	283,997
	5,848,792	-	5,848,792
	6,132,789	-	6,132,789

The accompanying notes are an integral part of this statement

## **Governmental Fund Financial Statements**

**WASKOM INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2010**

Data Control Codes		<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>ASSETS</b>			
1110	Cash and cash equivalents	2,176,683	82,940	2,259,623
1220	Property taxes receivable - delinquent	489,700	42,854	532,554
1230	Allowance for uncollectible taxes (credit)	(342,790)	(29,998)	(372,788)
1240	Due from other governments	516,156	14,454	530,610
1000	Total Assets	<u>2,839,749</u>	<u>110,250</u>	<u>2,949,999</u>
	<b>LIABILITIES AND FUND BALANCES</b>			
	Liabilities:			
2160	Accrued wages payable	243,714	6,742	250,456
2300	Deferred revenues	146,910	12,856	159,766
2000	Total Liabilities	<u>390,624</u>	<u>19,598</u>	<u>410,222</u>
	Fund balances:			
	Reserved for:			
3420	Debt service	-	24,294	24,294
3450	Food service	-	42,415	42,415
3490	Other purposes	-	23,943	23,943
	Designated for:			
3510	Construction	625,000	-	625,000
3540	Self insurance	78,217	-	78,217
	Unreserved and undesignated:			
3600	Reported in general fund	1,745,908	-	1,745,908
3000	Total fund balances	<u>2,449,125</u>	<u>90,652</u>	<u>2,539,777</u>
4000	Total Liabilities and Fund Balances	<u>2,839,749</u>	<u>110,250</u>	<u>2,949,999</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, 2010**

	Total fund balances - governmental funds	2,539,777
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 \$19,635,438 and the accumulated depreciation was \$7,604,475. 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.	3,593,897
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.	532,299
3	The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(674,358)
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>141,174</u>
19	Net assets of governmental activities	<u><u>6,132,789</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, 2010**

Data Control Codes		<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>REVENUES</b>			
5700	Total local and intermediate Sources	4,706,753	712,134	5,418,887
5800	State program revenues	2,281,603	60,393	2,341,996
5900	Federal program revenues	115,520	946,969	1,062,489
5020	Total revenues	<u>7,103,876</u>	<u>1,719,496</u>	<u>8,823,372</u>
	<b>EXPENDITURES</b>			
0011	Instruction	3,867,870	649,380	4,517,250
0012	Instructional resources and media services	127,323	-	127,323
0013	Curriculum and staff development	90,224	47,362	137,586
0021	Instructional leadership	-	4,058	4,058
0023	School leadership	343,868	-	343,868
0031	Guidance, counseling, evaluation services	73,431	31,369	104,800
0033	Health services	63,849	-	63,849
0034	Student transportation	209,493	3,429	212,922
0035	Food service	-	355,328	355,328
0036	Extracurricular activities	404,463	-	404,463
0041	General administration	273,681	-	273,681
0051	Plant maintenance and operations	843,006	-	843,006
0053	Data processing services	100,177	-	100,177
0071	Principal on long-term debt	-	160,000	160,000
0072	Interest on long-term debt	-	414,738	414,738
0073	Bond issuance costs and fees	-	431	431
0081	Capital outlay	154,077	60,000	214,077
0093	Payments related to shared services	121,239	-	121,239
6030	Total expenditures	<u>6,672,701</u>	<u>1,726,095</u>	<u>8,398,796</u>
1100	Excess (deficiency) of revenues over expenditures	431,175	(6,599)	424,576
	<b>OTHER FINANCING SOURCES (USES)</b>			
7912	Sale of real and personal property	1,000	-	1,000
7915	Transfers in	42,917	25,998	68,915
8911	Transfers out	(25,998)	(42,917)	(68,915)
7080	Total other financing sources and uses	<u>17,919</u>	<u>(16,919)</u>	<u>1,000</u>
1200	Net change in fund balances	449,094	(23,518)	425,576
0100	Fund balance - September 1 (beginning)	2,000,031	114,170	2,114,201
3000	Fund balance - August 31 (ending)	<u><u>2,449,125</u></u>	<u><u>90,652</u></u>	<u><u>2,539,777</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, 2010**

Net change in fund balances - governmental funds	425,576
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.	532,299
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.	(674,358)
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.	<hr style="width: 100%;"/> 480
Change in net assets of governmental activities	<hr style="width: 100%;"/> <hr style="width: 100%;"/> 283,997

