

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

FINANCIAL REPORT

AUGUST 31, 2011

LEXINGTON PUBLIC SCHOOL DISTRICT #1
AUGUST 31, 2011

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**LEXINGTON PUBLIC SCHOOL DISTRICT #1
AUGUST 31, 2011**

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INDEPENDENT AUDITORS' REPORT

Board of Education
Lexington Public School District #1
Lexington, NE

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information – cash basis – of Lexington Public School District #1, Lexington, NE, (the “School District”), as of and for the year ended August 31, 2011, which collectively comprise the School District’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District’s management. Our responsibility is to express an opinion 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, Lexington Public School District #1 prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis – of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District as of August 31, 2011, and the respective change in financial position – cash basis thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

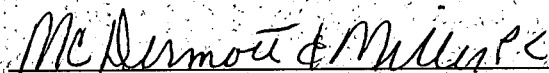
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 02, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying required supplementary information, such as management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 28 through 30 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal financial awards as listed on pages 52 through 54 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The supplemental Combined Schedule of Cash Receipts, Disbursements and Fund Balances on page 27, the Schedule of Disbursements for Operational Expenses - General Fund on pages 31 through 36, the Schedule of Cash Receipts, Disbursements, Transfers and Fund Balance - Activities Fund on pages 37 through 39, the Individual Fund Schedules of Cash Receipts, Disbursements and Fund Balance as listed on pages 40 through 46, the Schedule of Receipts and Disbursements - *American Recovery and Reinvestment Act of 2009* Funding on page 48 and the analysis of General, Special Building and Bond Fund tax accounts with County Treasurers on pages 49 through 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of School District's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion is fairly stated, in all material respects when considered in relation to the financial statements taken as a whole.

McDERMOTT AND MILLER, P.C.



Kearney, Nebraska
November 02, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dawson County School District 24-0001 (Lexington Public Schools)

This section of Lexington Public Schools' annual audit report presents our discussion and analysis of the school district's financial performance during the fiscal year that ended on August 31, 2011. Please read it in conjunction with the district's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Lexington Public Schools' financial statements. The provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board (GASB), "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," established standards for external financial reporting for all state and local government entities. These standards require three components for Lexington Public Schools' basic financial statements. They are: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. These components are described below:

Government-wide Financial Statements

These statements are intended to provide a broad view of Lexington Public Schools' operations in a manner similar to the private sector, providing both a short-term and a long-term view of Lexington Public Schools' financial position. To meet this view, Lexington Public Schools would need to prepare its financial statements on the accrual basis of accounting. However, Lexington Public Schools did not prepare its government-wide statements on the accrual basis. Instead Lexington Public Schools prepared its government-wide statements on the cash basis of accounting. Under the cash basis, receipts are not recorded until received, inventories are not recorded as disbursements until they are consumed, and accounts payable and accrued expenses (primarily payroll withholdings) have not been recognized as liabilities. Accordingly, Lexington Public Schools' government-wide financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles (GAAP) accepted in the United States of America. The government-wide financial statements include two statements, the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents all of Lexington Public Schools' assets and liabilities on the cash basis as described above with the difference between the two reported as "net assets." Net assets is one way of measuring the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and changes in the state school aid funding formula from the State of Nebraska.

The Statement of Activities presents information showing how Lexington Public Schools' net assets changed during the reported year. Changes reported are on the cash basis as described above. The statement of activities demonstrates the degree to which the direct disbursements/expenditures of a given function or segment are offset by program receipts/revenues. Direct disbursements/expenditures are those that are clearly identifiable with a specific function or segment. Program receipts/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. Appropriations and other items not properly included among program receipts/revenues are reported, instead, as general receipts/revenues.

In the statement of net assets and the statement of activities, activities of the District are divided into two categories:

Governmental Activities- This category includes the District's basic instructional services, such as elementary and high school educational programs, and support services (guidance counselor, executive administration, board of education, business services, etc.). Property taxes, state grants, and federal grants finance most of these activities.

Business-Type Activities- The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The School Lunch Fund is the only business-type activity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting mechanisms that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- **Proprietary Funds** – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-and long-term financial information. The School Lunch Fund is the only proprietary fund maintained by the District.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in

these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The Activities Fund and Student Fee Fund are Fiduciary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in all of the basic financial statements.

Required Supplementary Information

Following the basic financial statements and the accompanying notes thereto, is additional Required Supplementary Information that further explains and supports the information in such financial statements. The required supplementary information consists of the budgetary schedule and notes.

FINANCIAL AND OPERATING HIGHLIGHTS

- The District's Net Assets for the fiscal year ended August 31, 2011, compared to the fiscal year ended August 31, 2010, increased by \$4,331,652.
- The District's General Fund disbursements in 2010-2011 were \$1,392,182 less than the prior year's disbursements, resulting in an overall decrease of 4.8%, which is primarily due to controlling operating expenses.
- The District's General Fund receipts in 2010-2011 were \$32,704,851, compared to \$32,058,773 in 2009-2010 for an increase of 2.02%.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The largest single source of receipts for Lexington Public Schools is State Aid in the amount of \$19,848,338.90 for 2010-2011, which increased by \$33,287 (0.17%) from the prior year. State sources account for 57% of the total General Fund receipts, and Federal revenue accounts for 22% of General Fund receipts. Local and county receipts account for the remaining 21% of General Fund revenue.

Property taxes as a source of revenue for the District account for 18.69% of the total General Fund revenues. The amount of property taxes collected for 2010-2011 were \$408,000 more than the previous year.

The following table shows the property tax rates, by fund, for the 2004-2005 through 2010-2011 fiscal years. Levies are expressed in dollars and cents per \$100 of valuation. Using the following table the District total property tax on a property valued at \$100,000 in 2010-2011 was \$1,237.85, slightly less than the previous year.

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
	Levy	Levy	Levy	Levy	Levy	Levy	Levy
General Fund	1.02387	0.950864	0.944269	.945308	1.040016	1.040016	1.040016
Building Fund	0.078514	0.095724	0.098761	.098515	.008799	.008799	.008799
Bond Funds	0.219933	0.2117	0.209628	.194451	.193983	.193983	.189032
District Total	1.322317	1.258288	1.25658	1.23827	1.24280	1.24280	1.23785

General Fund Budgetary Highlights

The District's General Fund cash position for school year 2010-2011 increased by \$3,194,336. This is shown by a difference in the beginning cash balance on September 1, 2010 of \$10,240,084 and the ending cash balance of \$13,434,420, as of August 31, 2011.

Below is a comparison of General Fund budgeted to actual receipts and disbursements for the 2010-2011 fiscal year:

Receipts	2010-2011	2010-2011	Over/(Under)
	Budget	Actual	Budget
Local Taxes	\$6,803,440	\$6,818,275	\$14,835
State Sources	\$18,137,341	\$18,486,947	\$349,606
County Sources	\$170,000	\$150,620	(\$19,380)
Other Federal	\$6,879,219	\$7,247,270	\$368,051
Other Non-revenue	\$7,500	\$1,739	(\$5,761)
Subtotal	\$31,997,500	\$32,704,851	\$707,351

Disbursements	2010-2011	2010-2011	(Over)/Under
	Budget	Actual	Budget
Instructional	\$15,800,245	\$14,336,158	\$1,464,087
Support Services	\$8,810,420	\$8,361,818	\$448,602
Federal & State Grants	\$7,386,349	\$6,812,215	\$574,134
Debt Services	\$486	\$324	\$162
Subtotal	\$31,997,500	\$29,510,515	\$2,486,985

Financial Analysis of the Other Funds

The following financial information pertains to the beginning and ending cash positions of the Special Building Fund, Depreciation Fund, and Employee Benefit Fund.

Cash Balances	2010-2011	2010-2011	Increase/
	Beginning	Ending	(Decrease)
Special Building Fund	\$260,277	\$338,783	\$78,506
Depreciation Fund	\$2,983,943	\$4,190,204	\$1,206,261
Employee Benefits Fund	\$1,172,971	\$908,992	(\$263,979)

Debt Administration

At year-end, the Lexington Public Schools had \$3,635,000 outstanding principal debt in General Obligation Bonds.

Activity Fund Report

The following report shows the District assets held in a trustee or agency capacity called the Lexington Public School Activity Fund. The total receipts include a transfer of \$61,342.41 made from the General Fund to the Activity Fund

Activity Fund	2010-2011 Actual	Net Change
Beginning Balance	\$240,258	
Receipts	\$577,467	
Disbursements	(\$555,466)	
Ending Balance	\$262,259	\$22,001
Payflex change in fund balance		<u>(1,847)</u>
Total Activity		\$20,154

School Lunch Fund Report

Lunch Fund operating receipts and shows an improved cash position.

