

**LAMPASAS INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

**FOR THE YEAR ENDED
AUGUST 31, 2010**

**Singleton, Clark & Company, PC
Certified Public Accountants**

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2010

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CERTIFICATE OF BOARD

Lampasas Independent School District
Name of School District

Lampasas
County

141-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2010, at a meeting of the Board of Trustees of such school district on the _____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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



SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

930 S. Bell Blvd., Suite 105 Cedar Park, Texas 78613
phone (512) 310-5600 fax (512) 310-5689

UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED
SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION INCLUDING
THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditors' Report

Board of Trustees
Lampasas Independent School District
207 W. 8th Street
Lampasas, Texas 76550

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District) as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

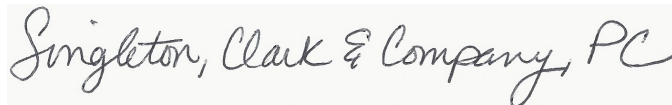
Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Lampasas Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Although the combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements, they have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Fund Balance and Cash Flow Calculation Worksheet) which is marked **UNAUDITED** and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

October 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2010

As management of Lampasas Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of Lampasas Independent School District for the year ended August 31, 2010.

FINANCIAL HIGHLIGHTS

- During the year, the General Fund reported a fund balance increase of \$886,188 to end at \$13,080,708. Of this amount, \$11,357,754 was reported as unreserved and undesignated.
- At the end of the fiscal year, the District's overall governmental funds, which encompass the General Fund as well as the District's state and federal special revenue funds, debt service fund, and capital projects funds, reported combined ending fund balances of \$15,798,577, an increase of \$1,106,669 over the prior year.
- Under the GASB-34 presentation of the District's financial activities, whereby a method of accounting similar to that of a private business is utilized, the District generated local, state and federal revenues totaling \$35,172,667. Expenses for all of the District's activities, including depreciation on its assets, totaled \$33,121,343. Net assets increased for the year by \$2,051,324, or 6.19%

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net assets* presents information on all of Lampasas Independent School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Lampasas Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as uncollected property taxes.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2010

Both of the government-wide financial statements distinguish functions of Lampasas Independent School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Lampasas Independent School District include instruction and instructional-related services, instructional and school leadership, support services - student (pupil), administrative support services, support services - non-student based, and ancillary services.

Lampasas Independent School District currently has no business-type activities and no component units.

The government-wide financial statements can be found on pages immediately following this section as the first two pages of the Basic Financial Statements, "A" & "B" exhibits.

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

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

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

Lampasas Independent School District maintains twenty-four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the remaining twenty-two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, "C" exhibits.

Compliance with the District's annual General Fund operating budget for the year ended August 31, 2010, is reported in the *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund* which is found in the Basic Financial Statements section. Compliance with operating budgets of the Child Nutrition Fund and the Debt Service Fund, which are required by the Texas Education Agency (TEA) are reported in budgetary comparison schedules in the Required TEA Schedules section of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2010

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Lampasas Independent School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found in the Basic Financial Statements, "E" exhibits.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and the required TEA schedules can be found in the section following the Basic Financial Statements, "H & J" Exhibits.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$35,172,411 at the close of the most recent year.

Table I
Lampasas Independent School District
Net Assets
For the Years Ended August 31, 2010 and 2009

	Governmental Activities 2010	Governmental Activities 2009	Change
Current and other assets	\$ 21,323,201	\$ 22,088,955	\$ (765,754)
Capital assets	67,321,793	67,929,019	(607,226)
Total assets	88,644,994	90,017,974	(1,372,980)
Long-term liabilities	48,928,347	50,542,363	(1,614,016)
Other liabilities	4,544,235	6,354,524	(1,810,289)
Total liabilities	53,472,583	56,896,887	(3,424,305)
Net Assets:			
Invested in capital assets, net of related debt	18,393,446	17,386,656	1,006,790
Restricted	2,890,824	2,656,350	234,474
Unrestricted	13,888,142	13,078,081	810,061
Total net assets	\$ 35,172,411	\$ 33,121,087	\$ 2,051,324

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2010

Governmental activities increased the District's net assets by \$2,051,324 for the year. Key elements of this increase are as follows:

Table II
Lampasas Independent School District
Changes in Net Assets
For the Years Ended August 31, 2010