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, 2010**

	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	345,146	61,105
Total Assets	345,146	61,105
<b>LIABILITIES</b>		
Due to student groups	-	61,105
Total Liabilities	-	61,105
<b>NET ASSETS</b>		
Restricted for scholarships	345,146	
Total Net Assets	345,146	

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, 2010**

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Local and intermediate sources	6,665
Total additions	<u>6,665</u>
<b>DEDUCTIONS:</b>	
Scholarships awarded	6,863
Total deductions	<u>6,863</u>
Change in Net Assets	(198)
Total Net Assets - September 1 (Beginning)	<u>345,344</u>
Total Net Assets - August 31 (Ending)	<u><u>345,146</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, 2010**

**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 principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; 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." 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 fees and other charges to users of the District's services such as tuition paid by students who do not reside 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, 2010**

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, 2010**

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 shall be used for an annual cash scholarship to the valedictorian and salutatorian of each graduating class.

**Agency Fund** - The District accounts for assets held in a custodial capacity as an agent on behalf of others 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, 2010**

**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 the use in a federal or state program, to pay debt service on capital related debt, or for use in food service operations.

Unreserved and undesignated fund balance in the government funds financial statements represents that portion of fund balance that is available for budgeting in future periods. The unreserved designated fund balance represents fund balance that has been earmarked by Board resolution for specific purposes and is therefore not available for general expenditures to be appropriated in the following period unless amended by future Board action. Reserved 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 designates \$78,217 for workers' compensation self insurance and \$625,000 for construction. The Special Revenue Fund reserves \$42,415 for food service and

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

\$23,943 for state programs. The Debt Service Fund reserves \$24,294 for payment of principal and interest on outstanding debt.

**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.

**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, the Food Service Fund, and Debt 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.
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, 2010, the District made budget amendments primarily to the co-curricular/extracurricular activities function 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.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

**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**

**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, 2010 and during the year ended August 31, 2010 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 of its deposits are covered by depository insurance or by pledged collateral as follows:



**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

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 \$3,098,722.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$2,489,500 and occurred during the month of October 2009.
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, 2010.

**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, 2010.

**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, 2010.

**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, 2010.

**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, 2010.

The District's deposits with investment pools are included in cash and cash equivalents. This amounted to \$652,530 with Lone Star Investment Pool (Pool) as of August 31, 2010.

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 pool is a public funds investment pool created to provide a safe environment for the placement of the District's funds in authorized short-term investments.

The investment in the Pool is based on contractual agreements and not the individual security itself,

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

therefore, the Districts 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; fully collateralized repurchase agreements with a defined termination date and collateralized at 102 percent of the principal amount; no-load money market mutual funds regulated by the SEC.

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 the 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 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 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.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

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 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 federal and state governments as of August 31, 2010 are summarized below. These amounts are reported on the governmental fund financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
Special Revenue Fund	1,877	12,577	14,454
General Fund	516,156	-	516,156
	<u>518,033</u>	<u>12,577</u>	<u>530,610</u>

Deferred revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Net Tax Revenue	<u>146,910</u>	<u>12,856</u>	<u>159,766</u>

**C. INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended August 31, 2010 consisted of the following amounts:

Transfers to Special Revenue Fund from:		
General Fund		25,998
Transfers to General Fund from		
Special Revenue Fund		42,917

Transfers are 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 programs accounted for in other funds in accordance with budget authorizations.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

**D. DISAGGREGATION OF RECEIVABLES AND PAYABLE**

The District disaggregates significant components of receivables and payables in the financial statements. The only receivable not expected to be collected within one year is \$372,788 of delinquent property taxes.

