

**LIVINGSTON INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**AUGUST 31, 2013**



# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## ANNUAL FINANCIAL REPORT

### TABLE OF CONTENTS

FOR THE YEAR ENDED AUGUST 31, 2013

<u>Exhibit Number</u>	<u>Page Number</u>
	ii
Certificate of Board .....	ii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	2
Management's Discussion and Analysis .....	5
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position .....	12
B-1 Statement of Activities .....	13
Fund Financial Statements:	
C-1 Balance Sheet - Governmental Funds .....	14
C-1R Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
C-2 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	18
C-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
C-4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund .....	21
D-1 Statement of Net Position - Proprietary Fund.....	22
D-2 Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund .....	23
D-3 Statement of Cash Flows - Proprietary Fund .....	24
E-1 Statement of Fiduciary Net Position - Fiduciary Funds .....	25
E-2 Statement of Change in Fiduciary Net Position - Fiduciary Funds .....	26
Notes to the Financial Statements.....	27
<b>Combining Funds Financial Statements:</b>	
H-1 Combining Balance Sheet - Nonmajor Special Revenue Funds.....	42
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	46
<b>Other Supplementary Information:</b>	
J-1 Schedule of Delinquent Taxes Receivable.....	52
J-2 Schedule of Expenditures for Computation of Indirect Cost for 2014-2015.....	54
J-3 Budgetary Comparison Schedule - National School Breakfast and Lunch Program .....	55
J-4 Budgetary Comparison Schedule - Debt Service Fund .....	56
<b>Overall Compliance, Internal Control Section and Federal Awards:</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	58
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 .....	60
Schedule of Findings and Questioned Costs .....	63
Summary Schedule of Prior Audit Findings.....	64
Corrective Action Plan .....	65
K-1 Schedule of Expenditures of Federal Awards .....	66
Notes to Schedule of Expenditures of Federal Awards.....	67
L-1 Schedule of Required Responses to Selected School First Indicators.....	69

**CERTIFICATE OF BOARD**

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

Name of School

**Polk**

County

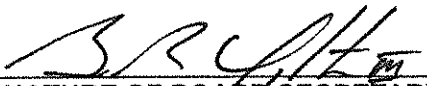
**187-907**

Co.-Dist Number

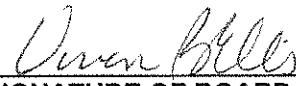
We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

**APPROVED** ---  **DISAPPROVED**  
(Check One)

for the year ended August 31, 2013 at a meeting of the Board of Trustees of such school district on the 21st day of October, 2013.



\_\_\_\_\_  
SIGNATURE OF BOARD SECRETARY



\_\_\_\_\_  
SIGNATURE OF BOARD PRESIDENT

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

**FINANCIAL SECTION**

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

Certified Public Accountants • A Professional Corporation

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of  
Livingston Independent School District  
1412 S. Houston  
Livingston, Texas 77351

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livingston Independent School District (District), Texas, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinions**

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

## **Emphasis of Matter**

As described in Note I. F. *Accounting Changes* in the notes to the financial statements, for August 31, 2013, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livingston Independent School District, Texas' basic financial statements. The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators and the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of the Livingston Independent School District, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livingston Independent School District, Texas' internal control over financial reporting and compliance.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 17, 2013**



## Management's Discussion and Analysis

As management of the Livingston Independent School District ("the District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2013. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable and claims payable of the District's self-insured workers' compensation program.

### Financial Highlights

- Assets exceeded liabilities at year-end by \$36,987,269 (net position). Of this amount, \$16,166,443 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$729,645 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$14,611,157, a decrease of \$1,920,719 as compared to the preceding year.
- At the end of the year unassigned fund balance of the general fund was \$12,337,186, or 42 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by (\$1,529,114) (2 percent) during the year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Services Arrangements, and Other Intergovernmental Charges*.

The government-wide financial statements can be found as noted in the table of contents of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of cash resources*, as well as on *balances of cash resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained nineteen individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation titled *other governmental funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

**Proprietary fund.** The District maintains one type of proprietary fund, an internal service fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses the internal service fund to account for its self-funded workers' compensation program. Because this service predominantly benefits governmental operations, their financial activities have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are provided with the basic financial statements and provide information for the self-funded workers' compensation program.

The basic proprietary fund financial statements are noted in the table of contents of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs and activities.

The basic fiduciary fund financial statements are noted in the table of contents of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report presents combining funds financial statements and other supplementary information, including schedules required by the Texas Education Agency. Other supplementary information is noted in the table of contents of this report.

### Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets exceeded liabilities by \$36,987,269, an increase of \$729,645 from current operations.

#### LIVINGSTON INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 19,849,330	18	\$ 24,164,035	22	\$ (4,314,705)	(18)
Capital Assets, net of Depreciation	88,788,663	82	85,855,361	78	2,933,302	3
<b>Total Assets</b>	<b>108,637,993</b>	<b>100</b>	<b>110,019,396</b>	<b>100</b>	<b>(1,381,403)</b>	
Noncurrent Liabilities Outstanding	70,038,492	98	71,647,418	97	(1,608,926)	(2)
Other Liabilities	1,612,232	2	1,898,504	3	(286,272)	(15)
<b>Total Liabilities</b>	<b>71,650,724</b>	<b>100</b>	<b>73,545,922</b>	<b>100</b>	<b>(1,895,198)</b>	
<b>Net Position:</b>						
Net Investment in Capital Assets	19,165,944	52	15,357,926	42	3,808,018	25
Restricted	1,654,882	4	909,588	2	745,294	82
Unrestricted	16,166,443	44	20,205,960	56	(4,039,517)	(20)
<b>Total Net Position</b>	<b>\$ 36,987,269</b>	<b>100</b>	<b>\$ 36,473,474</b>	<b>100</b>	<b>\$ 513,795</b>	

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represent 52 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position (\$1,654,882 or 4 percent of net position) is restricted for debt service.

The remaining balance of unrestricted net position (\$16,166,443 or 44 percent) may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

Net position increased due to the reduction in expenditures across most functions collectively exceeded the reduction in revenues. The most significant change in revenues and expenses is due to the District no longer is the fiscal agent for the special education shared service arrangement.

**Governmental activities.** Governmental activities increased the District's net position by \$729,645 from current fiscal year activities and decreased \$215,850 from implementation of GASB 65. The elements giving rise to these changes may be determined from the table below.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION**

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
<b>Revenue:</b>						
Program Revenues:						
Charges for Services	\$ 1,228,305	4	\$ 2,445,009	5	\$ (1,216,704)	(50)
Operating Grants and Contributions	5,891,856	14	7,397,947	18	(1,506,091)	(20)
General Revenues:						
Property Taxes, Levied for General Purpose	13,337,114	32	13,000,691	31	336,423	3
Property Taxes, Levied for Debt Service	4,563,769	11	4,453,335	11	110,434	2
Grants and Contributions Not Restricted to Specific Programs	15,038,086	36	14,625,727	35	412,359	3
Investment Earnings	76,548	-	106,964	-	(30,416)	(28)
Miscellaneous	1,375,986	3	350	-	1,375,636	393,039
<b>Total Revenues</b>	<b>41,511,664</b>	<b>100</b>	<b>42,030,023</b>	<b>100</b>	<b>(518,359)</b>	
<b>Expenses:</b>						
Instruction	19,269,668	47	19,457,396	46	(187,728)	(1)
Instructional Resources and Media Services	250,506	1	278,707	1	(28,201)	(10)
Curriculum and Staff Development	382,455	1	471,787	1	(89,332)	(19)
Instructional Leadership	383,319	1	337,592	1	45,727	14
School Leadership	1,659,469	4	1,609,965	4	49,504	3
Guidance, Counseling, and Evaluation Services	1,609,939	4	1,968,824	4	(358,885)	(18)
Health Services	234,176	1	227,246	1	6,930	3
Student Transportation	1,992,566	5	2,108,988	5	(116,422)	(6)
Food Services	2,383,427	6	2,418,489	6	(35,062)	(1)
Extracurricular Activities	1,572,822	4	1,499,398	4	73,424	5
General Administration	895,597	2	858,910	2	36,687	4
Plant Maintenance and Operations	4,910,912	12	4,882,822	12	28,090	1
Security and Monitoring Services	226,242	1	228,687	1	(2,445)	(1)
Data Processing Services	671,571	2	448,355	1	223,216	50
Community Services	222,705	1	186,385	-	36,320	19
Interest on Long-term Debt	3,285,201	7	3,272,113	8	13,088	-
Issuance Costs and Fees	2,050	-	67,796	-	(65,746)	(97)
Facilities Repair and Maintenance	193,948	-	-	-	193,948	100
Payments Related to Shared Services Arrangements	201,200	-	834,930	2	(633,730)	(76)
Other Intergovernmental Charges	434,246	1	436,781	1	(2,535)	(1)
<b>Total Expenses</b>	<b>40,782,019</b>	<b>100</b>	<b>41,595,171</b>	<b>100</b>	<b>(813,152)</b>	
Change in Net Position	729,645		434,852		294,793	
Net Position - Beginning	36,473,474		36,038,622		434,852	
Prior Period Adjustment - Implement GASB 65 for Bond Issuance Costs	(215,850)		-		(215,850)	
Net Position - Beginning, Restated	36,257,624		36,038,622		219,002	
<b>Net Position - Ending</b>	<b>\$ 36,987,269</b>		<b>\$ 36,473,474</b>		<b>\$ 513,795</b>	