Lunch Fund	2010-2011 Actual	Net Change
Beginning Balance	\$586,309	
Receipts	\$1,516,282	
Disbursements	(\$1,396,550)	
Ending Balance	\$706,041	\$119,732

CONTACTING LEXINGTON PUBLIC SCHOOLS' FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, students and bond-buyers a general overview of the District's finances and to demonstrate the District's accountability for the money with which it is entrusted. If you have questions about this report or need additional financial information, contact

Erin Heineman
Chief Financial Officer
Lexington Public Schools
300 S. Washington St.
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The telephone number is (308) 324-1202 and e-mail address is erin.heineman@lexschools.org

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**STATEMENT OF NET ASSETS - CASH BASIS
August 31, 2011**

	Primary Government		2011 Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 18,080,414	\$ 706,041	\$ 18,786,455
Cash at county treasurer	2,174,665	-	2,174,665
Investments	-	-	-
Total assets	<u>\$ 20,255,079</u>	<u>\$ 706,041</u>	<u>\$ 20,961,120</u>
NET ASSETS			
Restricted for:			
Debt service	\$ 932,421	\$ -	\$ 932,421
Capital projects	4,979,246	-	4,979,246
Employee benefits	908,992	-	908,992
Unrestricted	<u>13,434,420</u>	<u>706,041</u>	<u>14,140,461</u>
Total net assets	<u>\$ 20,255,079</u>	<u>\$ 706,041</u>	<u>\$ 20,961,120</u>

See notes to financial statements.

LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended August 31, 2011

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		2011 Total
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Regular Instruction	\$ 11,777,426	\$ 12,100	\$ -	\$ -	\$ (11,765,326)	\$ -	\$ (11,765,326)
Special Education Instruction	2,318,355	-	-	-	(2,318,355)	-	(2,318,355)
Support services:							
Pupils	1,133,763	-	-	-	(1,133,763)	-	(1,133,763)
Staff	302,209	-	-	-	(302,209)	-	(302,209)
Business	488,862	-	-	-	(488,862)	-	(488,862)
Maintenance and operation of business	3,133,833	-	-	-	(3,133,833)	-	(3,133,833)
Pupil transportation	415,043	-	-	-	(415,043)	-	(415,043)
General administration	531,708	-	-	-	(531,708)	-	(531,708)
Office of principal	1,236,297	-	-	-	(1,236,297)	-	(1,236,297)
State categorical programs	110,050	-	-	-	(110,050)	-	(110,050)
Federal programs	6,812,215	-	7,247,270	-	435,055	-	435,055
Capital outlay	49,511	-	-	-	(49,511)	-	(49,511)
Debt service	840,957	-	-	-	(840,957)	-	(840,957)
Transfers	1,860,661	-	1,799,319	-	(61,342)	-	(61,342)
Other	272,501	-	-	-	(272,501)	-	(272,501)
Total governmental activities	\$ 31,283,391	\$ 12,100	\$ 9,046,589	\$ -	\$ (22,224,702)	\$ -	\$ (22,224,702)
Business-type activities:							
School lunch	\$ 1,396,550	\$ 209,627	\$ 1,292,627	\$ -	\$ -	\$ 105,704	\$ 105,704
Total business-type activities	\$ 1,396,550	\$ 209,627	\$ 1,292,627	\$ -	\$ -	\$ 105,704	\$ 105,704
Total primary government	\$ 32,679,941	\$ 221,727	\$ 10,339,216	\$ -	\$ (22,224,702)	\$ 105,704	\$ (22,118,998)
General receipts:							
Taxes:							
Property					\$ 7,053,710	\$ -	\$ 7,053,710
Motor vehicle					583,645	-	583,645
Fines and licenses					158,250	-	158,250
Sale of property					40,716	-	40,716
State aid					18,486,947	-	18,486,947
Interest income					107,303	4,046	111,349
Other					6,051	9,982	16,033
Total general receipts					\$ 26,436,622	\$ 14,028	\$ 26,450,650
Change in net assets					4,211,920	119,732	4,331,652
Net assets - beginning					16,043,159	586,309	16,629,468
Net assets - ending					\$ 20,255,079	\$ 706,041	\$ 20,961,120

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
August 31, 2011**

	<u>General</u>	<u>Depreciation</u>	<u>Special Building</u>	<u>LPS Building Corporation</u>	<u>Other Governmental Funds</u>	<u>2011 Total Governmental Funds</u>
ASSETS						
Cash	\$ 11,533,082	\$ 4,190,204	\$ 323,087	\$ 450,259	\$ 1,583,782	\$ 18,080,414
Cash at county treasurer	1,901,338	-	15,696	-	257,631	2,174,665
Investments	-	-	-	-	-	-
Total assets	<u>\$ 13,434,420</u>	<u>\$ 4,190,204</u>	<u>\$ 338,783</u>	<u>\$ 450,259</u>	<u>\$ 1,841,413</u>	<u>\$ 20,255,079</u>
FUND BALANCES						
Fund balances:						
Restricted to bond fund	\$ -	\$ -	\$ -	\$ -	\$ 932,421	\$ 932,421
Assigned to depreciation fund	-	4,190,204	-	-	-	4,190,204
Assigned to special building fund	-	-	338,783	-	-	338,783
Assigned to LPS building corporation	-	-	-	450,259	-	450,259
Assigned to employee benefits fund	-	-	-	-	908,992	908,992
Unassigned	13,434,420	-	-	-	-	13,434,420
Total fund balances	<u>\$ 13,434,420</u>	<u>\$ 4,190,204</u>	<u>\$ 338,783</u>	<u>\$ 450,259</u>	<u>\$ 1,841,413</u>	<u>\$ 20,255,079</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended August 31, 2011**

	General	Depreciation	Special Building	LPS Buidng Corporation	Other Governmental Funds	2011 Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$ 6,133,819	\$ -	\$ 55,336	\$ -	\$ 864,555	\$ 7,053,710
Motor vehicle	583,645	-	-	-	-	583,645
Sale of property	-	-	40,716	-	-	40,716
Fines and licenses	158,250	-	-	-	-	158,250
Tuition	12,100	-	-	-	-	12,100
State aid	18,486,947	-	-	-	-	18,486,947
Federal aid	7,247,270	-	-	-	-	7,247,270
Interest income	78,061	17,173	1,878	254	9,937	107,303
Other	4,759	-	-	-	1,292	6,051
Total receipts	\$ 32,704,851	\$ 17,173	\$ 97,930	\$ 254	\$ 875,784	\$ 33,695,992
DISBURSEMENTS						
Regular Instruction	\$ 11,777,426	\$ -	\$ -	\$ -	\$ -	\$ 11,777,426
Special Education Instruction	2,318,355	-	-	-	-	2,318,355
Support services:						
Pupils	1,133,763	-	-	-	-	1,133,763
Staff	302,209	-	-	-	-	302,209
Business	488,862	-	-	-	-	488,862
Maintenance and operation of business	2,523,602	610,231	-	-	-	3,133,833
Pupil transportation	415,043	-	-	-	-	415,043
General administration	531,708	-	-	-	-	531,708
Office of principal	1,236,297	-	-	-	-	1,236,297
State categorical programs	110,050	-	-	-	-	110,050
Federal programs	6,812,215	-	-	-	-	6,812,215
Capital outlay	-	-	19,424	30,087	-	49,511
Debt service	324	-	-	-	840,633	840,957
Other	-	-	-	770	271,731	272,501
Total disbursements	\$ 27,649,854	\$ 610,231	\$ 19,424	\$ 30,857	\$ 1,112,364	\$ 29,422,730
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 1,799,319	\$ -	\$ -	\$ -	\$ 1,799,319
Transfers out	(1,860,661)	-	-	-	-	(1,860,661)
Total other financing sources (uses)	\$ (1,860,661)	\$ 1,799,319	\$ -	\$ -	\$ -	\$ (61,342)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 3,194,336	\$ 1,206,261	\$ 78,506	\$ (30,603)	\$ (236,580)	\$ 4,211,920
Fund balances - beginning	\$ 10,240,084	\$ 2,983,943	\$ 260,277	\$ 480,862	\$ 2,077,993	\$ 16,043,159
Fund balances - ending	\$ 13,434,420	\$ 4,190,204	\$ 338,783	\$ 450,259	\$ 1,841,413	\$ 20,255,079

See notes to financial statements.

LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA

STATEMENT OF NET ASSETS - CASH BASIS
PROPRIETARY FUND
August 31, 2011

	<u>2011 School Lunch Fund</u>
ASSETS	
Cash	\$ 706,041
Total assets	<u>\$ 706,041</u>
NET ASSETS	
Unrestricted	\$ 706,041
Total net assets	<u>\$ 706,041</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND**

For the Year Ended August 31, 2011

	<u>2011 School Lunch Fund</u>
Operating receipts:	
Charges for sales and services:	
Sale of breakfast and lunch	\$ 209,627
Total operating receipts	<u>\$ 209,627</u>
Operating disbursements:	
Cost of sales and services	\$ 1,396,550
Total operating disbursements	<u>\$ 1,396,550</u>
Operating loss	<u>\$ (1,186,923)</u>
Nonoperating receipts:	
USDA and State subsidies	\$ 1,292,627
Investment income	4,046
Other receipts	9,982
Total nonoperating receipts	<u>\$ 1,306,655</u>
Increase in net assets	\$ 119,732
Total net assets - beginning	<u>586,309</u>
Total net assets - ending	<u>\$ 706,041</u>

See notes to financial statements.

LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA

STATEMENT OF NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
August 31, 2011

	<u>Activities Fund</u>	<u>Student Fee Fund</u>	<u>2011 Total Fiduciary Funds</u>
ASSETS			
Cash	\$ 316,138	\$ 5,516	\$ 321,654
Total assets	<u>\$ 316,138</u>	<u>\$ 5,516</u>	<u>\$ 321,654</u>
NET ASSETS	<u>\$ 316,138</u>	<u>\$ 5,516</u>	<u>\$ 321,654</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**STATEMENT OF CHANGES IN NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
For the Year Ended August 31, 2011**

	Activities Fund	Student Fee Fund	2011 Total Fiduciary Funds
ADDITIONS			
Activities receipts	\$ 516,125	\$ -	\$ 516,125
Interest income	-	41	41
Transfer from General	61,342	-	61,342
Total additions	\$ 577,467	\$ 41	\$ 577,508
DEDUCTIONS			
Purchased services and supplies	\$ 555,466	\$ -	\$ 555,466
Student activity fees waived	-	1,303	1,303
Total deductions	\$ 555,466	\$ 1,303	\$ 556,769
Increase (decrease) in net assets	\$ 22,001	\$ (1,262)	\$ 20,739
Net assets - beginning	240,258	6,778	247,036
Net assets - ending	\$ 262,259	\$ 5,516	\$ 267,775

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The School District prepares its financial statements on the cash basis, which is consistent with the Commissioner of Education and Nebraska Department of Education requirements. Under the cash basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial information in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the District have been prepared in accordance with the cash basis of accounting, an other comprehensive basis of accounting. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. In accordance with GASB Statement No. 20 – *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting* – the District has elected to apply all applicable Financial Accounting Standards Board pronouncements including those issued on or before November 30, 1989 except for those pronouncements which conflict with or contradict GASB pronouncements.

Reporting Entity – All significant activities and organizations on which the School exercises oversight responsibility have been included in the School District's financial statements. The basic financial statements of the School District include Lexington Public Schools and its component unit. The blended component unit reflects the financial information of the Lexington Public Schools Building Corporation. The board of the component unit is appointed by the District board. Its purpose is to seek, hold, purchase, lease, and otherwise encumber real or personal property. The services of the component unit are so intertwined with the School District that it is in substance the same as the School District and is reported as part of the School District. Thus, the financial information of the component unit is blended in the School District's financial statements.

The School District has the following related organizations not considered to have a significant operational or financial relationship:

Fundraising Organizations

- The school has Parent Teacher organizations at the individual schools that raise money for various projects at the school.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation – The School District has adopted the provisions of Statement No. 34 (“Statement 34”) of the Government Accounting Standards Board “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” Statement 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements and the classification of net assets into two components – restricted and unrestricted.

Government-wide and fund financial statements – The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts 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. Taxes and other items not properly included among program revenues are reported instead as general receipts.

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. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to account for the School District’s business type activities. Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. The School Lunch Fund is considered a proprietary fund.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the School District's own programs. The Activities and Student Fee Funds are fiduciary funds.

Major Funds of the school are the General, Special Building, LPS Building Corporation and Depreciation Fund for the governmental funds and the Lunch Fund for the proprietary funds.

Fund Types – The accounts of the School District are organized on the basis of funds which are grouped into the following fund types:

Governmental Funds

General Fund – Accounts for the financing of all facets of services rendered by the School District, inclusive of operation and maintenance.

Depreciation Fund – Accumulates funds for eventual significant future capital outlays.

Employee Benefits Fund – Accounts for money utilized to pay for future employee benefits for School District retirees.

Special Building Fund – Accounts for the acquisition, erection, alteration, or improvement of buildings and sites.

Bond Fund – Accounts for tax receipts, investment interest, and the payment of bond principal, interest, and other related costs.

Lexington Public Schools Building Corporation Fund – Accounts for lease revenues from the General Fund that are specifically reserved for future building and improvement purchases.

Proprietary Fund

School Lunch Fund – Accounts for the proceeds of breakfast and lunch receipts, U.S. Department of Agriculture reimbursements and commodities receipts which are restricted to disbursements for specified purposes.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Activities Fund – Accounts for the financial operations of quasi-independent student organizations, interschool athletics, and other self-supporting or partially self-supporting school activities not accounted for in another fund.

Student Fee Fund – Accounts for fees for extracurricular activities and related disbursements.

Equity – In the government-wide statements, equity is classified as unrestricted and restricted net assets. In the governmental fund statements, equity is classified as non-spendable, restricted, committed, assigned, and unassigned, see detail below.

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

Capital Assets – In accordance with the cash basis of accounting, capital assets are not recorded as assets on the government-wide or fund statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

Long-Term Debt – In accordance with the cash basis of accounting, long-term debt is not reported as a liability in the government-wide or fund financial statements. Proceeds from long-term debt are reported as receipts and payments of principal are reported as disbursements in both the governmental-wide and fund financial statements.

Compensated Absences – The District has entered into negotiated agreements with certified and noncertified personnel. In those agreements they have agreed to benefits for vacation and sick leave benefits. In accordance with the cash basis of accounting, these benefits are recorded as expenses when paid.

Use of Estimates – The preparation of financial statements in conformity with the cash basis of accounting, an other comprehensive basis of accounting, used by the District requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance – The School District is adopting Governmental Accounting Standards Board (GASB) No. 54 “Fund Balance reporting and Governmental Fund Type Definitions” as of and for the year ended August 31, 2011. In accordance with GASB No. 54, the School District classifies governmental fund balances as follows:

Non-spendable: Fund balance amounts are considered non-spendable if they cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted: Fund balance amounts are considered restricted if they are constrained for specific purposes which are externally imposed by providers, such as creditors, or constrained due to constitutional provisions or enabling legislation.

Committed: Fund balance amounts are considered committed if they are constrained for specific purposes that are internally imposed by the government through formal action of the Board of Education and constraints do not lapse at year-end.

Assigned: Fund balance amounts are considered assigned if they are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by management.

Unassigned: Fund balance amounts are considered unassigned if they are positive fund balances within the General Fund that are not classified as one of the above or negative fund balances in other governmental funds.

The School District’s policy is to spend restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal restrictions that prohibit doing so. Additionally, the School District is to first spend committed, then assigned, and lastly unassigned amounts of fund balances when expenditures are made.

The District does not have a formal minimum fund balance policy.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

2. CASH AND INVESTMENTS

Lexington Public School District #1's deposits consist of cash and certificates of deposit only. It is the School District's policy for deposits to be secured by collateral, less the amount of the Federal Deposit Insurance Corporation insurance. The carrying amount of deposits is a reasonable estimate of fair value. The School District's deposits are categorized to give an indication of the level of risk assumed by the School District at August 31, 2011. The categories are described as follows:

- (1) Insured or collateralized with securities held by the School or by the School's agent in the School's name.
- (2) Collateralized with securities held by the pledging financial institution's trust department, or agent, in the School's name.
- (3) Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the School's name).

The collateralization of the School's deposits with banks at August 31, 2011, is as follows:

Demand deposits - non-interest bearing	\$ 595,497
Time and savings deposits - interest bearing	<u>18,602,300</u>
Total deposits	<u>\$ 19,197,797</u>
FDIC coverage (category 1)	\$ 609,041
Collateralized deposits (category 2)	18,588,756
Uncollateralized deposits (category 3)	<u>\$ 19,197,797</u>

3. PENSION PLAN

Plan Description – The Lexington Public School District #1 contributes to the Nebraska School Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The School Employees Retirement Act establishes benefit provisions. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, 1221 N Street, Suite 325, P.O. Box 94816, Lincoln, NE 68509-4816 or by calling 1-800-245-5712.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

3. PENSION PLAN (continued)

Funding Policy – Plan members were required to contribute 7.28% of their annual covered salary from September 1, 2008 to August 31, 2009. Plan members were required to contribute 8.28% of their annual covered salary from September 1, 2009 to August 31, 2010. Plan members were required to contribute 8.28% of their annual covered salary from September 1, 2010 – August 31, 2011. The Lexington Public School District #1 is required to contribute 101% of the employee contribution. The contribution requirements of plan members and Lexington Public School District #1 are established by the Nebraska statutes. The School District's contributions to NPERS for the years ending August 31, 2009, 2010 and 2011 totaled \$1,136,524, \$1,324,670 and \$1,347,455, respectively, equal to the required contributions for each year.