**E. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	155,135	-	-	155,135
Buildings and improvements	17,806,959	230,093	(20,795)	18,016,257
Vehicles and equipment	1,673,344	133,503	(75,319)	1,731,528
Totals at cost	<u>19,635,438</u>	<u>363,596</u>	<u>(96,114)</u>	<u>19,902,920</u>
Less accumulated depreciation:				
Buildings and improvements	6,828,020	516,736	(20,795)	7,323,961
Vehicles and equipment	776,455	157,622	(75,319)	858,758
Total accumulated depreciation	<u>7,604,475</u>	<u>674,358</u>	<u>(96,114)</u>	<u>8,182,719</u>
Governmental activities capital assets, net	<u><u>12,030,963</u></u>	<u><u>(310,762)</u></u>	<u><u>0</u></u>	<u><u>11,720,201</u></u>

Depreciation was charged to governmental functions as follows:

Instruction	339,706
Instructional Resources	10,448
Curriculum & Staff Development	1,810
School Leadership	16,779
Guidance & Counseling	5,248
Health Services	2,261
Student Transportation	80,595
Food Services	48,076
Cocurricular/Extracurricular	121,766
General Administration	1,108
Plant Maintenance	34,598

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

Security	2,767
Data Processing	<u>9,196</u>
Total depreciation expense	<u><u>674,358</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, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts due within one year</u>
Governmental Activities:					
Bonds Payable					
2005 Series	8,225,000	-	160,000	8,065,000	170,000
Total loans and bonds payable	8,225,000	-	160,000	8,065,000	170,000
Unamortized bond premium	361,936	-	14,309	347,627	-
Total long term debt	<u><u>8,586,936</u></u>	<u><u>-</u></u>	<u><u>145,691</u></u>	<u><u>8,412,627</u></u>	<u><u>170,000</u></u>

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 \$143,944 is included in assets in these financial statements.

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

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	170,000	407,313	577,313
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

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

Year Ending August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016-2020	1,160,000	1,713,037	2,873,037
2021-2025	1,500,000	1,379,344	2,879,344
2026-2030	1,950,000	930,563	2,880,563
2031-2035	2,530,000	345,712	2,875,712
Totals	<u>8,065,000</u>	<u>6,323,882</u>	<u>14,388,882</u>

**G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

For the year ended August 31, 2010, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	<u>General Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
Property Taxes	4,571,498	570,181	5,141,679
Food Sales	-	101,053	101,053
Investment Income	36,226	267	36,493
Penalties, interest, and other tax related	72,281	7,631	79,912
Co-curricular student activities	8,588	-	8,588
Other	18,160	33,002	51,162
Total	<u>4,706,753</u>	<u>712,134</u>	<u>5,418,887</u>

**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

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

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](http://www.trs.state.tx.us),

**Funding Policy.** State law provides for a fiscal year 2008 and 2009 state contribution rate of 6.58% and for 2010 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, limited to 6.4% for the period September through December 2009 and increased to 6.644% for the period of January through August 2010.

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, 2008, 2009 and 2010 were \$222,864, \$229,833, and \$246,746, respectively. The District paid the additional state pension contributions for the years ended August 31, 2008, 2009 and 2010 in the amounts of \$18,297, \$18,859, and \$21,921, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**Retiree Health Plan**

**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

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

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 2010, 2009, and 2008. 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, 2008, 2009 and 2010, the State's contribution to TRS-Care were \$38,937, \$38,890 and \$41,158, respectively, the active members contributions were \$25,907, \$25,995, and \$27,877, respectively, and the District's contributions to TRS-Care were \$21,922, \$21,996 and \$23,588, 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, 2010 is estimated by TRS at \$10,651.

**I. HEALTH CARE COVERAGE**

During the year ended August 31, 2010, employees of the District were covered by a state wide health care program known as TRS-Active Care. This plan is administered by the Teacher Retirement System of Texas. The District paid \$225 per month per participating employee to TRS, and participating 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.

The District's administrative expenses for the year ended August 31, 2010 were \$21,569. The claims administrator estimates the District's annual loss maximum of \$68,121. Estimated total claims liability for the year ended August 31, 2010, including estimated claims incurred but not reported, amounted to \$78,217. The estimated total liability for workers' compensation claims incurred but not reported claims is in the amount of \$35,173.

Claims liability, beginning of year	26,280
Incurred claims:	
Provision for insured events of current year	69,172
Increase (Decrease) in provision for insured events of prior years	<u>(1,630)</u>



**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2010**

Total incurred claims	67,542
Payments:	
Claims expenses attributable to insured events of current year	8,414
Claims expenses attributable to insured events of prior years	7,191
Total payments	15,605
Total unpaid claims at the end of the year	78,217

**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, 2010 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 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, 2010, 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.