Revenues, aggregating \$41,511,664, were generated primarily from two sources. Property taxes (\$17,900,883) represent 43 percent of total revenues while grants and contributions (program and general, totaling \$20,929,942), represent 50 percent of total revenues. The remaining 7 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is Instruction \$19,269,668, which represents 47 percent of total expenses. Plant maintenance and operations (4,910,912) represents 12 percent of total expenses. The remaining expense categories are individually less than 10 percent of total expenses. Expenditures decreased primarily in Payments Related to Shared Services Arrangements due to the District is no longer the fiscal agent for the special education shared services arrangement.

**Financial Analysis of the Government's Funds**

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$14,611,157, a decrease of \$1,920,719 from the preceding year. Comments as to each individual fund's change in fund balance follow.

The general fund is the primary operating fund of the District. At year-end unassigned fund balance of the general fund was \$12,337,186, while total fund balance was \$12,344,712. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42 percent of total general fund expenditures, while total fund balance represents 42 percent of that same total. The fund balance of the general fund decreased \$2,136,284 during the year, primarily due to transfers to the capital projects fund for construction.

The debt service fund ended the year with a total fund balance of \$1,656,428, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$88,186 during the year, primarily due to the increase in property tax revenues, resulting from increases in property values.

The capital projects fund received transfers totaling \$4,690,467 from the general fund and internal service fund combined with \$1,373,757 of land lease minerals revenue to complete construction projects for a total of \$6,064,224.

Governmental funds financial statements may be found by referring to the table of contents.

**Proprietary funds.** The District's proprietary fund financial statements, reflecting an internal service fund created for its self-funded workers' compensation program, provides information as to profitability of those programs. The net change in assets of the internal service fund is eliminated and allocated to the governmental expenses in the government-wide financial statements.

**General Fund Budgetary Highlights**

The District amends the budget as needed throughout the year. Differences between the originally-adopted budget and the final amended budget of the general fund were to increase appropriations \$401,863. The most significant changes were to increase guidance, counseling, and evaluation services and data processing services appropriations and to decrease instruction appropriations.

There were no significant variations between final budget and actual budget results.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of August 31, 2013 was \$88,788,663 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for the current fiscal year was \$2,933,302.

Major capital asset activity during the year included the following:

- Renovation of Livingston Intermediate School.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 2,569,733	3	\$ 2,569,733	3	\$ -	-
Buildings and Improvements	71,951,590	81	74,680,357	87	(2,728,767)	(4)
Furniture and Equipment	1,139,238	1	1,333,860	2	(194,622)	(15)
Construction in Progress	13,128,102	15	7,271,411	8	5,856,691	81
<b>Totals</b>	<b>\$ 88,788,663</b>	<b>100</b>	<b>\$ 85,855,361</b>	<b>100</b>	<b>\$ 2,933,302</b>	

Additional information on the District's capital assets can be found in the notes to the financial statements per the table of contents.

**Noncurrent Liabilities.** At year-end, the District had a liability for bonded debt of \$69,877,186. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. Other long-term obligations, representing claims expense of the self-funded workers' compensation program, were \$161,306.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING NONCURRENT LIABILITIES**

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 69,877,186	100	\$ 71,406,300	100	\$ (1,529,114)	(2)
Workers' Compensation	161,306	-	241,118	-	(79,812)	(33)
<b>Totals</b>	<b>\$ 70,038,492</b>	<b>100</b>	<b>\$ 71,647,418</b>	<b>100</b>	<b>\$ (1,608,926)</b>	

The District's total bonded debt decreased by \$1,529,114. The decrease was primarily due to scheduled debt payments.

The District's general obligation debt is backed by the full faith and credit District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

Additional information on the District's long-term debt can be found in the notes to the financial statements per the table of contents.

**Economic and Other Factors and Fiscal Year 2013-13 Budgets**

- School year (2013-14) student enrollment is 4,010.
- District staff totals 625 employees in 2013-14, excluding substitutes and other part-time employees, of which 277 are teachers and 115 are teacher aides and secretaries.
- The District maintains 5 regular education campuses.
- Property values of the District are projected to increase 7% for the 2013-14 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.355, a total rate of \$1.395 was adopted for 2013-14. Preceding year rates were \$1.04, \$.355 and \$1.395, respectively.

All of these factors and others were considered in preparing the District's budget for the 2013-14 fiscal year.

During 2012-13, fund balance in the general fund decreased to \$12,344,712. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current tax year levy.

**Requests for Information**

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Livingston Independent School District, 1412 S. Houston, Livingston, Texas 77351

## **BASIC FINANCIAL STATEMENTS**

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2013**

EXHIBIT A-1

1

Data Control Codes		Governmental Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 15,771,117
1225	Property Taxes Receivables (Net)	2,068,048
1240	Due from Other Governments	1,860,343
1250	Accrued Interest	9,770
1290	Other Receivables (Net)	74,428
1300	Inventories	58,050
1410	Prepaid Items	7,574
	Capital Assets:	
1510	Land	2,569,733
1520	Buildings and Improvements (Net)	71,951,590
1530	Furniture and Equipment (Net)	1,139,238
1580	Construction in Progress	13,128,102
1000	Total Assets	<u>108,637,993</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	650,458
2140	Interest Payable	142,569
2150	Payroll Deductions and Withholdings	3,476
2160	Accrued Wages Payable	790,583
2300	Unearned Revenue	25,146
	Noncurrent Liabilities:	
2501	Due Within One Year	1,646,306
2502	Due in More Than One Year	68,392,186
2000	Total Liabilities	<u>71,650,724</u>
<b>NET POSITION:</b>		
3200	Net Investment in Capital Assets	19,165,944
3850	Restricted for Debt Service	1,654,882
3900	Unrestricted	16,166,443
3000	Total Net Position	<u>\$ 36,987,269</u>

The accompanying notes are an integral part of this statement.