4. LONG-TERM DEBT

On June 1, 1997, a non-interest bearing note to the Nebraska Energy Office was issued in the amount of \$43,008. Payments of \$3,072 were due semi-annually. Final payment on the note was made June 1, 2011.

On September 3, 2009, Series 2009 General Obligation Refunding Bonds were issued in the amount of \$4,525,000. The 2009 Refunding Bonds have interest rates ranging from 0.75% to 2.80%. Interest is due semiannually starting December 15, 2009. Principal is due annually starting December 15, 2009.

The five-year schedule of maturities is as follows:

	Principal	Interest	Total
August 31, 2012	\$ 780,000	\$ 70,417	\$ 850,417
2013	790,000	57,850	847,850
2014	805,000	42,284	847,284
2015	825,000	22,905	847,905
2016	435,000	6,090	441,090
	<u>\$ 3,635,000</u>	<u>\$ 199,546</u>	<u>\$3,834,546</u>

Total interest paid during the year ending August 31, 2011, on bonds outstanding was \$80,633.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

5. OPERATING LEASES

On December 28, 2009, Lexington Public School District #1 entered into an agreement with Unite Private Networks, LLC for the lease and service of the School District's Wide Area Network. Monthly payments of \$4,137 will be paid on a term starting July 1, 2010 and ending June 30, 2015.

On February 23, 2007, Lexington Public School District #1 entered into an agreement with Eakes Office Plus for the lease of multiple copiers and printers. Monthly payments of \$10,024 will be paid over a term beginning February 23, 2007 and ending January 23, 2012.

Lease payments for the next four years are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2012	\$ 99,764
2013	49,644
2014	49,644
2015	41,370
Total	<u>\$ 240,422</u>

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and to the public; or acts of God. For the fiscal year ended August 31, 2011, the School had approved insurance coverage through the NASB All Lines Interlocal Cooperative Aggregate Pool (ALICAP), a public entity risk pool currently operating as a common risk management insurance pool.

If the pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the District may be assessed by the pool for additional contributions. The District has not paid any additional assessments to the pool in the last three fiscal year and no assessments are anticipated for the fiscal year 2012. The District has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

7. EARLY RETIREMENT INCENTIVE PLAN

The District has adopted an early retirement incentive plan for certified employees who elect early retirement. No employee contributions are required; the District pays the entire cost of the plan. Benefits are available to certified employees over the age of 60 and who have at least 15 consecutive years or 30 total combined years of credited service in the Lexington Public School District #1.

Qualified certificated employees who elect to claim the early retirement incentive shall be paid an amount based upon the cost of a single health insurance premium from the School District's insurance carrier as of the participant's last year of employment. All future payments will be based on that amount and will not increase. The participant will be paid the amount of such single health insurance premium for a maximum of 60 months or until the month of the participant's 65th birthday, whichever occurs first. If a participant has a spouse, he or she will be paid the amount of two such single health insurance premiums. Such payments will be paid monthly.

The District's Employee Benefits Fund has a fund balance at August 31, 2011, in the amount of \$908,992.

8. CONTINGENT LIABILITIES

The District has elected under the Nebraska Unemployment Insurance Program to become a "reimbursable employer". Accordingly, the District is liable for payments to reimburse the state unemployment agency for benefits paid to former employees. The maximum payment to reimburse the state unemployment agency under current statute would not exceed \$9,048 (26 weeks at \$348/week) per claimant.

9. BUDGET PROCESS

The District follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

Prior to September 1, the Board of Education prepares a proposed and operating budget on the cash basis for the general and bond funds for the fiscal year commencing the following September 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at a public meeting to obtain taxpayer comments.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

9. BUDGET PROCESS (continued)

Prior to September 20, the budget is legally adopted by the Board of Education through passage of a resolution.

Total expenditures may not legally exceed total appropriations. Appropriations lapse at year-end and any revisions require Board approval.

The property tax requirement resulting from the budget process is utilized by the County Assessor to establish the tax levy, which attaches as an enforceable lien on property within the District as of January 1. Taxes are due as of that date. All unpaid taxes are delinquent as of September 1.

10. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

ARRA money has been expended and not reimbursed by the state at August 31, 2011. ARRA expenditures for Title II Part D were \$2,319 for the year ended August 31, 2011. The School District received reimbursement in the amount of \$35,609 during the fiscal year ended August 31, 2011. At year end, the School District had received all reimbursement relating to the ARRA Title II Part D program.

ARRA expenditures for the McKinney-Vento Homeless grant were \$10,909 during the fiscal year ended August 31, 2011. The School District received reimbursement in the amount for \$20,838 during the fiscal year ended August 31, 2011. The School District expects to be reimbursed \$162 during the upcoming fiscal year. ARRA expenditures for Title I Part A were \$219,256 for the fiscal year ended August 31, 2011. The School District received reimbursement in the amount of \$329,089 during the fiscal year ended August 31, 2011. The School District expects to be reimbursed \$57,065 during the upcoming fiscal year.

ARRA expenditures for IDEA Part C were \$17,731 for the fiscal year ended August 31, 2011. The School District received reimbursement in the amount of \$13,766 during the fiscal year ended August 31, 2011. The School District expects to be reimbursed \$5,482 during the upcoming fiscal year. ARRA expenditures for State Fiscal Stabilization Funds were \$3,234,998 for the fiscal year ended August 31, 2011. The School District received reimbursement in the amount of \$3,234,998 during the fiscal year ended August 31, 2011. At year end, the School District had received all reimbursement relating to the State Fiscal Stabilization Funds program.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

10. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (continued)

ARRA expenditures for Education Jobs were \$629,191 for the fiscal year ended August 31, 2011. The School District received reimbursement in the amount of \$629,191 during the fiscal year ended August 31, 2011. At year end, the School District had received all reimbursement relating to the Education Jobs program.

ARRA expenditures for IDEA Enrollment/Poverty were \$93,989 for the fiscal year ended August 31, 2011. The School District expects to be reimbursed for \$669,393 in the upcoming fiscal year. ARRA expenditures for IDEA Preschool Enrollment/Poverty were \$15,849 for the fiscal year ended August 31, 2011. The School District expects to be reimbursed for \$26,685 in the upcoming fiscal year.

11. INTERFUND TRANSFERS

A transfer of \$61,342 to the Activity Fund has been recorded in the General Fund. In addition, a transfer of \$1,799,319 to the Depreciation Fund has been recorded as operational disbursement in the General Fund in accordance with the basis of accounting described above. The transfer to the Activity Fund is annual support of the activities department. The transfer to the Depreciation Fund is to save for future expenditures such as a route bus, activity bus, boiler replacement and roof repair.

12. SUBSEQUENT EVENTS

Upon evaluation, Management notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be issued.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND FUND BALANCES
Year Ended August 31, 2011**

	Fund Balances (Deficits) At Beginning of Year	Receipts	Disbursements	Transfers In (Out)	Excess (Deficiency) Of Receipts Over (Under) Disbursements	Fund Balances (Deficits) At End Of Year
GENERAL FUND	\$ 10,240,084	\$ 32,704,851	\$ 27,649,854	\$ (1,860,661)	\$ 3,194,336	\$ 13,434,420
ACTIVITIES FUND	240,258	516,125	555,466	61,342	22,001	262,259
SCHOOL LUNCH FUND	586,309	1,516,282	1,396,550	-	119,732	706,041
DEPRECIATION FUND	2,983,943	17,173	610,231	1,799,319	1,206,261	4,190,204
SPECIAL BUILDING FUND	260,277	97,930	19,424	-	78,506	338,783
LPS BUILDING CORPORATION FUND	480,862	254	30,857	-	(30,603)	450,259
BOND FUND	905,022	868,032	840,633	-	27,399	932,421
EMPLOYEE BENEFITS FUND	1,172,971	7,752	271,731	-	(263,979)	908,992
STUDENT FEE FUND	6,778	41	1,303	-	(1,262)	5,516
GRAND TOTAL - ALL FUNDS	\$ 16,876,504	\$ 35,728,440	\$ 31,376,049	\$ -	\$ 4,352,391	\$ 21,228,895

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended August 31, 2011**

	<u>Actual</u>	<u>Budget (Original and Final)</u>
RECEIPTS		
LOCAL SOURCES:		
Local district taxes	\$ 6,112,294	\$ 6,015,000
Carline taxes	21,525	25,000
Motor vehicle taxes	583,645	570,240
Interest received	78,061	170,000
Local license fees	6,480	10,000
Police court fines	1,150	4,000
Summer school and driver's ed tuition	12,100	9,000
Other local revenue	3,020	200
Total Local Sources	<u>\$ 6,818,275</u>	<u>\$ 6,803,440</u>
COUNTY SOURCES:		
Fines and licenses	\$ 150,620	\$ 170,000
Total County Sources	<u>\$ 150,620</u>	<u>\$ 170,000</u>
STATE SOURCES:		
State aid	\$ 16,613,341	16,613,341
Special education	1,034,491	1,075,000
Homestead exemption	125,159	85,000
Property tax credit	234,814	-
Pro-rate motor vehicle	22,563	7,000
Apportionment and in-lieu of school land tax	363,558	270,000
High ability learner	14,122	12,000
State early childhood	73,000	70,000
Other state receipts	5,899	5,000
Total State Sources	<u>\$ 18,486,947</u>	<u>\$ 18,137,341</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended August 31, 2011**