## **Budgetary Comparison Reporting**

**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2010**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	4,820,614	4,820,614	4,706,753	(113,861)
5800	State program revenues	2,011,184	2,011,184	2,281,603	270,419
5900	Federal program revenues	115,520	115,520	115,520	-
5020	Total revenues	6,947,318	6,947,318	7,103,876	156,558
<b>EXPENDITURES:</b>					
0011	Instruction	4,110,539	4,095,539	3,867,870	227,669
0012	Instructional resources and media services	127,913	129,913	127,323	2,590
0013	Curriculum and staff development	89,871	94,871	90,224	4,647
0023	School leadership	341,150	356,150	343,868	12,282
0031	Guidance, counseling, and evaluation services	110,926	90,926	73,431	17,495
0033	Health services	69,355	69,355	63,849	5,506
0034	Student transportation	271,930	249,930	209,493	40,437
0036	Cocurricular/Extracurricular activities	281,264	413,264	404,463	8,801
0041	General administration	321,961	300,961	273,681	27,280
0051	Plant maintenance and operations	850,075	850,075	843,006	7,069
0053	Data processing services	98,005	102,005	100,177	1,828
0081	Capital outlay	154,090	154,090	154,077	13
0093	Payments related to shared services arrangements	121,239	121,239	121,239	-
6030	Total expenditures	6,948,318	7,028,318	6,672,701	355,617
1100	Excess (deficiency) of revenues over expenditures	(1,000)	(81,000)	431,175	512,175
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of property	1,000	1,000	1,000	-
7915	Transfers in	-	-	42,917	42,917
8911	Transfers out	-	-	(25,998)	(25,998)
7080	Total other financing sources (uses)	1,000	1,000	17,919	16,919
1200	Net change in fund balances	-	(80,000)	449,094	529,094
0100	Fund balance - September 1 (beginning)	2,000,031	2,000,031	2,000,031	-
3000	Fund balance - August 31 (ending)	2,000,031	1,920,031	2,449,125	529,094

The accompanying notes are an integral part of this statement

## **Combining Schedules**

**WASKOM INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2010**

Data Control Codes	Special Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	
<b>ASSETS</b>				
1110	Cash and cash equivalents	-	49,157	-
1220	Property taxes - delinquent	-	-	-
1230	Allowance for uncollectible (credit)	-	-	-
1240	Due from other governments	-	-	-
<hr/>				
1000	Total Assets	-	49,157	-
<hr/> <hr/>				
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2160	Accrued wages payable	-	6,742	-
2300	Deferred revenue	-	-	-
<hr/>				
2000	Total Liabilities	-	6,742	-
<hr/>				
Fund balances:				
Reserved for:				
3420	Debt service	-	-	-
3450	Food service	-	42,415	-
3490	Other purposes	-	-	-
<hr/>				
3000	Total fund balances	-	42,415	-
<hr/>				
4000	Total Liabilities and Fund Balances	-	49,157	-
<hr/> <hr/>				

<b>Special Revenue Funds</b>						
<b>255</b>	<b>262</b>	<b>266</b>	<b>270</b>	<b>279</b>	<b>283</b>	<b>285</b>
<b>Title II A</b>	<b>Title II D</b>	<b>Title XIV</b>	<b>Title VI, B</b>	<b>Title II D</b>	<b>IDEA Part B</b>	<b>ESEA</b>
<b>Principal</b>	<b>Education</b>	<b>SFSF</b>	<b>Rural &amp; Low</b>	<b>Ed. Tech.</b>	<b>Formula</b>	<b>Title I, A</b>
<b>Training</b>	<b>Technology</b>	<b>ARRA</b>	<b>Income</b>	<b>ARRA</b>	<b>ARRA</b>	<b>ARRA</b>
(1,760)	-	-	-	-	(10,817)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,760	-	-	-	-	10,817	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

**WASKOM INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2010**

Data Control Codes	Special Revenue Funds			
	401 Optional Extended Year	404 Student Success Initiative	411 Technology Allotment	
<b>ASSETS</b>				
1110	Cash and cash equivalents	(251)	(1,626)	23,943
1220	Property taxes - delinquent	-	-	-
1230	Allowance for uncollectible (credit)	-	-	-
1240	Due from other governments	251	1,626	-
<hr/>				
1000	Total Assets	-	-	23,943
<hr/>				
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2160	Accrued wages payable	-	-	-
2300	Deferred revenue	-	-	-
<hr/>				
2000	Total Liabilities	-	-	-
<hr/>				
Fund balances:				
Reserved for:				
3420	Debt service	-	-	-
3450	Food service	-	-	-
3490	Other purposes	-	-	23,943
<hr/>				
3000	Total fund balances	-	-	23,943
<hr/>				
4000	Total Liabilities and Fund Balances	-	-	23,943
<hr/>				