	Governmental Activities 2010	Governmental Activities 2009	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 708,124	\$ 630,501	\$ 77,623
Operating grants and contributions	6,374,394	4,323,654	2,050,740
General Revenues:			
Maintenance and operations taxes	9,495,722	9,205,333	290,389
Debt service taxes	4,466,428	4,339,910	126,518
State aid - formula grants	13,641,842	13,538,820	103,022
Grants & contributions not restricted	222,813	641,732	(418,919)
Investment earnings	90,161	1,303,991	(1,213,830)
Miscellaneous	157,542	323,900	(166,358)
Total Revenue	<u>35,157,025</u>	<u>34,307,841</u>	<u>849,184</u>
Expenses:			
Instruction	15,899,372	14,915,671	983,701
Instructional resources & media services	496,623	459,518	37,105
Curriculum and staff development	159,146	125,434	33,712
Instructional leadership	296,479	290,185	6,294
School leadership	1,647,460	1,565,337	82,123
Guidance, counseling & evaluation services	1,300,434	1,065,985	234,449
Social work/health services	265,930	282,111	(16,181)
Student transportation	1,522,031	1,688,355	(166,324)
Food services	1,724,910	1,358,081	366,829
Cocurricular/extracurricular activities	1,204,493	1,131,665	72,828
General administration	1,178,803	1,264,564	(85,761)
Plant maintenance and operations	4,141,846	3,161,893	979,953
Security and monitoring services	73,607	69,128	4,479
Data processing services	615,679	462,616	153,063
Community services	80,069	42,079	37,990
Debt service	2,354,348	2,438,533	(84,185)
Payments to fiscal agents	1,476	-	1,476
Other intergovernmental charges	158,637	-	158,637
Total Expenses	<u>33,121,343</u>	<u>30,321,155</u>	<u>2,800,188</u>
Gain/(Loss) on Sale of Assets	15,642	(11,760)	27,402
Change in Net Assets	<u>2,051,324</u>	<u>3,974,926</u>	<u>2,827,590</u>
Net assets at 9/1/09 and 9/1/08	<u>33,121,087</u>	<u>29,146,161</u>	<u>3,974,926</u>
Net assets at 8/31/10 and 8/31/09	<u>\$ 35,172,411</u>	<u>\$ 33,121,087</u>	<u>\$ 2,051,324</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2010

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the chief operating fund of the District. At the end of the current year the fund balance of the General Fund was \$13,080,708, of which \$172,954 was reserved for inventory and prepaid items, \$550,000 was designated for capital expenditures, \$1,000,000 was designated for construction, and \$11,357,754 was unreserved and undesignated. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unreserved and undesignated fund balances represent 47.8 percent of total General Fund expenditures. Fund balance of the District's General Fund increased by \$886,188 during the current year, primarily as a result of favorable budget variances in both revenues and expenditures.

Debt Service Fund. The debt service fund accounts for the repayment of long-term debt. At the end of the current year, the fund balance of this fund was \$2,613,861, all of which was reserved for repayment of long-term debt.

BUDGETARY HIGHLIGHTS

The District's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the General Fund. The Child Nutrition Fund, which is a special revenue fund, and the Debt Service Fund are also included in the annual operating budget. Adopted and amended budgets for all three of these funds can be found within this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. In accordance with GASB 34, the District has recorded depreciation expense associated with all of its capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2010, amounted to \$67,321,793 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, and machinery and equipment.

A summary of changes in capital asset balances is as follows:

Table III
Lampasas Independent School District's Capital Assets
Net of Depreciation

	Governmental Activities 2010	Governmental Activities 2009	Change
Land	\$ 2,032,767	\$ 2,032,444	\$ 323
Buildings	75,428,454	27,551,866	47,876,588
Furniture and Equipment	6,849,589	6,584,244	265,345
Construction in Progress	-	46,832,976	(46,832,976)
Total	84,310,810	83,001,530	1,309,280
Less Accumulated Depreciation	(16,989,017)	(15,072,511)	(1,916,506)
Capital assets, net of depreciation	\$ 67,321,793	\$ 67,929,019	\$ (607,226)

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2010

Long-Term Debt. At the end of the current year, the District had total long-term debt outstanding of \$48,928,347. This entire amount is backed by the full faith and credit of the District. A summary of long-term debt outstanding is as follows:

Table IV
Lampasas Independent School District's Outstanding Debt

	Governmental Activities 2010	Governmental Activities 2009	Change
General Obligation Bonds	\$ 48,928,347	\$ 50,542,363	\$ (1,614,016)
Total	\$ 48,928,347	\$ 50,542,363	\$ (1,614,016)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2010-2011 school year total \$30,157,924 and the District's Board of Trustees has passed an M & O tax rate of \$1.17 and an I & S rate of \$.29 for a combined rate of \$1.46.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lampasas Independent School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Superintendent, 207 W. 8th Street, Lampasas, Texas 76550. Phone (512) 556-6224.