**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT B-1**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
	Governmental Activities:					
0011	Instruction	\$ 19,269,668	\$ 227,221	\$ 2,488,449	\$ (16,553,998)	
0012	Intructional Resources and Media Services	250,506	-	10,673	(239,833)	
0013	Curriculum and Staff Development	382,455	-	154,263	(228,192)	
0021	Instructional Leadership	383,319	-	68,867	(314,452)	
0023	School Leadership	1,659,469	74,070	58,844	(1,526,555)	
0031	Guidance, Counseling, and Evaluation Services	1,609,939	-	531,062	(1,078,877)	
0033	Health Services	234,176	-	12,856	(221,320)	
0034	Student Transportation	1,992,566	-	76,183	(1,916,383)	
0035	Food Service	2,383,427	615,609	1,946,300	178,482	
0036	Extracurricular Activities	1,572,822	215,664	39,177	(1,317,981)	
0041	General Administration	895,597	-	50,977	(844,620)	
0051	Plant Maintenance and Operations	4,910,912	95,309	91,436	(4,724,167)	
0052	Security and Monitoring Services	226,242	432	1,104	(224,706)	
0053	Data Processing Services	671,571	-	14,661	(656,910)	
0061	Community Services	222,705	-	12,047	(210,658)	
0072	Interest on Long-term Debt	3,285,201	-	334,957	(2,950,244)	
0073	Issuance Costs and Fees	2,050	-	-	(2,050)	
0081	Facilities Repair and Maintenance	193,948	-	-	(193,948)	
0093	Payments Related to Shared Services Arrangement	201,200	-	-	(201,200)	
0099	Other Intergovernmental Charges	434,246	-	-	(434,246)	
TG	Total Governmental Activities	<u>40,782,019</u>	<u>1,228,305</u>	<u>5,891,856</u>	<u>(33,661,858)</u>	
TP	Total Primary Government	<u>\$ 40,782,019</u>	<u>\$ 1,228,305</u>	<u>\$ 5,891,856</u>	<u>(33,661,858)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				13,337,114	
DT	Property Taxes, Levied for Debt Services				4,563,769	
IE	Investment Earnings				76,548	
GC	Grants and Contributions Not Restricted to Specific Programs				15,038,086	
MI	Miscellaneous				1,375,986	
TR	Total General Revenues				<u>34,391,503</u>	
CN	Change in Net Position				<u>729,645</u>	
NB	Net Position - Beginning				36,473,474	
PA	Prior Period Adj. - Implement GASB 65 for Bond Issuance Costs				(215,850)	
	Net Position - Beginning, as Restated				<u>36,257,624</u>	
NE	Net Position - Ending				<u>\$ 36,987,269</u>	

The accompanying notes are an integral part of this statement.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2013

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 11,553,245	\$ 1,510,414
1225 <i>Property Taxes Receivable (Net)</i>	1,672,558	395,490
1240 <i>Due from Other Governments</i>	1,286,727	135,418
1250 <i>Accrued Interest</i>	9,770	-
1260 <i>Due from Other Funds</i>	192,286	-
1290 <i>Other Receivables (Net)</i>	30,925	10,596
1300 <i>Inventories</i>	-	-
1410 <i>Prepaid Items</i>	7,526	-
1000 <b>Total Assets</b>	<u>\$ 14,753,037</u>	<u>\$ 2,051,918</u>
<b>LIABILITIES:</b>		
2110 <i>Accounts Payable</i>	\$ -	\$ -
2150 <i>Payroll Deductions and Withholdings</i>	3,476	-
2160 <i>Accrued Wages Payable</i>	732,291	-
2170 <i>Due to Other Funds</i>	-	-
2300 <i>Unearned Revenue</i>	-	-
2000 <b>Total Liabilities</b>	<u>735,767</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2600 <i>Unavailable Revenue - Property Taxes</i>	1,672,558	395,490
<b>Total Deferred Inflows of Resources</b>	<u>1,672,558</u>	<u>395,490</u>
<b>FUND BALANCES:</b>		
3410 <i>Non-Spendable - Inventories</i>	-	-
3430 <i>Non-Spendable - Prepaid Items</i>	7,526	-
3480 <i>Restricted - Debt Service</i>	-	1,656,428
3545 <i>Committed - Other</i>	-	-
3600 <i>Unassigned</i>	12,337,186	-
3000 <b>Total Fund Balances</b>	<u>12,344,712</u>	<u>1,656,428</u>
4000 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 14,753,037</u>	<u>\$ 2,051,918</u>

The accompanying notes are an integral part of this statement.

699 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 459,476	\$ 547,520	\$ 14,070,655
-	-	2,068,048
-	438,198	1,860,343
-	-	9,770
190,982	-	383,268
-	32,907	74,428
-	58,050	58,050
-	48	7,574
<u>\$ 650,458</u>	<u>\$ 1,076,723</u>	<u>\$ 18,532,136</u>
\$ 650,458	\$ -	\$ 650,458
-	-	3,476
-	58,292	790,583
-	383,268	383,268
-	25,146	25,146
<u>650,458</u>	<u>466,706</u>	<u>1,852,931</u>
<u>-</u>	<u>-</u>	<u>2,068,048</u>
<u>-</u>	<u>-</u>	<u>2,068,048</u>
-	52,242	52,242
-	48	7,574
-	-	1,656,428
-	557,727	557,727
-	-	12,337,186
<u>-</u>	<u>610,017</u>	<u>14,611,157</u>
<u>\$ 650,458</u>	<u>\$ 1,076,723</u>	<u>\$ 18,532,136</u>

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**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2013*

EXHIBIT C-1R

**Total Fund Balances - Governmental Funds (Exhibit C-1)** \$ 14,611,157

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental Capital Assets Costs	\$ 130,686,301	
Accumulated Depreciation of Governmental Capital Assets	<u>(41,897,638)</u>	88,788,663

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 2,068,048

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to bonds payable, consist of:

Bonds Payable, at Original Par	\$ (69,505,003)	
Premium on Bonds Payable	(117,716)	
Accreted Interest	(254,467)	
Accrued Interest on the Bonds	<u>(142,569)</u>	(70,019,755)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

1,539,156

**Total Net Position - Governmental Activities (Exhibit A-1)** \$ 36,987,269

The accompanying notes are an integral part of this statement.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	199	599
	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 13,686,430	\$ 4,570,690
5800 <i>State Program Revenues</i>	15,710,701	334,957
5900 <i>Federal Program Revenues</i>	511,930	-
5020 <b>Total Revenues</b>	<u>29,909,061</u>	<u>4,905,647</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	15,948,346	-
0012 <i>Instructional Resources and Media Services</i>	252,776	-
0013 <i>Curriculum and Staff Development</i>	230,107	-
0021 <i>Instructional Leadership</i>	321,345	-
0023 <i>School Leadership</i>	1,599,149	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	1,147,769	-
0033 <i>Health Services</i>	236,072	-
0034 <i>Student Transportation</i>	1,806,630	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	1,448,416	-
0041 <i>General Administration</i>	871,330	-
0051 <i>Plant Maintenance and Operations</i>	3,773,460	-
0052 <i>Security and Monitoring Services</i>	225,737	-
0053 <i>Data Processing Services</i>	652,145	-
0061 <i>Community Services</i>	224,178	-
Debt Service:		
0071 <i>Principal on Long-term Debt</i>	-	870,000
0072 <i>Interest on Long-term Debt</i>	-	3,945,411
0073 <i>Issuance Costs and Fees</i>	-	2,050
Capital Outlay:		
0081 <i>Facilities Acquisition and Construction</i>	-	-
Intergovernmental:		
0093 <i>Payments to Shared Services Arrangements</i>	201,200	-
0099 <i>Other Intergovernmental Charges</i>	434,246	-
6030 <b>Total Expenditures</b>	<u>29,372,906</u>	<u>4,817,461</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>536,155</u>	<u>88,186</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
7915 <i>Transfers In</i>	18,028	-
8911 <i>Transfers Out</i>	<u>(2,690,467)</u>	-
7080 <b>Total Other Financing Sources (Uses)</b>	<u>(2,672,439)</u>	-
1200 <b>Net Change in Fund Balances</b>	(2,136,284)	88,186
0100 <b>Fund Balances - Beginning</b>	14,480,996	1,568,242
3000 <b>Fund Balances - Ending</b>	<u>\$ 12,344,712</u>	<u>\$ 1,656,428</u>

The accompanying notes are an integral part of this statement.



**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

EXHIBIT C-3

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2013*

**Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ (1,920,719)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Assets <i>increased</i>	\$ 5,943,888	
Depreciation Expense	<u>(3,010,586)</u>	2,933,302

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (39,388)

Repayment of bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bond Payable Principal payment	\$ 870,000	
Accreted Interest payment	<u>695,000</u>	1,565,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The increase (decrease) in interest expense reported in the statement of activities consist of the following:

Accrued Interest on Current Interest Bonds Payable <i>decreased</i>	\$ 1,096	
Interest Accreted on the Capital Appreciation Bonds	(40,602)	
Amortization of Bond Premium Costs	<u>4,716</u>	(34,790)

An internal service fund is used by the District to charge the costs of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the government-wide statements. (1,773,760)

**Change in Net Position for Governmental Activities (Exhibit B-1)** \$ 729,645

The accompanying notes are an integral part of this statement.