<b>Special Revenue Funds</b>			<b>Total Special Revenue Funds</b>	<b>Other</b>	<b>Total Nonmajor Governmental Funds</b>
<b>419 Headstart Ready to Read</b>	<b>428 High School Allotment</b>	<b>499 Region 7 Technology</b>		<b>Governmental 599 Debt Service Fund</b>	
-	-	-	58,646	24,294	82,940
-	-	-	-	42,854	42,854
-	-	-	-	(29,998)	(29,998)
-	-	-	14,454	-	14,454
-	-	-	73,100	37,150	110,250
-	-	-	6,742	-	6,742
-	-	-	-	12,856	12,856
-	-	-	6,742	12,856	19,598
-	-	-	-	24,294	24,294
-	-	-	42,415	-	42,415
-	-	-	23,943	-	23,943
-	-	-	66,358	24,294	90,652
-	-	-	73,100	37,150	110,250



**WASKOM INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010**

Data Control Codes	Special Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	
<b>REVENUES</b>				
5700	Total local and intermediate sources	-	101,053	-
5800	State program revenues	-	8,729	-
5900	Federal program revenues	184,948	262,035	4,625
5020	Total Revenues	184,948	371,817	4,625
<b>EXPENDITURES</b>				
0011	Instruction	178,731	-	4,180
0013	Curriculum and staff development	-	-	-
0021	Instructional leadership	4,058	-	-
0031	Guidance, counseling and evaluation	-	-	445
0034	Student transportation	2,159	-	-
0035	Food service	-	355,328	-
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
0073	Bond issuance cost & fees	-	-	-
0081	Capital outlay	-	-	-
6030	Total Expenditures	184,948	355,328	4,625
1100	Excess (Deficiency) of Revenues Over Expenditures	-	16,489	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources and uses	-	-	-
1200	Net change in fund balances	-	16,489	-
0100	Fund balances, beginning	-	25,926	-
3000	Fund balances, ending	-	42,415	-

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
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,362	1,660	234,193	21,760	2,894	103,952	82,540
48,362	1,660	234,193	21,760	2,894	103,952	82,540
1,000	1,660	174,193	21,760	2,894	103,952	51,616
47,362	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	30,924
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	60,000	-	-	-	-
48,362	1,660	234,193	21,760	2,894	103,952	82,540
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

**WASKOM INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010**

Data Control Codes	Special Revenue Funds		
	401 Optional Extended Year	404 Student Success Initiative	411 Technology Allotment
<b>REVENUES</b>			
5700	Total local and intermediate sources	-	-
5800	State program revenues	2,510	16,262
5900	Federal program revenues	-	-
5020	Total Revenues	2,510	16,262
<b>EXPENDITURES</b>			
0011	Instruction	1,240	16,262
0013	Curriculum and staff development	-	-
0021	Instructional leadership	-	-
0031	Guidance, counseling and evaluation	-	-
0034	Student transportation	1,270	-
0035	Food service	-	-
0071	Principal on long-term debt	-	-
0072	Interest on long-term debt	-	-
0073	Bond issuance cost & fees	-	-
0081	Capital outlay	-	-
6030	Total Expenditures	2,510	16,262
1100	Excess (Deficiency) of Revenues Over Expenditures	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources and uses	-	-
1200	Net change in fund balances	-	-
0100	Fund balances, beginning	-	23,943
3000	Fund balances, ending	-	23,943