	Actual	Budget (Original and Final)
FEDERAL SOURCES:		
ECIA-Chapter I, current	\$ 949,917	\$ 1,099,836
Medicaid Administrative	380,504	360,824
Carl Perkins grant	29,752	30,208
Title II Part A	46,258	87,288
ARRA IDEA Part C	13,766	142,161
Title II Part D	8,429	11,239
Education Jobs	629,191	-
IDEA Part B Enrollment/Poverty	321,131	394,415
IDEA Part B Early Intervening Services	72,300	72,216
IDEA Base	154,925	154,925
State Fiscal Stabilization - TEEOSA Aid	3,234,998	3,234,998
ARRA ESEA Title I Part A	329,089	127,755
ARRA ESEA Title II Part D	35,609	33,290
ARRA ESEA McKinney-Vento Homeless Title I Part C	20,838	9,990
	510,840	569,060
Other federal categorical receipts	464,670	551,014
Categorical/Private grant revenue	45,053	-
Total Federal Sources	\$ 7,247,270	\$ 6,879,219
See notes to financial statements.		
NON-REVENUE RECEIPTS:		
Non-programmed receipts	\$ 43	\$ 3,500
Other non-revenue receipts	1,696	4,000
Total Non-Revenue Receipts	\$ 1,739	\$ 7,500
Total Receipts from all Sources	\$ 32,704,851	\$ 31,997,500

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended August 31, 2011**

	<u>Actual</u>	<u>Budget (Original and Final)</u>
DISBURSEMENTS		
PROGRAM:		
Regular instruction	\$ 8,854,513	\$ 10,926,260
Special education programs	2,318,355	2,343,934
Limited English Proficiency programs	1,461,306	1,339,566
Poverty programs	965,428	770,293
Support services - Pupils	1,133,763	1,149,744
Support services-Instructional staff	302,209	319,577
Support services-General administration	531,708	530,415
Support services-Office of Principal	1,236,297	1,236,712
Support services-Business Services	488,862	494,801
Support services-Maintenance and Operation of Buildings	2,523,602	2,581,953
Support services-Regular pupil transportation	415,043	407,585
Summer school	496,179	518,383
Debt services	324	486
State programs - Grants	110,050	112,123
Federal programs	6,812,215	7,386,349
Transfers to other funds	1,860,661	1,879,319
Total Disbursements	<u>\$ 29,510,515</u>	<u>\$ 31,997,500</u>
Fund Balance, August 31, 2010	\$ 10,240,084	
Total cash receipts	<u>\$ 32,704,851</u>	
Total Funds Available	\$ 42,944,935	
Total cash disbursements	<u>\$ 29,510,515</u>	
Fund Balance, August 31, 2011	<u>\$ 13,434,420</u>	

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES
GENERAL FUND**

For the Fiscal Year Ended August 31, 2011

REGULAR INSTRUCTION:

Regular salaries of teachers	\$ 4,997,911
Substitute salaries	217,218
Clerical and paraprofessional staff salaries	18,739
Technical staff salaries	193,430
Payroll taxes	403,787
Employee benefits	1,658,216
Purchased pupil services	395,360
Building, acquisition and improvement	15,221
Early childhood education programs	15,917
Supplies and materials	644,637
Textbooks and library books	38,873
Furniture and equipment replacement	108,297
Travel expense and mileage	5,146
Other expenses	141,761
Total Regular Instruction	\$ 8,854,513

SPECIAL EDUCATION PROGRAMS:

Regular salaries	\$ 1,066,039
Substitute salaries	56,102
Clerical and paraprofessional staff salaries	545,743
Payroll taxes	125,142
Employee benefits	411,091
Purchased services	83,843
Supplies and materials	16,391
Textbooks and library books	385
Travel expense and mileage	4,099
Other expenses	9,520
Total Special Education Programs	\$ 2,318,355

LIMITED ENGLISH PROFICIENCY PROGRAMS:

Regular salaries	\$ 481,201
Substitute salaries	74,286
Clerical and paraprofessional staff salaries	598,680
Payroll taxes	87,870
Employee benefits	218,303
Travel expense and mileage	867
Other expenses	99
Total Limited English Proficiency Programs	\$ 1,461,306

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES
GENERAL FUND (CONTINUED)
For the Fiscal Year Ended August 31, 2011**

POVERTY PROGRAMS:

Regular salaries of teachers	\$ 383,008
Substitute salaries	42,135
Clerical and paraprofessional staff salaries	216,917
Technical staff salaries	80,432
Payroll taxes	54,158
Employee benefits	188,778
Total Poverty Programs	\$ 965,428

SUPPORT SERVICES - PUPILS:

Regular salaries	\$ 808,545
Substitute salaries	250
Clerical and paraprofessional salaries	40,289
Payroll taxes	66,103
Employee benefits	162,151
Purchased services	691
Supplies and materials	19,159
Travel expense and mileage	4,463
Other Expenses	32,112
Total Support Services - Pupils	\$ 1,133,763

SUPPORT SERVICES - INSTRUCTIONAL STAFF:

Regular salaries	\$ 130,486
Substitute salaries	1,595
Clerical and paraprofessional salaries	2,410
Payroll taxes	9,887
Employee benefits	40,432
Purchased services	69,149
Supplies and materials	53,492
Other expenses	(5,242)
Total Support Services - Instructional Staff	\$ 302,209

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES
GENERAL FUND (CONTINUED)
For the Fiscal Year Ended August 31, 2011**

SUPPORT SERVICES - GENERAL ADMINISTRATION:

BOARD OF EDUCATION:

Legal services	\$ 26,723
Professional and technical services	29,495
Contracted services	600
Advertising and printing	12,635
Dues and fees	16,903
Travel expense and mileage	3,017
Other expenses	22,911

EXECUTIVE ADMINISTRATION SERVICES:

Regular salaries	280,189
Clerical salaries	30,940
Payroll taxes	20,366
Employee benefits	67,005
Supplies and materials	1,583
Other expenses	19,341

Total Support Services - General Administration \$ 531,708

SUPPORT SERVICES - SCHOOL ADMINISTRATION:

OFFICE OF THE PRINCIPAL SERVICES:

Regular salaries	\$ 651,919
Clerical assistants	242,286
Payroll taxes	66,844
Employee benefits	246,919
Travel expense and mileage	6,584
Other expenses	21,745

Total Support Services - School Administration \$ 1,236,297

See notes to financial statements

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES
GENERAL FUND (CONTINUED)
For the Fiscal Year Ended August 31, 2011**

SUPPORT SERVICES - GENERAL ADMINISTRATION:

BUSINESS SERVICES:

Regular salaries	\$ 66,263
Clerical staff	39,947
Payroll taxes	7,961
Employee benefits	24,919
Contracted services	262,342
Postage	13,851
Supplies and materials	40,275
Furniture and equipment replacement	585
Dues and fees	162
Travel expense and mileage	(179)
Other expenses	15,365

VEHICLE ACQUISITION AND MAINTENANCE:

Vehicle maintenance	17,371
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Total Support Services - General Administration \$ 488,862

**SUPPORT SERVICES - MAINTENANCE AND
OPERATION OF BUILDINGS:**

Regular salaries	\$ 420,092
Payroll taxes	31,340
Employee benefits	152,080
Purchased services	821,797
Fuel	144,719
Electricity	442,642
Water, sewer and trash	24,137
Distance education and telecommunications	64,787
Supplies	223,348
Site acquisition and improvement	125,922
Furniture and equipment replacement	60,186
Other expenses	12,552

**Total Support Services - Maintenance
and Operation of Buildings** \$ 2,523,602

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES
GENERAL FUND (CONTINUED)**

For the Fiscal Year Ended August 31, 2011

SUPPORT SERVICES - PUPIL TRANSPORTATION:

Regular salaries	\$ 188,547
Payroll taxes	14,493
Employee benefits	21,718
Supplies	4,442
Purchased services	67,474
Mileage to parents	1,517
Gas and oil	109,068
Travel reimbursements	92
Repair and maintenance	2,316
Other expenses	5,376
Total Support Services - Pupil Transportation	<u>\$ 415,043</u>

SUMMER SCHOOL

Regular salaries	\$ 344,859
Clerical and paraprofessional staff salaries	66,447
Payroll taxes	31,433
Employee benefits	25,293
Transportation services	690
Supplies	27,119
Other expenses	338
Total State Programs	<u>\$ 496,179</u>