**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT C-4**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 13,630,582	\$ 13,705,582	\$ 13,686,430	\$ (19,152)
5800	State Program Revenues	16,143,970	15,868,970	15,710,701	(158,269)
5900	Federal Program Revenues	-	385,000	511,930	126,930
5020	Total Revenues	<u>29,774,552</u>	<u>29,959,552</u>	<u>29,909,061</u>	<u>(50,491)</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	16,255,282	15,979,847	15,948,346	31,501
0012	Instructional Resources and Media Services	311,050	311,650	252,776	58,874
0013	Curriculum and Staff Development	276,721	276,556	230,107	46,449
	Total Instruction & Instructional Related Services	<u>16,843,053</u>	<u>16,568,053</u>	<u>16,431,229</u>	<u>136,824</u>
Instructional and School Leadership:					
0021	Instructional Leadership	335,300	335,300	321,345	13,955
0023	School Leadership	1,664,498	1,664,498	1,599,149	65,349
	Total Instructional & School Leadership	<u>1,999,798</u>	<u>1,999,798</u>	<u>1,920,494</u>	<u>79,304</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	941,065	1,186,065	1,147,769	38,296
0033	Health Services	236,841	236,841	236,072	769
0034	Student Transportation	2,090,991	2,090,991	1,806,630	284,361
0036	Extracurricular Activities	1,563,661	1,563,661	1,448,416	115,245
	Total Support Services - Student (Pupil)	<u>4,832,558</u>	<u>5,077,558</u>	<u>4,638,887</u>	<u>438,671</u>
Administrative Support Services:					
0041	General Administration	951,765	951,765	871,330	80,435
	Total Administrative Support Services	<u>951,765</u>	<u>951,765</u>	<u>871,330</u>	<u>80,435</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,672,163	3,782,163	3,773,460	8,703
0052	Security and Monitoring Services	236,700	236,700	225,737	10,963
0053	Data Processing Services	386,048	677,911	652,145	25,766
	Total Support Services - Nonstudent Based	<u>4,294,911</u>	<u>4,696,774</u>	<u>4,651,342</u>	<u>45,432</u>
Ancillary Services:					
0061	Community Services	202,467	232,467	224,178	8,289
	Total Ancillary Services	<u>202,467</u>	<u>232,467</u>	<u>224,178</u>	<u>8,289</u>
Intergovernmental Charges					
0093	Payments to Shared Services Arrangements	215,000	215,000	201,200	13,800
0099	Other Intergovernmental Charges	435,000	435,000	434,246	754
	Total Intergovernmental Charges	<u>650,000</u>	<u>650,000</u>	<u>635,446</u>	<u>14,554</u>
6030	Total Expenditures	<u>29,774,552</u>	<u>30,176,415</u>	<u>29,372,906</u>	<u>803,509</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	-	(216,863)	536,155	753,018
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	18,028	18,028
8911	Transfers Out	-	-	(2,690,467)	(2,690,467)
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,672,439)</u>	<u>(2,672,439)</u>
1200	Net Change in Fund Balances	-	(216,863)	(2,136,284)	(1,919,421)
0100	Fund Balances - Beginning	14,480,996	14,480,996	14,480,996	-
3000	Fund Balances - Ending	<u>\$ 14,480,996</u>	<u>\$ 14,264,133</u>	<u>\$ 12,344,712</u>	<u>\$ (1,919,421)</u>

The accompanying notes are an integral part of this statement.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**AUGUST 31, 2013**

EXHIBIT D-1

Data Control Codes		Nonmajor Internal Service Fund	Workers' Compensation
	<b>ASSETS:</b>		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 1,700,462	
	Total Current Assets	<u>1,700,462</u>	
1000	Total Assets		<u>1,700,462</u>
	<b>LIABILITIES:</b>		
	Current Liabilities:		
2530	<i>Claims Payable - Due within one year</i>		161,306
	Total Current Liabilities		<u>161,306</u>
2000	Total Liabilities		<u>161,306</u>
	<b>NET POSITION:</b>		
3900	<i>Unrestricted</i>		1,539,156
3000	Total Net Position		<u>\$ 1,539,156</u>

The accompanying notes are an integral part of this statement.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

EXHIBIT D-2

<u>Data Control Codes</u>		<u>Nonmajor Internal Service Fund</u>	<u>Workers' Compensation</u>
	<b>OPERATING REVENUES:</b>		
5700	<i>Local and Intermediate Sources</i>	\$ 300,508	
5020	Total Revenues	<u>300,508</u>	
	<b>OPERATING EXPENSES:</b>		
6200	<i>Professional and Contracted Services</i>	59,025	
6400	<i>Other Operating Costs</i>	<u>22,669</u>	
6030	Total Expenses	<u>81,694</u>	
	Operating Income	<u>218,814</u>	
	<b>NON-OPERATING REVENUES:</b>		
7955	<i>Earnings from Temporary Deposits and Investments</i>	7,426	
8911	<i>Transfers Out</i>	<u>(2,000,000)</u>	
8030	Total Non-operating Revenues	<u>(1,992,574)</u>	
1300	Change in Net Position	(1,773,760)	
0100	Total Net Position - Beginning	<u>3,312,916</u>	
3300	Total Net Position - Ending	<u>\$ 1,539,156</u>	

The accompanying notes are an integral part of this statement.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

**EXHIBIT D-3**

	Nonmajor Internal Service Fund	Workers' Compensation
	<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Employer	\$ 592,551	
Cash Payments for Claims, Net of Stop Loss Reimbursements	(102,481)	
Cash Payments for Payroll Costs, Contracted Services and Supplies and Materials	<u>(59,025)</u>	
Net Cash Provided by (Used for) Operating Activities	<u>431,045</u>	
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	<u>(2,000,000)</u>	
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(2,000,000)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends Received on Investments	<u>7,426</u>	
Net Cash Provided by (Used for) Investing Activities	<u>7,426</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	(1,561,529)	
Cash and Cash Equivalents at Beginning of Year	3,261,991	
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,700,462</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 218,814	
Change in Assets and Liabilities:		
Decrease (Increase) in Due From Other Funds	292,043	
Increase (Decrease) in Claims Payable	<u>(79,812)</u>	
Net Cash Provided (Used) by Operating Activities	<u>\$ 431,045</u>	

The accompanying notes are an integral part of this statement.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2013**

**EXHIBIT E-1**

Data Control Codes		<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS:</u>		<u>Scholarship Trust Fund</u>	<u>Student Activity</u>
1110	<i>Cash and Cash Equivalents</i>	\$ 375,066	\$ 147,519
1000	Total Assets	<u>375,066</u>	<u>\$ 147,519</u>
	<b>LIABILITIES:</b>		
2190	<i>Due to Student Groups</i>	-	\$ 147,519
2000	Total Liabilities	<u>-</u>	<u>\$ 147,519</u>
	<b>NET POSITION:</b>		
3800	<i>Held In Trust</i>	375,066	
3000	Total Net Position	<u>\$ 375,066</u>	

The accompanying notes are an integral part of this statement.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGE IN FIDUCIARY NET POSITION*  
*FIDUCIARY FUNDS*  
*AUGUST 31, 2013*

EXHIBIT E-2

<u>Data Control Codes</u>		<u>Private-Purpose Trust Fund</u>	<u>Scholarship Trust Fund</u>
	<b>Additions:</b>		
5700	Investment Income	\$ 356	
5700	Gifts and Bequests		342,696
	Total Additions		<u>343,052</u>
	<b>Deductions:</b>		
6400	Scholarships		309,625
	Total Deductions		<u>309,625</u>
	<b>Change in Net Position</b>		33,427
	Net Position-Beginning of the Year		341,639
	Net Position-End of Year	\$	<u><u>375,066</u></u>

The accompanying notes are an integral part of this statement.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### I. Summary of Significant Accounting Policies

#### A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

#### B. Reporting Entity

The Livingston Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

Additionally, the District reports the following fund types:

The *internal service fund* accounts for workers' compensation claims and administrative expenses provided for other funds of the District on a cost reimbursement basis.

The *private-purpose trust fund* is used to account for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. Primarily, the funds received in trust are for scholarships that are to be awarded to current and former students for post-secondary education purposes.