Special Revenue Funds			Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
419 Headstart Ready to Read	428 High School Allotment	499 Region 7 Technology		599 Debt Service Fund	
33,002	-	-	134,055	578,079	712,134
-	-	12,000	60,393	-	60,393
-	-	-	946,969	-	946,969
33,002	-	12,000	1,141,417	578,079	1,719,496
59,000	-	12,000	649,380	-	649,380
-	-	-	47,362	-	47,362
-	-	-	4,058	-	4,058
-	-	-	31,369	-	31,369
-	-	-	3,429	-	3,429
-	-	-	355,328	-	355,328
-	-	-	-	160,000	160,000
-	-	-	-	414,738	414,738
-	-	-	-	431	431
-	-	-	60,000	-	60,000
59,000	-	12,000	1,150,926	575,169	1,726,095
(25,998)	-	-	(9,509)	2,910	(6,599)
25,998	-	-	25,998	-	25,998
-	(42,917)	-	(42,917)	-	(42,917)
25,998	(42,917)	-	(16,919)	-	(16,919)
-	(42,917)	-	(26,428)	2,910	(23,518)
-	42,917	-	92,786	21,384	114,170
-	-	-	66,358	24,294	90,652

## **Required TEA Schedules**

**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
AUGUST 31, 2010**

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							
2001 & Prior	Various	Various	-	98,212	-	9,757	-	(8,084)	80,371
2002	1.3063	0.1135	198,479,445	18,395	-	1,096	-	(2,723)	14,576
2003	1.5000	-	206,390,422	25,563	-	1,385	-	(4,175)	20,003
2004	1.5000	-	196,724,124	28,251	-	1,875	-	(4,208)	22,168
2005	1.5000	-	229,325,115	33,872	-	4,106	-	(2,552)	27,214
2006	1.5000	0.2249	262,101,752	52,535	-	6,229	934	(2,081)	43,291
2007	1.3700	0.1800	321,306,054	68,637	-	8,435	1,108	(1,898)	57,196
2008	1.0400	0.1500	362,235,378	66,838	-	9,486	1,368	(1,130)	54,854
2009	1.0400	0.1300	437,903,140	138,652	-	34,037	4,255	(15,855)	84,505
2010 (Current)	1.0400	0.1300	443,127,510	-	5,184,592	4,494,415	561,801	-	128,376
1000	Totals			530,955	5,184,592	4,570,821	569,466	(42,706)	532,554

**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**YEAR ENDED AUGUST 31, 2010**

**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	-	-	139,216	86,172	-	-	225,388
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	-	-	917		-		917
6212	Audit Services				12,200			12,200
6213	Tax Appraisal and Collection		76,213					76,213
621X	Other Prof. Services	-	-	-	-	-	-	-
6220	Tuition and Transfer Payments							-
6230	Education Service Centers	-	-	2,410	-	-	-	2,410
6240	Contr. Maint. and Repair							-
6250	Utilities							-
6260	Rentals	-	-	7,035	-	-	-	7,035
6290	Miscellaneous Contr.	-	-	2,988	-	-	-	2,988
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	3,107	4,660	-	-	7,767
6410	Travel, Subsistence, Stipends	7,927	-	2,131	-	-	-	10,058
6420	Ins. and Bonding Costs	2,676	-	-	-	-	-	2,676
6430	Election Costs	1,451						1,451
6490	Miscellaneous Operating	-	-	6,450	4,300	-	-	10,750
6500	Debt Service							-
6600	Capital Outlay							-
6000	<b>TOTAL</b>	<b>12,054</b>	<b>76,213</b>	<b>164,254</b>	<b>107,332</b>	<b>-</b>	<b>-</b>	<b>359,853</b>

Total expenditures for General and Special Revenue Funds (9) 7,823,627

Less: Deductions of unallowable costs

Total Capital Outlay (6600) Funds 100 - 499	(10)	487,577	
Total Debt & Lease (6500) Funds 100 - 499	(11)	-	
Plant Maintenance (Function 51, 6100-6400)	(12)	835,230	
Food (Function 35, 6341 and 6499)	(13)	196,603	
Stipends (6413)	(14)	-	
Column 4 (above) - Total Indirect Costs		107,332	1,626,742

Net allowed direct cost

Total cost of Buildings before depreciation	(15)	18,016,257	
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)	1,731,528	
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 \$86,172 in Function 53 and \$-0- in Function 99 expenditures are included in this report on administrative costs.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET -  
GENERAL FUND AS OF AUGUST 31, 2010**

**UNAUDITED**

1.	Total General Fund Balance as of 8/31/10	2,449,125
2.	Total Reserved Fund Balance	-
3.	Total Designated Fund Balance	703,217
4.	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues)	-
5.	Estimate of two month's average cash disbursements during the fiscal year	1,334,500
6.	Estimate of delayed payment from state sources	-
7.	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-
8.	Estimate of delayed payments from federal sources.	-
9.	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior issuance of bonds.)	-
10.	Adjustment to meet Board Policy	-
11.	Optimum Fund Balance and Cash Flow	<u>2,037,717</u>
12.	Excess (Deficit) Undesignated Unreserved General Fund Balance	<u><u>411,408</u></u>

Explanation of need for and projected use of Net Positive Undesignated Unreserved General Fund Balance:  
The District anticipates using the additional fund balance for renovations and construction.