DEBT SERVICES

Debt service interest	\$ 324
Total Debt Services	<u>\$ 324</u>

STATE PROGRAMS - GRANTS:

Salaries	\$ 56,528
Substitute salaries	713
Payroll taxes	4,342
Employee benefits	21,059
Supplies	18,469
Furniture and equipment replacement	8,139
Other expenses	800
Total State Programs	<u>\$ 110,050</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH DISBURSEMENTS FOR OPERATIONAL EXPENSES
GENERAL FUND (CONTINUED)**

For the Fiscal Year Ended August 31, 2011

FEDERAL PROGRAMS:

IDEA	\$ 164,422
IDEA Enrollment/Poverty (611)	411,876
IDEA Part B	41,913
IDEA Special Projects	14,838
Title I	998,425
Title II Part A	86,649
Title III - LEP	83,456
ARRA Stabilization - TEEOSA	3,234,998
ARRA IDEA Enrollment/Poverty	93,989
Carl Perkins	36,246
ARRA IDEA Part C	17,731
ARRA IDEA Preschool (619) Enrollment/Poverty	15,849
ARRA ESEA McKinney-Vento Homeless	10,909
ARRA ESEA Title II Part D	2,319
ARRA ESEA Title I Part A	219,256
Education Jobs - LEP	307,082
Education Jobs - Poverty	322,109
Title I Part C	475,718
Title IV Part A	3,663
Title IV Part B	155,345
Title II Part D	2,810
Categorical grants from private interests	4,193
Other Federal Programs	108,419
Total Federal Programs	\$ 6,812,215

TRANSFERS TO ACTIVITY FUND

\$ 61,342

TRANSFERS TO DEPRECIATION FUND

1,799,319

Total Transfers Out

\$ 1,860,661

Total Disbursements

\$ 29,510,515

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, TRANSFERS
AND FUND BALANCE - ACTIVITIES FUND
For the Fiscal Year Ended August 31, 2011**

	Balance (Deficit) 8/31/2010	Receipts	Transfers In (Out)	Disbursements	Balance (Deficit) 8/31/2011
HS Athletics	\$ 11,512	\$ 117,591	\$ 41,829	\$ 156,528	\$ 14,404
Activity Tickets	8,399	1,530	-	6,840	3,089
Early Learning Academy	610	3,800	-	3,577	833
Elementary Recorders	-	741	-	577	164
NE Special Olympics	1,557	-	-	-	1,557
Gifted Programs	-	500	-	328	172
4th Grade Museum Day	75	-	-	23	52
Kindergarten Mats	154	-	-	-	154
MONA	230	-	-	-	230
Student Computer Fees	85,182	102,308	(1,500)	71,782	114,208
HS Wood Shop Resale	-	2,863	-	1,589	1,274
FFA	10,137	9,845	-	3,629	16,353
Athletic Letter Club	298	1,223	-	1,474	47
HS Student Council	2,459	3,714	-	2,124	4,049
HS Fines	8,109	495	-	1,715	6,889
HS Recycling	-	163	-	-	163
Concessions	5,380	31,207	-	36,739	(152)
Honor Society	100	813	-	849	64
Secretary Funds	1,384	813	-	-	2,197
Ambassadors of Music	1,028	2,714	942	1,146	3,538
Art Lab Fees	494	-	-	85	409
FBLA	3,027	-	-	-	3,027
TMH Voc Club	51	-	-	-	51
HS Computer Lab Fees	648	-	-	-	648
HS Fine Arts Resale	-	1,154	-	-	1,154
HS Band Donations	655	-	-	-	655
DC Senior Trip	3,085	16,089	-	16,932	2,242
Ronald C. Murdock	425	-	-	-	425
Training Room Fundraising	1,815	18,989	-	17,135	3,669
Senior Tribute	3,950	918	-	1,621	3,247
Miscellaneous Memorial Funds	2,307	-	-	2,000	307
Science and Math Club	36	-	-	-	36
HS Library	1,166	2,837	-	1,301	2,702
Octagon Club	676	-	-	-	676
Around the Mundo	519	101	-	-	620
Don Bader Scholarship	610	-	-	-	610
HS Pep Club	2,466	2,201	-	2,107	2,560
Prevention/Intervention	214	-	-	-	214
HS Softball Fundraising	-	812	-	230	582
Football Fundraising	1,000	27,801	-	22,691	6,110
Volleyball Fundraising	-	8,531	-	6,288	2,243

See notes to financial statements

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, TRANSFERS
AND FUND BALANCE - ACTIVITIES FUND (CONTINUED)
For the Fiscal Year Ended August 31, 2011**

	Balance (Deficit) 8/31/2010	Receipts	Transfers In (Out)	Disbursements	Balance (Deficit) 8/31/2011
Boys Basketball Fundraising	\$ 1,513	\$ 9,033	\$ -	\$ 7,994	\$ 2,552
C. Estrada Soccer Scholarship	-	1,185	-	648	537
All School Play	333	-	-	-	333
Drill Team	-	8,870	1,200	9,227	843
Swing Chior	-	549	-	1,013	(464)
Musical Productions	566	-	-	-	566
Speech	-	2,419	1,803	4,547	(325)
HS Cheerleaders	656	11,598	-	12,957	(703)
Band/Chorus Trip	-	163	-	-	163
Weight Room	-	397	1,350	2,766	(1,019)
Training Room	-	4,548	-	8,739	(4,191)
HS Band	-	744	-	8,806	(8,062)
HS Vocal	-	1,028	1,039	3,309	(1,242)
HS One Act Play	-	294	972	1,266	-
Annual	5,959	5,083	8,901	17,475	2,468
Class of 2008	149	-	-	-	149
Class of 2009	442	-	-	33	409
Class of 2010	926	-	-	-	926
Class of 2011	2,719	3,285	-	3,878	2,126
Class of 2012	-	8,257	-	7,816	441
HS General Activities	-	8,870	4,806	20,430	(6,754)
HS Printing/Advertising	120	136	-	-	256
HS Miscellaneous	2,292	2,072	-	3,695	669
MS Fines	3,302	-	-	184	3,118
MS Miscellaneous	3,050	3,668	-	3,337	3,381
MS Annual	1,417	5,555	-	5,214	1,758
MS Student Council	3,549	2,641	-	3,040	3,150
MS Pop Concessions	-	777	-	777	-
Multiple Choices	2,063	1,785	-	534	3,314
MS Teammates Mentoring	10,524	-	-	210	10,314
Science Fair	2,284	-	-	-	2,284
MS Library Fees/Fines	909	5,095	-	4,454	1,550
MS Music Resale	1,166	-	-	-	1,166
MS Band Concerts	707	1,270	-	1,948	29
Minutemen Music Festival	142	-	-	-	142
MS Vocal Concerts	126	-	-	-	126
MS Band Lab Fees	-	1,709	-	762	947
MS Agenda Fund	1,966	-	-	-	1,966
Reading Banquet	2,138	-	-	-	2,138
PE Clothing	-	2,983	-	1,296	1,687
Independence Ink	3,079	1,358	-	579	3,858
MS Padlock Fees	95	-	-	-	95

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, TRANSFERS
AND FUND BALANCE - ACTIVITIES FUND (CONTINUED)
For the Fiscal Year Ended August 31, 2011**

	Balance (Deficit) 8/31/2010	Receipts	Transfers In (Out)	Disbursements	Balance (Deficit) 8/31/2011
MS Patriots	\$ 525	\$ 1,260	\$ -	\$ 971	\$ 814
NNER	-	5,553	-	5,553	-
MS Athletics	579	11,900	-	11,728	751
MS Booster Donation	1,743	1,282	-	956	2,069
S. C. Health Partners	339	-	-	-	339
Walk for Life	146	985	-	911	220
Corporate	1,964	788	-	338	2,414
Relay for Life	92	871	-	723	240
Student Leadership	100	-	-	100	-
Sing Around Nebraska	-	12	-	12	-
Student Agendas	498	429	-	-	927
Interest	-	1,218	-	1,107	111
LPS Tree Fund	1,991	-	-	1,991	-
Coke Machines	310	119	-	-	429
Autism Awareness	119	926	-	795	250
Bryan Elementary Activities	6,477	9,279	-	11,038	4,718
Morton Elementary Activities	3,914	15,476	-	14,172	5,218
Pershing Elementary Activities	5,405	7,448	-	4,535	8,318
Sandoz Elementary Activities	4,106	3,454	-	4,292	3,268
Subtotal	\$ 240,258	\$ 516,125	\$ 61,342	\$ 555,466	\$ 262,259
Payflex	\$ 55,726	\$ 228,827	\$ -	\$ 230,674	\$ 53,879
Total Activity	\$ 295,984	\$ 744,952	\$ 61,342	\$ 1,418,416	\$ 316,138

See notes to financial statements.

LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - SCHOOL LUNCH FUND
For the Fiscal Year Ended August 31, 2011

Fund Balance, August 31, 2010	\$	586,309
CASH RECEIPTS:		
Sale of breakfast and lunch	\$	209,627
Interest		4,046
Other receipts		9,982
Federal reimbursements		1,283,986
State reimbursements		8,641
Total Cash Receipts	\$	1,516,282
Total Funds Available	\$	2,102,591
CASH DISBURSEMENTS:		
Purchased services	\$	36,042
Personnel		477,097
Furniture and equipment		102,800
Food		738,547
Supplies		37,035
Loss on sale of capital assets		5,029
Total Cash Disbursements	\$	1,396,550
Fund Balance, August 31, 2011	\$	706,041

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - DEPRECIATION FUND
For the Fiscal Year Ended August 31, 2011**

Fund Balance, August 31, 2010	\$ 2,983,943
CASH RECEIPTS:	
Interest income	\$ 17,173
Transfer from General	<u>1,799,319</u>
Total Cash Receipts	\$ 1,816,492
Total Funds Available	\$ 4,800,435
CASH DISBURSEMENTS:	
Capital outlay	\$ 590,523
Furniture and equipment acquisition	<u>19,708</u>
Total Cash Disbursements	\$ 610,231
Fund Balance, August 31, 2011	<u>\$ 4,190,204</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - SPECIAL BUILDING FUND
For the Fiscal Year Ended August 31, 2011**

Fund Balance, August 31, 2010	\$ 260,277
CASH RECEIPTS:	
Property taxes	\$ 51,731
Carline taxes	182
Pro-rate motor vehicle	191
Homestead exemption	1,043
Property tax credit	2,003
Sale of property	40,716
In lieu of school land tax	186
Interest income	<u>1,878</u>
Total Cash Receipts	\$ 97,930
Total Funds Available	\$ 358,207
CASH DISBURSEMENTS:	
Capital outlay	<u>\$ 19,424</u>
Total Cash Disbursements	\$ 19,424
Fund Balance, August 31, 2011	<u>\$ 338,783</u>

See notes to financial statements.

LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - LPS BUILDING CORPORATION FUND
For the Fiscal Year Ended August 31, 2011

Fund Balance, August 31, 2010	\$ 480,862
CASH RECEIPTS:	
Interest income	\$ 254
Total Funds Available	\$ 481,116
CASH DISBURSEMENTS:	
Capital outlay	\$ 30,087
Purchased services	750
Other expenses	20
Total Cash Disbursements	\$ 30,857
Fund Balance, August 31, 2011	\$ 450,259

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - BOND FUND
For the Fiscal Year Ended August 31, 2011**

Fund Balance, August 31, 2010		\$ 905,022
CASH RECEIPTS:		
Property tax collections	\$ 804,990	
Pro-rate motor vehicle	3,050	
Carline taxes	2,699	
Property tax credit	29,099	
Homestead exemption	20,719	
In lieu of school land tax	3,998	
Interest income	<u>3,477</u>	
Total Cash Receipts		\$ <u>868,032</u>
Total Funds Available		\$ 1,773,054
CASH DISBURSEMENTS:		
Bond principal	\$ 760,000	
Bond interest	<u>80,633</u>	
Total Cash Disbursements		\$ <u>840,633</u>
Fund Balance, August 31, 2011		\$ <u>932,421</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - EMPLOYEE BENEFITS FUND
For the Fiscal Year Ended August 31, 2011**

Fund Balance, August 31, 2010	\$ 1,172,971
CASH RECEIPTS:	
Interest income	\$ 6,460
Non-revenue receipts	<u>1,292</u>
Total Funds Available	\$ 1,180,723
CASH DISBURSEMENTS:	
Unemployment benefits paid	\$ 24,841
Health insurance for retirees	<u>246,890</u>
Fund Balance, August 31, 2011	<u>\$ 908,992</u>

See notes to financial statements

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND FUND BALANCE - STUDENT FEE FUND
For the Fiscal Year Ended August 31, 2011**

Fund Balance, August 31, 2010	\$ 6,778
CASH RECEIPTS:	
Interest income	<u>\$ 41</u>
Total Funds Available	\$ 6,819
CASH DISBURSEMENTS:	
Student activity fees waived	<u>\$ 1,303</u>
Fund Balance, August 31, 2011	<u>\$ 5,516</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED AUGUST 31, 2011**

1. BUDGET PROCESS

The School District prepares its budget for all funds on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the basic financial statements. Under this method of accounting, all unexpended appropriations lapse at the end of the budget year.

LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA

SCHEDULE OF RECEIPTS AND DISBURSEMENTS-
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDING
For the Fiscal Year Ended August 31, 2011

ARRA Federal Funds - Receipts

GENERAL FUND:

IDEA Part C	\$ 13,766
ESEA Title I, Part A	329,089
ESEA Title II, Part D	35,609
ESEA McKinney-Vento Homeless	20,838
Education Jobs	629,191
State Fiscal Stabilization	<u>3,234,998</u>
Total ARRA Federal Funds - General Fund	\$ <u>4,263,491</u>
TOTAL ARRA RECEIPTS	\$ <u>4,263,491</u>

ARRA Federal Funds - Disbursements

GENERAL FUND:

IDEA Part C	\$ 17,731
IDEA Enrollment/Poverty	93,989
IDEA Preschool Enrollment/Poverty	15,849
ESEA Title I, Part A	219,256
ESEA Title II, Part D	2,319
ESEA McKinney-Vento Homeless	10,909
Education Jobs - LEP	307,082
Education Jobs - Poverty	322,109
State Fiscal Stabilization	<u>3,234,998</u>
Total ARRA Federal Funds - General Fund	\$ <u>4,224,242</u>
TOTAL ARRA DISBURSEMENTS	\$ <u>4,224,242</u>

See notes to financial statements.

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**ANALYSIS OF GENERAL FUND
TAX ACCOUNTS WITH COUNTY TREASURERS
Year Ended August 31, 2011**

	<u>Dawson County</u>	<u>Gosper County</u>	<u>Custer County</u>	<u>Totals</u>
Cash Balance-Beginning	<u>\$ 1,716,748</u>	<u>\$ 36,607</u>	<u>\$ -</u>	<u>\$ 1,753,355</u>
Collections:				
Local property taxes	\$ 5,996,924	\$ 177,110	\$ 1	\$ 6,174,035
Motor vehicle taxes	579,587	9,854	-	589,441
Homestead exemption	125,999	-	-	125,999
Pro-rate motor vehicle	22,229	334	-	22,563
In-lieu-of tax	23,240	32	-	23,272
Carline	21,525	-	-	21,525
Tax credit	229,829	7,703	-	237,532
Fines and licenses	149,621	999	-	150,620
Total Collections	<u>\$ 7,148,954</u>	<u>\$ 196,032</u>	<u>\$ 1</u>	<u>\$ 7,344,987</u>
Disbursements:				
To School Treasurer	\$ 6,922,688	\$ 203,220	\$ 1	\$ 7,125,909
County Treasurer fees	69,324	1,771	-	71,095
Total Disbursements	<u>\$ 6,992,012</u>	<u>\$ 204,991</u>	<u>\$ 1</u>	<u>\$ 7,197,004</u>
Cash Balance-Ending	<u>\$ 1,873,690</u>	<u>\$ 27,648</u>	<u>\$ -</u>	<u>\$ 1,901,338</u>

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**ANALYSIS OF SPECIAL BUILDING FUND
TAX ACCOUNTS WITH COUNTY TREASURERS
Year Ended August 31, 2011**

	<u>Dawson County</u>	<u>Gosper County</u>	<u>Totals</u>
Cash Balance-Beginning	\$ 14,140	\$ 297	\$ 14,437
Collections:			
Local property taxes	\$ 50,751	\$ 1,498	\$ 52,249
Tax credit	1,945	65	2,010
Homestead exemption	1,066	-	1,066
Prorate motor vehicle	188	3	191
In-lieu-of tax	186	-	186
Carline	182	-	182
Total Collections	<u>\$ 54,318</u>	<u>\$ 1,566</u>	<u>\$ 55,884</u>
Disbursements:			
To School Treasurer	\$ 52,447	\$ 1,630	\$ 54,077
County Treasurer fees	536	12	548
Total Disbursements	<u>\$ 52,983</u>	<u>\$ 1,642</u>	<u>\$ 54,625</u>
Cash Balance-Ending	<u>\$ 15,475</u>	<u>\$ 221</u>	<u>\$ 15,696</u>