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

### **F. Accounting Changes**

Change in Accounting Principles – As the result of implementing GASB Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of September 1, 2012 by \$215,850. The decrease results from no longer deferring and amortizing bond issuance costs.

### **G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.



# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### 2. Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

### 3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### 4. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and Improvements	5-50
Furniture and Equipment	5-15

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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

### **6. Net position Flow Assumption**

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### **7. Fund Balance Flow Assumptions**

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

### **8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by policy authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District does not have a minimum fund balance requirement in the general fund.

## **H. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### **2. Property Taxes**

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter a practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

### **3. Compensated Absences**

It is the District's policy to provide local leave for full-time employees. All employees shall receive local leave to a maximum of two days per school year. Unused local leave is not cumulative from one school year to the next. Therefore, there is no liability for unused local leave at fiscal year end.

### **4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund is contributions to the workers' compensation fund. Operating expenses for the internal service fund includes the cost for professional and contracted services and medical claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **5. Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **II. Stewardship, Compliance, and Accountability**

### **A. Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

### **B. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *national school breakfast/lunch program* special revenue fund, and debt service fund. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. There were no significant differences between the original and final amended budget of the general fund.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### C. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### D. Excess of Expenditures Over Appropriations

For the year ended August 31, 2013, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service	71	1,589	2,050	(461)

## III. Detailed Notes on All Funds

### A. Deposits and Investments

*Cash Deposits.* The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be 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.

*Investments.* The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF. 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment shall not exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

*Credit risk.* For fiscal year 2013, the District is not exposed to credit risk.

*Concentration of credit risk.* The District's investment policy does not limit an investment in any one issuer.

*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. As of August 31, 2013, District's bank balance of \$16,901,726 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

AUGUST 31, 2013

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District did not have any investments as of August 31, 2013.

**B. Receivables**

Receivables as of year end for the District's individual major funds and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Receivables:</b>				
Property Taxes	\$ 1,760,587	\$ 416,305	\$ -	\$ 2,176,892
Due From Other Governments	1,286,727	135,418	438,198	1,860,343
Accrued Interest	9,770	-	-	9,770
Other	30,925	10,596	32,907	74,428
Gross Receivables	<u>3,088,009</u>	<u>562,319</u>	<u>471,105</u>	<u>4,121,433</u>
Less: Allowance for Uncollectibles	(88,029)	(20,815)	-	(108,844)
<b>Net Total Receivables</b>	<b><u>\$ 2,999,980</u></b>	<b><u>\$ 541,504</u></b>	<b><u>\$ 471,105</u></b>	<b><u>\$ 4,012,589</u></b>

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles Related to General Fund Property Taxes	\$ 2,158
Uncollectibles Related to Debt Service Property Taxes	(85)
<b>Total Uncollectibles of the Current Fiscal Year</b>	<b><u>\$ 2,073</u></b>

Approximately \$1,565,000 of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

**C. Interfund Receivables, Payables, and Transfers**

**Receivables/Payables**

The composition of interfund balances as of August 31, 2013, is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 192,286	\$ -
Capital Projects Funds	190,982	-
Other Governmental Funds	-	383,268
<b>Totals</b>	<b><u>\$ 383,268</u></b>	<b><u>\$ 383,268</u></b>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

**Transfers**

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the year ended August 31, 2013.

<u>Transfer Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,690,467
Internal Service Fund	Capital Projects Fund	2,000,000
Other Governmental Funds	General Fund	18,028

Transfers are used to supplement various programs accounted for in other funds in accordance with budgetary authorizations.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

Transfers from the General Fund and Internal Service Fund to Capital Projects Fund are used for expenditures related to construction projects.

**D. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions and Adjustments</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
<b>Capital Assets, not being Depreciated:</b>					
Land	\$ 2,569,733	\$ -	\$ -	\$ -	\$ 2,569,733
Construction in Progress	7,271,411	5,856,691	-	-	13,128,102
<b>Total Capital Assets, not being Depreciated</b>	<b>9,841,144</b>	<b>5,856,691</b>	<b>-</b>	<b>-</b>	<b>15,697,835</b>
<b>Capital Assets, being Depreciated:</b>					
Buildings and Improvements	107,923,747	-	-	-	107,923,747
Furniture and Equipment	6,977,522	87,197	-	-	7,064,719
<b>Total Capital Assets, being Depreciated</b>	<b>114,901,269</b>	<b>87,197</b>	<b>-</b>	<b>-</b>	<b>114,988,466</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	(33,243,390)	(2,728,767)	-	-	(35,972,157)
Furniture and Equipment	(5,643,662)	(281,819)	-	-	(5,925,481)
<b>Total Accumulated Depreciation</b>	<b>(38,887,052)</b>	<b>(3,010,586)</b>	<b>-</b>	<b>-</b>	<b>(41,897,638)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>76,014,217</b>	<b>(2,923,389)</b>	<b>-</b>	<b>-</b>	<b>73,090,828</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 85,855,361</b>	<b>\$ 2,933,302</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88,788,663</b>

Depreciation expenses of the governmental activities were charged to functions/programs of the District as follows:

<b>Governmental Activities:</b>	
11 Instruction	\$ 1,556,660
34 Student Transportation	197,870
35 Food Service	10,912
36 Extracurricular Activities	42,702
41 General Administration	10,717
51 Plant Maintenance and Operations	1,169,708
52 Security and Monitoring Services	575
53 Data Processing Services	21,442
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$ 3,010,586</b>

**Construction Commitments**

The District has an active construction project as of August 31, 2013. The project includes the renovation of school facilities. At year end, the District's commitment was as follows:

<b>Project</b>	<b>Remaining Commitment</b>
Livingston ISD Intermediate Renovations	\$ 35,622
<b>Totals</b>	<b>\$ 35,622</b>

The commitment for construction and equipment of school facilities is being financed by unassigned fund balance in the general fund.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, and self-insured workers' compensation. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for the self-funded workers' compensation claims are accounted for in the internal service fund.

### Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
General Obligation Bonds	\$ 70,375,003	\$ -	\$ (870,000)	\$ 69,505,003	\$ 1,485,000
Accreted Interest	908,865	40,602	(695,000)	254,467	-
Premium on Bonds	122,432	-	(4,716)	117,716	-
<b>Total Bonds Payable, net</b>	<u>71,406,300</u>	<u>40,602</u>	<u>(1,569,716)</u>	<u>69,877,186</u>	<u>1,485,000</u>
Workers' Compensation	241,118	22,669	(102,481)	161,306	161,306
<b>Governmental Activity Long-term Liabilities</b>	<u>\$ 71,647,418</u>	<u>\$ 63,271</u>	<u>\$ (1,672,197)</u>	<u>\$ 70,038,492</u>	<u>\$ 1,646,306</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 5-30 year current interest bonds (CIB) and in part as capital appreciation bonds (CAB) with various amounts of principal maturing each year.

The following is a summary of changes in the general obligation bonds for the fiscal year:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2005 REF	3.0-4.0%	\$ 9,190,000	2022	\$ 7,685,003	\$ -	\$ (645,000)	\$ 7,040,003
2008	3.5-5.0%	52,755,000	2038	52,285,000	-	-	52,285,000
2008 CAB	-	745,000	2013	165,000	-	(165,000)	-
2009	2.0-5.0%	7,940,000	2038	7,680,000	-	-	7,680,000
2009 CAB	-	60,000	2015	60,000	-	(25,000)	35,000
2012	2.75-4.0%	2,500,000	2038	2,500,000	-	(35,000)	2,465,000
<b>Totals</b>				<u>\$ 70,375,003</u>	<u>\$ -</u>	<u>\$ (870,000)</u>	<u>\$ 69,505,003</u>

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2014	\$ 1,485,000	\$ 3,360,630	\$ 4,845,630
2015	1,540,000	3,304,543	4,844,543
2016	1,730,000	3,111,149	4,841,149
2017	1,800,000	3,042,324	4,842,324
2018	1,870,000	2,970,324	4,840,324
2019	1,945,000	2,895,524	4,840,524
2020	2,025,000	2,815,499	4,840,499
2021	2,105,000	2,732,174	4,837,174
2022	2,195,000	2,644,170	4,839,170
2023	2,285,000	2,552,098	4,837,098
2024	2,385,000	2,451,473	4,836,473
2025	2,495,000	2,346,085	4,841,085
2026	2,605,000	2,232,650	4,837,650
2027	2,725,000	2,113,594	4,838,594
2028	2,850,000	1,986,200	4,836,200
2029	2,985,000	1,852,450	4,837,450
2030	3,130,000	1,706,081	4,836,081
2031	3,290,000	1,551,550	4,841,550
2032	3,450,000	1,389,062	4,839,062
2033	3,620,000	1,218,575	4,838,575
2034	3,800,000	1,039,375	4,839,375
2035	3,990,000	851,250	4,841,250
2036	4,190,000	653,700	4,843,700
2037	4,395,000	446,225	4,841,225
2038	4,615,003	228,575	4,843,578
<b>Totals</b>	<b>\$ 69,505,003</b>	<b>\$ 51,495,280</b>	<b>\$ 121,000,283</b>

As of August 31, 2013, the District did not have any authorized but unissued bonds.