**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2010**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and intermediate sources	111,500	111,500	101,053	(10,447)
5800	State program revenues	3,000	3,000	8,729	5,729
5900	Federal program revenues	223,000	253,000	262,035	9,035
5020	Total revenues	337,500	367,500	371,817	4,317
	<b>EXPENDITURES:</b>				
0035	Food service	337,500	367,500	355,328	12,172
6030	Total expenditures	337,500	367,500	355,328	12,172
1100	Excess (deficiency) of revenues over expenditures	-	-	16,489	16,489
	<b>OTHER FINANCING SOURCES (USES):</b>				
7915	Transfers in	-	-	-	-
8911	Transfers out (use)	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	16,489	16,489
0100	Fund balance - September 1 (beginning)	25,926	25,926	25,926	-
3000	Fund balance - August 31 (ending)	25,926	25,926	42,415	16,489

**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2010**

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and intermediate sources	575,638	575,638	578,079	2,441
5020	Total revenues	575,638	575,638	578,079	2,441
	<b>EXPENDITURES:</b>				
0071	Debt service - principal on long-term debt	160,000	160,000	160,000	-
0072	Debt service - interest on long-term debt	414,738	414,738	414,738	-
0073	Debt service - bond issuance cost & fees	900	900	431	469
6030	Total expenditures	575,638	575,638	575,169	469
1100	Excess (deficiency) of revenues over expenditures	-	-	2,910	2,910
	<b>OTHER FINANCING SOURCES (USES):</b>				
7915	Transfers in	-	-	-	-
8911	Transfers out (use)	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	2,910	2,910
0100	Fund balance - September 1 (beginning)	21,384	21,384	21,384	-
3000	Fund balance - August 31 (ending)	21,384	21,384	24,294	2,910

**FEDERAL AWARDS SECTION**



Pipes & Associates

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Certified Public Accountants

**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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 19, 2010. 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 19, 2010

Page 2

**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.

*Pipes & Associates*

PIPES & ASSOCIATES

Certified Public Accountants

November 19, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Trustees  
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 U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended August 31, 2010. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2010.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Trustees

November 19, 2010

Page 2

**Internal Control Over Compliance**

The 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.

*Pipes & Associates*

PIPES & ASSOCIATES  
Certified Public Accountants

November 19, 2010

**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**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	Title I, Part A, Title I, Part A, ARRA
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as a low risk auditee?	<u>X</u> yes    ___no

**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, 2010**

There were no findings reported for the prior year.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2010**

None required.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2010**

**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, 2010**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passed through Texas Education Agency:</i>			
ESEA Title 1, Part A	84.010A	10610101102903	184,948
Title II Part D	84.318X	10630001102903	1,660
ESEA Title VI, Part B	84.358B	10696001102903	21,760
Title II Part A	84.367A	10694501102903	48,362
Title II Part D ARRA	84.386A	10553001102903	2,894
ESEA Title 1, Part A ARRA	84.389A	10551001102903	82,540
Title XIV SFSF ARRA	84.394A	10557001102903	234,193
<i>Passed through Harrison Co-op</i>			
IDEA B Formula	84.027A	102903	115,520
IDEA B Formula ARRA	84.391A	102903	103,952
<i>Passed through Union Grove ISD</i>			
Career and Technology	84.048A	10420006230908	4,625
<b>Total Department of Education</b>			<u>800,454</u>
<b>U.S. Department of Agriculture</b>			
<i>Passed through Texas Education Agency:</i>			
<b>Clustered Programs as required by Compliance Supplement:</b>			
National School Breakfast Program	10.553	71401001	64,621
National School Lunch Program	10.555	71301001	180,617
Commodities	10.550	102005A	16,797
<b>Total Department of Agriculture (clustered program)</b>			<u>262,035</u>
<b>Total expenditures of federal awards</b>			<u><u>1,062,489</u></u>

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