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA**

**ANALYSIS OF BOND FUND
TAX ACCOUNTS WITH COUNTY TREASURERS
Year Ended August 31, 2011**

	<u>Dawson County</u>	<u>Gosper County</u>	<u>Totals</u>
Cash Balance-Beginning	\$ 250,366	\$ 2,230	\$ 252,596
Collections:			
Local property taxes	\$ 803,443	\$ 9,647	\$ 813,090
Tax credit	29,023	413	29,436
Homestead exemption	20,892	-	20,892
Pro-rate motor vehicle	3,031	19	3,050
In-lieu-of tax	3,998	-	3,998
Carline	2,699	-	2,699
Total Collections	<u>\$ 863,086</u>	<u>\$ 10,079</u>	<u>\$ 873,165</u>
Disbursements:			
To School Treasurer	\$ 848,689	\$ 10,831	\$ 859,520
County Treasurer fees	8,532	78	8,610
Total Disbursements	<u>\$ 857,221</u>	<u>\$ 10,909</u>	<u>\$ 868,130</u>
Cash Balance-Ending	<u>\$ 256,231</u>	<u>\$ 1,400</u>	<u>\$ 257,631</u>

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA
SCHEDULE OF FEDERAL FINANCIAL AWARDS
Year Ended August 31, 2011**

Federal Grantor Pass Through Grantor Program Title	CFDA Number	Grant/ Contract Number	Disbursements
<u>U.S. Department of Agriculture</u>			
Passed through Nebraska Department of Education			
School Lunch Program, Breakfast, Snack	10.555	24-0001	\$ 1,157,264
Summer food Service Program to Children	10.559	24-0001	66,512
Fruit/Vegetable Program	10.582	24-0001	<u>60,210</u>
Passed through Nebraska Department of Health and Human Services			
Food Donation Program**	10.550	47600238200	<u>\$ 82,703</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through Nebraska Department of Health and Human Services			
State Children's Insurance Program	93.767	050X05NE5021	\$ 4,484
Medicaid in Public Schools	93.778	051105NE5MAP	\$ 17,479
Passed through Nebraska Association of School Boards			
Medicaid in Administrative Outreach	93.778	24-0001	<u>358,541</u>
Medicaid Subtotal			<u>\$ 376,020</u>
<u>U.S. Department of Education</u>			
Migrant Education Even Start - Pathways	84.214A	S214A060020-09	\$ 153,311
Passed through Nebraska Parental Information and Resource Center			
Technical Assistance & Leadership Center	84.310A	84.310A	\$ 12,000

**The Food Donation Program is the value of surplus commodities received and used by the Lexington Public School District #1

* Major Programs

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA
SCHEDULE OF FEDERAL FINANCIAL AWARDS
Year Ended August 31, 2011**

Federal Grantor Pass Through Grantor Program Title	CFDA Number	Grant/ Contract Number	Disbursements
U.S. Department of Education			
Passed through Nebraska Department of Education			
IDEA Base	84.027	24-0001-480-BBA-11	\$ 143,545
IDEA Enrollment/Poverty	84.027	24-0001-480-BEP-11	393,431
IDEA Part B Projects	84.027	24-0001-480-BBA-11	1,657
IDEA Base Preschool	84.173	24-0001-480-BBA-11	11,380
IDEA Part C Projects	84.181	24-0001-480-BBA-11	88 *
IDEA Part C Projects - ARRA	84.393	24-0001 ARRA-C-09	13,766 *
IDEA Subtotal			<u>\$ 563,867</u>
Title I	84.010	11-10-024-0001-00	\$ 949,917 *
Title I - ARRA	84.389	10-10-024-0001-00	329,089 *
Career/Technical Education Basic Grants	84.048	11-10-024-0001-00	29,752
21st Century After School Learning Center	84.287	240001-162003-07	151,094 *
Title IV	84.186	11-10-024-0001-00	18,027
Title II Part D	84.318	11-10-024-0001-00	8,429 *
Title II Part D - ARRA	84.386	11-4813-19-10-024-0001	35,609 *
Title II Part A	84.367	11-10-024-0001-00	43,458
Title III	84.365	11-10-024-0001-00	30,964
Migrant	84.011	11-10-024-0001-00	510,840
Education Jobs	84.410	11-10-024-0001-00	629,191 *
Homeless Grant	84.196	10-10-024-0001-00	24,101 *
Homeless Grant - ARRA	84.387	10-10-024-0001-00	20,838 *
State Fiscal Stabilization Funds	84.394	11-10-024-0001-00	3,234,998 *
Passed through Educational Service Unit #10			
Title II Part A	84.367	10-10-000-0010-00	<u>8,400</u>
Totals			<u>\$ 8,501,078</u>

**The Food Donation Program is the value of surplus commodities received and used by the Lexington Public School District #1

* Major Programs

**LEXINGTON PUBLIC SCHOOL DISTRICT #1
LEXINGTON, NEBRASKA
SCHEDULE OF FEDERAL FINANCIAL AWARDS
Year Ended August 31, 2011**

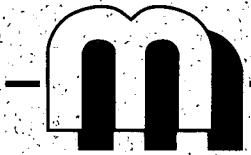
1. SCHEDULE OF FEDERAL AWARDS

The accompanying Schedule of Federal Awards includes the federal grant activity of Lexington Public School District #1 under programs of the federal government for the year ended August 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of Lexington Public School District #1.

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**2. RECONCILIATION WITH STATEMENT OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND BALANCES
– CASH BASIS – GOVERNMENTAL FUNDS**

Federal Assistance - General (Page 36)	\$	6,812,215
Included in Lunch (Page 40)		1,283,986
Non-cash: Commodities		82,703
		8,178,904
Included in Instructional Services		322,174
Total Federal Expenditures Reconciled (Page 53)	\$	8,501,078



**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**

To The Board of Education
Lexington Public School District #1
Lexington, NE

We have audited the financial statements – cash basis of Lexington Public School District #1 as of and for the year ended August 31, 2011, and have issued our report thereon dated November 02, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lexington Public School District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lexington Public School District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lexington Public School District #1's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, 11-1, that we consider to be significant deficiencies in internal control over financial reporting.

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

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 attract attention by those charged with governance.

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Lexington Public School District #1
Page Two

Lexington Public School District #1's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Lexington Public School District #1's response and, accordingly, we express no opinion on it.

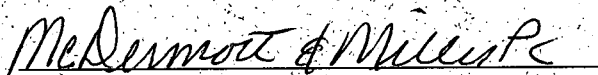
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lexington Public School District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

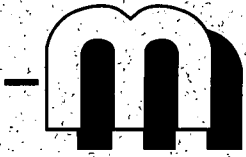
We noted certain matters that we reported to management of Lexington Public School District #1 in a separate letter dated November 02, 2011.

This report is intended for the information of the Board of Education, administration, State of Nebraska Department of Education, State of Nebraska Auditor of Public Accounts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McDERMOTT AND MILLER, P.C.



Kearney, Nebraska
November 02, 2011



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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Lexington Public School District #1
Lexington, NE

Compliance

We have audited the compliance of Lexington Public School District #1 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended August 31, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the 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, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

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Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-1 to be significant deficiencies.

Lexington Public School District #1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lexington Public School District #1's response and, accordingly, we express no opinion on the response.

Lexington Public School District #1
Page Three

This report is intended for the information and use of the Board of Education, administration, the Nebraska Department of Education and Auditor of Public Accounts and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McDERMOTT AND MILLER, P.C.

McDermott & Miller PC

Kearney, Nebraska
November 02, 2011

LEXINGTON PUBLIC SCHOOL DISTRICT #1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2011**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting

- Material weakness(es) identified Yes X No
- Significant deficiency(ies) identified X Yes No

Noncompliance material to financial statements noted Yes X No

Federal Awards

Internal control over major programs

- Material weakness(es) identified Yes X No
- Significant deficiency(ies) identified X Yes No

Type of auditors' report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 Yes X No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.389 & 84.010	ARRA Title I & Title I
84.367 & 84.318	ARRA Title II Part D & Title II Part D
84.393 & 84.181	ARRA IDEA Part C & IDEA Part C
84.387 & 84.196	ARRA McKinney-Vento Homeless grant & Homeless grant
84.287	21 st Century After School Learning Center
84.394	State Fiscal Stabilization Funds
84.410	ARRA Education Jobs

LEXINGTON PUBLIC SCHOOL DISTRICT #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2011

I. SUMMARY OF AUDITORS' RESULTS (continued)

Dollar threshold used to distinguish between
type A and type B programs: \$300,000

Auditee qualified as low risk auditee? X Yes No

II. FINANCIAL STATEMENT FINDINGS

Finding 11-1 Lack of Segregation of Duties in One or More Areas

Criteria: Proper internal controls require that an entity has adequate segregation of duties within a significant account process.

Condition: The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different positions of a transaction.

Cause: The entity has a limited number of personnel.

Effect: An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to insure that the transaction was properly executed and recorded.

Recommendation: We would recommend that the Board of Education take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue to strengthen compensating controls.

Auditee Response: The entity's Board continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 11-1 Lack of Segregation of Duties in One or More Areas

See Section II above.