The District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At August 31, 2013, there were no outstanding defeased bonds.

### F. Fund Balance

Other committed fund balance includes the following commitments of funds:

#### Other Governmental Funds:

National School Breakfast and Lunch Program	\$ 420,361
SSA-Polk County Alternative School Coop	4,070
Campus Activity	133,296
<b>Total Other Committed Fund Balance</b>	<b>\$ 557,727</b>

### G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 13,378,116	\$ 4,562,155	\$ -	\$ -	\$ 17,940,271
Investment Income	60,587	8,535	-	-	69,122
Food Sales	-	-	-	615,609	615,609
Extracurricular Student Activities	126,714	-	-	-	126,714
Other	121,013	-	1,373,757	367,198	1,861,968
<b>Total</b>	<b>\$ 13,686,430</b>	<b>\$ 4,570,690</b>	<b>\$ 1,373,757</b>	<b>\$ 982,807</b>	<b>\$ 20,613,684</b>

Other revenues in the capital projects fund included \$1,373,757 of land lease minerals.



# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### IV. Other Information

#### A. Risk Management

##### Property/Casualty and Liability

The District is a member of the Texas Association of School Boards Risk Management Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the property/casualty and liability coverage for its membership, provide claims administrative and develop a comprehensive loss control program. The District pays contributions to the Fund for its property/casualty and liability coverage. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

##### Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$225 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

##### Workers' Compensation

During the year ended August 31, 2013, employees of the Livingston Independent School District were covered by a Workers' Compensation Plan (the Plan). The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreements.

The contract between Livingston Independent School District and the third party administrator, Tri-Star Risk Management, acting on behalf of the self-funded pool, is renewable September 1, 2014, and terms, as well as costs of coverage, are included in the contractual provisions.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Safety National Casualty Corp. Stop-loss coverage was in effect for individual claims which exceed \$400,000 up to a maximum limit of \$1,000,000 and for aggregate claims exceeding \$994,764. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. Changes in the balances of claims liabilities during the past two years are as follows.

	Year Ended 8/31/2013	Year Ended 8/31/2012
Unpaid Claims, Beginning of Fiscal Year	\$ 241,118	\$ 236,845
Incurred Claims (including IBNRs and changes in provisions)	22,669	190,004
Claim Payments	(102,481)	(185,731)
Unpaid Claims, End of Fiscal Year	<u>\$ 161,306</u>	<u>\$ 241,118</u>

#### B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2013, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

### C. Joint Venture-Shared Services Arrangement

The District participates in the following shared services arrangements:

#### Polk County Alternative Education-Fiscal Agent

The District is the fiscal agent for a State Shared Services Arrangement ("SSA") which provides Alternative Education to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. The expenditures of the SSA are summarized below.

<u>Member Districts:</u>	<u>Expenditures</u>
Big Sandy ISD	\$ 30,416
Corrigan-Camden ISD	55,470
Goodrich ISD	18,226
Leggett ISD	12,087
Livingston ISD	201,200
<b>Total</b>	<b>\$ 317,399</b>

### D. Defined Benefit Pension Plan

#### **Pension Plan for Employees Participating in Teacher Retirement System**

*Plan Description.* The Livingston Independent School 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, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

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

*Contributions.* Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

**Contribution Rates and Contribution Amounts**

<u>Year</u>	<u>Member</u>		<u>State</u>		<u>School District</u>
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Statutory Minimum</u>
2013	6.4%	\$ 1,363,386	6.400%	\$ 1,006,472	\$ 180,187
2012	6.4%	\$ 1,379,298	6.000%	\$ 971,363	\$ 184,979
2011	6.4%	\$ 1,436,046	6.644%	\$ 1,092,416	\$ 241,544

# LIVINGSTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

### E. School District Retiree Health Plan

*Plan Description.* The Livingston Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

*Funding Policy.* Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 138,469	0.50%	\$ 95,540	0.55%	\$ 117,166
2012	0.65%	\$ 140,085	1.00%	\$ 192,513	0.55%	\$ 118,533
2011	0.65%	\$ 145,848	1.00%	\$ 200,729	0.55%	\$ 123,410

In addition, the State of Texas contributed \$80,633, \$101,075, and \$59,613 in 2013, 2012, and 2011, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

### F. Nonmonetary Transactions

During 2013, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$63,481. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$63,481 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

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**COMBINING FUNDS FINANCIAL STATEMENTS**

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2013

Data Control Codes	211	224
<u>ASSETS:</u>	<u>ESEA Title I Improving Basic Programs</u>	<u>IDEA - Part B, Formula</u>
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -
1240 <i>Due from Other Governments</i>	209,435	142,084
1290 <i>Other Receivables (Net)</i>	-	-
1300 <i>Inventories</i>	-	-
1410 <i>Prepaid Items</i>	-	-
1000 <i>Total Assets</i>	<u>\$ 209,435</u>	<u>\$ 142,084</u>
<u>LIABILITIES:</u>		
2160 <i>Accrued Wages Payable</i>	\$ 39,027	\$ -
2170 <i>Due to Other Funds</i>	170,408	142,084
2300 <i>Unearned Revenue</i>	-	-
2000 <i>Total Liabilities</i>	<u>209,435</u>	<u>142,084</u>
<u>FUND BALANCES:</u>		
3410 <i>Non-Spendable - Inventories</i>	-	-
3430 <i>Non-Spendable - Prepaid Items</i>	-	-
3545 <i>Committed - Other</i>	-	-
3000 <i>Total Fund Balances</i>	<u>-</u>	<u>-</u>
4000 <i>Total Liabilities and Fund Balances</i>	<u>\$ 209,435</u>	<u>\$ 142,084</u>

225	240	244	255	263	270
IDEA - Part B, Preschool	National School Breakfast/Lunch Program	Career and Tech Basic Grant	ESEA Title II Training & Recruiting	English Language Acquisition and Enhancement	Rural and Low- Income
\$ -	\$ 394,886	\$ -	\$ -	\$ -	\$ -
908	44,740	-	32,457	-	2,366
-	-	-	-	-	-
-	58,050	-	-	-	-
-	-	-	-	-	-
<u>\$ 908</u>	<u>\$ 497,676</u>	<u>\$ -</u>	<u>\$ 32,457</u>	<u>\$ -</u>	<u>\$ 2,366</u>
\$ -	\$ 19,265	\$ -	\$ -	\$ -	\$ -
908	-	-	32,457	-	2,366
-	5,808	-	-	-	-
<u>908</u>	<u>25,073</u>	<u>-</u>	<u>32,457</u>	<u>-</u>	<u>2,366</u>
-	52,242	-	-	-	-
-	-	-	-	-	-
-	420,361	-	-	-	-
-	472,603	-	-	-	-
<u>\$ 908</u>	<u>\$ 497,676</u>	<u>\$ -</u>	<u>\$ 32,457</u>	<u>\$ -</u>	<u>\$ 2,366</u>

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2013

	289	385	392
Data Control Codes	LEP Summer School	Visually Impaired	Noneducational Community
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Due from Other Governments	-	2,533	-
1290 Other Receivables (Net)	-	-	-
1300 Inventories	-	-	-
1410 Prepaid Items	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 2,533</u>	<u>\$ -</u>
<b>LIABILITIES:</b>			
2160 Accrued Wages Payable	\$ -	\$ -	\$ -
2170 Due to Other Funds	-	2,533	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>-</u>	<u>2,533</u>	<u>-</u>
<b>FUND BALANCES:</b>			
3410 Non-Spendable - Inventories	-	-	-
3430 Non-Spendable - Prepaid Items	-	-	-
3545 Committed - Other	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 2,533</u>	<u>\$ -</u>



404	410	437	459	461	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Student Success Initiatives	State Textbook Fund	SSA Special Education	SSA Polk County Alternative School Coop	Campus Activity Funds	
\$ -	\$ 19,338	\$ -	\$ -	\$ 133,296	\$ 547,520
3,675	-	-	-	-	438,198
-	-	-	32,907	-	32,907
-	-	-	-	-	58,050
-	-	-	48	-	48
<u>\$ 3,675</u>	<u>\$ 19,338</u>	<u>\$ -</u>	<u>\$ 32,955</u>	<u>\$ 133,296</u>	<u>\$ 1,076,723</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,292
3,675	-	-	28,837	-	383,268
-	19,338	-	-	-	25,146
<u>3,675</u>	<u>19,338</u>	<u>-</u>	<u>28,837</u>	<u>-</u>	<u>466,706</u>
-	-	-	-	-	52,242
-	-	-	48	-	48
-	-	-	4,070	133,296	557,727
-	-	-	4,118	133,296	610,017
<u>\$ 3,675</u>	<u>\$ 19,338</u>	<u>\$ -</u>	<u>\$ 32,955</u>	<u>\$ 133,296</u>	<u>\$ 1,076,723</u>

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES,**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	211	224
	ESEA Title I Improving Basic Programs	IDEA - Part B, Formula
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	<u>1,126,751</u>	<u>712,464</u>
5020 <b>Total Revenues</b>	<u>1,126,751</u>	<u>712,464</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	985,270	226,266
0013 <i>Curriculum and Staff Development</i>	140,797	-
0021 <i>Instructional Leadership</i>	-	62,837
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	684	423,361
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-
0052 <i>Security and Monitoring Services</i>	-	-
6030 <b>Total Expenditures</b>	<u>1,126,751</u>	<u>712,464</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
8911 <i>Transfers Out</i>	<u>-</u>	<u>-</u>
7080 <b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>
1200 <b>Net Change in Fund Balances</b>	-	-
0100 <b>Fund Balances - Beginning</b>	-	-
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>

225	240	244	255	263	270
IDEA - Part B, Preschool	National School Breakfast/Lunch Program	Career and Tech Basic Grant	ESEA Title II Training & Recruiting	English Language Acquisition and Enhancement	Rural and Low- Income
\$ -	\$ 615,609	\$ -	\$ -	\$ -	\$ -
-	14,514	-	-	-	-
4,218	1,931,786	47,927	190,334	6,491	88,382
<u>4,218</u>	<u>2,561,909</u>	<u>47,927</u>	<u>190,334</u>	<u>6,491</u>	<u>88,382</u>
4,218	-	47,765	170,036	5,495	31,602
-	-	46	3,000	996	6,780
-	-	-	-	-	-
-	-	-	-	-	-
-	-	116	-	-	50,000
-	2,379,828	-	-	-	-
-	-	-	-	-	-
-	-	-	17,298	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,218</u>	<u>2,379,828</u>	<u>47,927</u>	<u>190,334</u>	<u>6,491</u>	<u>88,382</u>
-	182,081	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	182,081	-	-	-	-
-	290,522	-	-	-	-
<u>\$ -</u>	<u>\$ 472,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES,**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

	289	385	392
Data Control Codes	LEP Summer School	Visually Impaired	Noneducational Community
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	6,896	2,500
5900 <i>Federal Program Revenues</i>	1,115	-	-
5020 <b>Total Revenues</b>	<u>1,115</u>	<u>6,896</u>	<u>2,500</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	1,115	5,663	2,500
0013 <i>Curriculum and Staff Development</i>	-	1,233	-
0021 <i>Instructional Leadership</i>	-	-	-
0023 <i>School Leadership</i>	-	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-	-
0035 <i>Food Service</i>	-	-	-
0036 <i>Extracurricular Activities</i>	-	-	-
0041 <i>General Administration</i>	-	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-	-
0052 <i>Security and Monitoring Services</i>	-	-	-
6030 <b>Total Expenditures</b>	<u>1,115</u>	<u>6,896</u>	<u>2,500</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
8911 <i>Transfers Out</i>	<u>-</u>	<u>-</u>	<u>-</u>
7080 <b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
1200 <b>Net Change in Fund Balances</b>	-	-	-
0100 <b>Fund Balances - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

404	410	437	459	461	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Student Success Initiatives	State Textbook Fund	SSA Special Education	SSA Polk County Alternative School Coop	Campus Activity Funds	
\$ -	\$ -	\$ -	\$ 317,399	\$ 49,799	\$ 982,807
15,147	223,829	-	-	-	262,886
-	-	-	-	-	4,109,468
<u>15,147</u>	<u>223,829</u>	<u>-</u>	<u>317,399</u>	<u>49,799</u>	<u>5,355,161</u>
15,147	223,829	-	227,221	-	1,946,127
-	-	-	-	-	152,852
-	-	-	-	-	62,837
-	-	-	74,070	-	74,070
-	-	-	-	-	474,161
-	-	-	-	-	2,379,828
-	-	-	-	86,473	86,473
-	-	-	-	-	17,298
-	-	-	15,676	-	15,676
-	-	-	432	-	432
<u>15,147</u>	<u>223,829</u>	<u>-</u>	<u>317,399</u>	<u>86,473</u>	<u>5,209,754</u>
-	-	-	-	(36,674)	145,407
-	-	(18,028)	-	-	(18,028)
-	-	(18,028)	-	-	(18,028)
-	-	(18,028)	-	(36,674)	127,379
-	-	18,028	4,118	169,970	482,638
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,118</u>	<u>\$ 133,296</u>	<u>\$ 610,017</u>

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**OTHER SUPPLEMENTARY INFORMATION**

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE*

*FOR THE YEAR ENDED AUGUST 31, 2013*

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	Maintenance	Debt Service	
2004 and Prior Years	\$ Various	\$ Various			\$ Various
2005	1.4805	0.0720			747,032,915
2006	1.4825	0.0700			805,995,105
2007	1.3545	0.0700			885,293,226
2008	1.0400	0.0700			966,011,619
2009	1.0400	0.3600			1,058,839,214
2010	1.0400	0.3735			1,266,608,197
2011	1.0400	0.3735			1,214,171,065
2012	1.0400	0.3550			1,233,493,047
2013 School Year Under Audit	1.0400	0.3550			1,262,644,731

1000 Totals

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



10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 353,864	\$ -	\$ 15,906	\$ 774	\$ (15,209)	\$ 321,975
71,611	-	6,009	292	(1,917)	63,393
99,848	-	7,370	348	(2,317)	89,813
127,654	-	8,243	426	(2,092)	116,893
112,458	-	8,863	597	(2,637)	100,361
173,316	-	17,650	6,108	(3,055)	146,503
244,366	-	35,129	12,614	(3,089)	193,534
348,043	-	82,158	29,500	(3,333)	233,052
687,193	-	291,907	99,651	14,687	310,322
-	17,613,894	12,673,403	4,326,018	(13,427)	601,046
<u>\$ 2,218,353</u>	<u>\$ 17,613,894</u>	<u>\$ 13,146,638</u>	<u>\$ 4,476,328</u>	<u>\$ (32,389)</u>	<u>\$ 2,176,892</u>
		\$ -	\$ -		

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

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

**EXHIBIT J-2**

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION AND 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) Misc.	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 255,659	\$ 394,954	\$ -	\$ -	\$ 650,613
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	-	-	-	5,360	-	-	5,360
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	-	-	-	-	-	-	-
6211	Legal Services	26,153	-	-	-	-	-	26,153
6212	Audit Services	-	-	-	31,900	-	-	31,900
6213	Tax Appraisal and Collection	-	434,246	-	-	-	-	434,246
621X	Other Prof. Services	5,209	-	-	16,406	-	-	21,615
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	3,747	-	-	3,747
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	5,239	4,071	-	-	9,310
6290	Miscellaneous Contr.	3,348	-	-	17,969	-	-	21,317
6310	Operational Supplies, Materials	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	2,567	-	10,835	33,136	-	-	46,538
6410	Travel, Subsistence, Stipends	3,692	-	3,044	7,286	-	-	14,022
6420	Ins. and Bonding Costs	19,818	-	-	250	-	-	20,068
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	13,130	-	6,611	18,244	-	-	37,985
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-

Total \$ 73,917 \$ 434,246 \$ 281,388 \$ 533,323 \$ - \$ - \$ 1,322,874

Total Expenditures for General and Special Revenue Funds (9) \$ 34,582,660

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 73,612
Total Debt & Lease (6500)	(11)	\$ -
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 3,761,204
Food (Function 35, 6341 and 6499)	(13)	\$ 345
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ 533,323

Subtotal 4,368,484

Net Allowed Direct Cost \$ 30,214,176

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 107,923,747
Historical Cost of Buildings over 50 years old	(16)	685,741
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	7,064,719
Historical Cost of Furniture & Equipment over 16 years old	(19)	1,394,786
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) Note A - \$0 in Function 53 expenditures and \$434,246 in Function 99 expenditures are included in this report on administrative costs.

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

EXHIBIT J-3

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 756,994	\$ 756,994	\$ 615,609	\$ (141,385)
5800 <i>State Program Revenues</i>	50,731	50,731	14,514	(36,217)
5900 <i>Federal Program Revenues</i>	1,840,529	1,840,529	1,931,786	91,257
5020 Total Revenues	<u>2,648,254</u>	<u>2,648,254</u>	<u>2,561,909</u>	<u>(86,345)</u>
<b>EXPENDITURES:</b>				
Current:				
Support Services - Student (Pupil):				
0035 <i>Food Services</i>	<u>2,547,028</u>	<u>2,550,803</u>	<u>2,379,828</u>	<u>170,975</u>
Total Support Services - Student (Pupil)	<u>2,547,028</u>	<u>2,550,803</u>	<u>2,379,828</u>	<u>170,975</u>
6030 Total Expenditures	<u>2,547,028</u>	<u>2,550,803</u>	<u>2,379,828</u>	<u>170,975</u>
1200 Net Change in Fund Balances	101,226	97,451	182,081	84,630
0100 Fund Balances - Beginning	<u>290,522</u>	<u>290,522</u>	<u>290,522</u>	-
3000 Fund Balances - Ending	<u>\$ 391,748</u>	<u>\$ 387,973</u>	<u>\$ 472,603</u>	<u>\$ 84,630</u>

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

EXHIBIT J-4

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

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 4,364,725	\$ 4,364,725	\$ 4,570,690	\$ 205,965
5800 <i>State Program Revenues</i>	190,502	190,502	334,957	144,455
5020 <i>Total Revenues</i>	<u>4,555,227</u>	<u>4,555,227</u>	<u>4,905,647</u>	<u>350,420</u>
<b>EXPENDITURES:</b>				
Debt Service:				
0071 <i>Principal on Long-term Debt</i>	870,000	870,000	870,000	-
0072 <i>Interest on Long-term Debt</i>	3,945,411	3,945,411	3,945,411	-
0073 <i>Issuance Costs and Fees</i>	1,589	1,589	2,050	(461)
<i>Total Debt Service</i>	<u>4,817,000</u>	<u>4,817,000</u>	<u>4,817,461</u>	<u>(461)</u>
6030 <i>Total Expenditures</i>	<u>4,817,000</u>	<u>4,817,000</u>	<u>4,817,461</u>	<u>(461)</u>
1200 <i>Net Change in Fund Balances</i>	(261,773)	(261,773)	88,186	349,959
0100 <i>Fund Balances - Beginning</i>	1,568,242	1,568,242	1,568,242	-
3000 <i>Fund Balances - Ending</i>	<u>\$ 1,306,469</u>	<u>\$ 1,306,469</u>	<u>\$ 1,656,428</u>	<u>\$ 349,959</u>

**OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS**

# HLSK

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## **INDEPENDENT AUDITORS' 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**

The Board of Trustees of  
Livingston Independent School District  
1412 S. Houston  
Livingston, Texas 77351

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livingston Independent School District (District), Texas, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Livingston Independent School District, Texas' basic financial statements and have issued our report thereon dated October 17, 2013.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**October 17, 2013**

# HLSK

*Hereford, Lynch, Sellars & Kirkham*

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Trustees of  
Livingston Independent School District  
1412 S. Houston  
Livingston, Texas 77351

### **Report on Compliance for Each Major Federal Program**

We have audited Livingston Independent School District (District), Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Livingston Independent School District, Texas' major federal programs for the year ended August 31, 2013. Livingston Independent School District, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Livingston Independent School District, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. 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 Livingston Independent School District, Texas' 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Livingston Independent School District, Texas' compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Livingston Independent School District, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

#### **Report on Internal Control Over Compliance**

Management of Livingston Independent School District, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Livingston Independent School District, Texas'



internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Livingston Independent School District, Texas' 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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, material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.  
Certified Public Accountants**

**Conroe, Texas  
October 17 2013**

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**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

*FOR THE YEAR ENDED AUGUST 31, 2013*

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors’ report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
<b>FEDERAL AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors’ report issued on compliance with major programs	Unmodified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
7. Identification of Major Programs	Child Nutrition Cluster
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$300,000
9. Auditee Qualified as a Low-Risk Auditee?	Yes
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*

*FOR THE YEAR ENDED AUGUST 31, 2013*

**PRIOR YEAR FINDINGS**

**Financial Statement Findings**

**2012-1**

**Criteria and Condition:**

In accordance with Local Government Code 2256, bank deposits must be guaranteed or insured by the Federal Deposit Insurance Corporation or securities owned by the Depository Bank, which comply with state requirements. The District's deposits were not adequately collateralized.

**Recommendation:**

Review District procedures and implement a process to insure that the District's deposits are adequately collateralized and insured.

**Current Status:**

The District has implemented procedures to insure that the District's deposits are adequately collateralized and insured. The District's deposits were adequately insured and secured during the fiscal year August 31, 2013.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2013*

***CURRENT YEAR FINDINGS***

None reported.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

EXHIBIT K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b>Passed Through State Department of Education:</b>			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	13610101187907	\$ 1,126,751
<b>Special Education Cluster (IDEA):</b>			
<i>IDEA - Part B Formula</i>	84.027A	136600011879076600	712,464
<i>IDEA - Part B Preschool</i>	84.173A	136610011879076610	4,218
<b>Total Special Education Cluster (IDEA)</b>			<b><u>716,682</u></b>
<i>Career and Technical - Basic Grant</i>	84.048A	13420006187907	47,927
<i>ESEA Title VI, Part B, Subpart 2 - Rural and Low-Income Program</i>	84.358A	13696001187907	88,382
<i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	13694501187907	190,334
<i>Summer School LEP</i>	84.369A	69551202	1,115
<b>Passed Through Region 6 Education Service Center:</b>			
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	13615001236950	6,491
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b><u>2,177,682</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b>Child Nutrition Cluster:</b>			
<b>Passed Through State Department of Agriculture- Non Cash Assistance:</b>			
<i>National School Lunch Program</i>	10.555	00916	125,973
<b>Passed Through State Department of Education - Cash Assistance:</b>			
<i>School Breakfast Program</i>	10.553	71401301	661,237
<i>National School Lunch Program</i>	10.555	71301301	1,144,576
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER</b>			<b><u>1,931,786</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 4,109,468</u></b>

The accompanying notes are an integral part of this schedule.

**LIVINGSTON INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*AUGUST 31, 2013*

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Livingston Independent School 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 and *Audits of States, 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. Presented below is a reconciliation of federal revenues:

<i>Total Expenditures of Federal Awards per Exhibit K-1</i>	\$ 4,109,468
SHARS	511,930
<i>Total Federal Revenues per Exhibit C-2</i>	<u>\$ 4,621,398</u>

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**LIVINGSTON INDEPENDENT SCHOOL DISTRICT***SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2013*

EXHIBIT L-1

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 254,467