GOVERNMENT-WIDE STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2010

		<u>Primary Government</u>
Data		
Control		Governmental
Codes		Activities
<u>ASSETS</u>		
1110	Cash and Cash Equivalents	\$ 9,648,103
1120	Current Investments	8,824,140
1220	Property Taxes Receivable (Delinquent)	797,797
1230	Allowance for Uncollectible Taxes	(71,801)
1240	Due from Other Governments	1,588,238
1290	Other Receivables, net	11,481
1300	Inventories	154,803
1410	Deferred Expenses	18,151
1420	Capitalized Bond and Other Debt Issuance Costs	352,290
Capital Assets:		
1510	Land	2,032,767
1520	Buildings, Net	62,722,432
1530	Furniture and Equipment, Net	2,566,594
1000	Total Assets	<u>\$ 88,644,994</u>
<u>LIABILITIES</u>		
2110	Accounts Payable	\$ 460,552
2140	Interest Payable	97,896
2150	Payroll Deductions & Withholdings	919,118
2160	Accrued Wages Payable	959,990
2180	Due to Other Governments	1,934,362
2200	Accrued Expenses	98,015
2300	Deferred Revenue	74,303
Noncurrent Liabilities		
2501	Due Within One Year	1,625,000
2502	Due in More Than One Year	46,005,000
2516	Unamortized Premium (Discount) on Bonds	1,298,347
2000	Total Liabilities	<u>53,472,583</u>
<u>NET ASSETS</u>		
3200	Invested in Capital Assets, Net of Related Debt	18,393,446
3850	Restricted for Debt Service	2,613,861
3890	Restricted for Other Purposes	276,962
3900	Unrestricted Net Assets	13,888,142
3000	Total Net Assets	<u>\$ 35,172,411</u>

The notes to the financial statements are an integral part of this statement.

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

				Net (Expense) Revenue and Changes in Net Assets	
Data Control Codes		Program Revenues		Primary Gov. Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11 Instruction	\$ 15,899,372	\$ -	\$ 3,833,030	\$(12,066,342)	
12 Instructional Resources and Media Services	496,623	-	16,102	(480,521)	
13 Curriculum and Instructional Staff Development	159,146	-	32,056	(127,090)	
21 Instructional Leadership	296,479	-	42,149	(254,330)	
23 School Leadership	1,647,460	-	75,118	(1,572,342)	
31 Guidance, Counseling and Evaluation Services	1,300,434	-	170,729	(1,129,705)	
32 Social Work Services	22,813	-	-	(22,813)	
33 Health Services	243,117	-	11,676	(231,441)	
34 Student (Pupil) Transportation	1,522,031	-	160,088	(1,361,943)	
35 Food Services	1,724,910	595,883	962,065	(166,962)	
36 Extracurricular Activities	1,204,493	101,316	36,282	(1,066,895)	
41 General Administration	1,178,803	10,925	37,141	(1,130,737)	
51 Plant Maintenance and Operations	4,141,846	-	120,039	(4,021,807)	
52 Security and Monitoring Services	73,607	-	16,780	(56,827)	
53 Data Processing Services	615,679	-	131,537	(484,142)	
61 Community Services	80,069	-	13,764	(66,305)	
72 Debt Services - Interest on Long Term Debt	2,321,212	-	714,458	(1,606,754)	
73 Debt Services - Bond Issuance Cost and Fees	33,136	-	-	(33,136)	
93 Payments to Fiscal Agent/Member Dists of SSA	1,476	-	1,380	(96)	
99 Other Intergovernmental Charges	158,637	-	-	(158,637)	
TOTAL PRIMARY GOVERNMENT:		\$ 33,121,343	\$ 708,124	\$ 6,374,394	(26,038,825)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	9,331,982
Property Taxes, Levied for Debt Service	4,406,278
Penalties and Interest on Taxes	223,890
State Aid - Formula Grants	13,641,842
Grants and Contributions not Restricted	222,813
Donations	31,754
Investment Earnings	90,161
Gain on Sale of Capital Assets	15,642
Miscellaneous Local and Intermediate Revenue	125,788
Total General Revenues	28,090,149
Change in Net Assets	2,051,324
Net Assets -- Beginning	33,121,087
Net Assets -- Ending	\$ 35,172,411

The notes to the financial statements are an integral part of this statement.

FUND BASIS STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2010

Data Control Codes	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 7,653,760	\$ 1,615,564	\$ 378,779	\$ 9,648,103
1120 Investments - Current	7,697,875	1,126,001	264	8,824,140
1220 Property Taxes - Delinquent	606,326	191,471	-	797,797
1230 Allow. for Uncollectible Taxes (Credit)	(54,569)	(17,232)	-	(71,801)
1240 Due from Other Governments	765,758	-	822,480	1,588,238
1260 Due from Other Funds	792,081	-	-	792,081
1290 Other Receivables	10,722	-	759	11,481
1300 Inventories	154,803	-	-	154,803
1410 Deferred Expenditures	18,151	-	-	18,151
1000 Total Assets	<u>\$ 17,644,907</u>	<u>\$ 2,915,804</u>	<u>\$ 1,202,282</u>	<u>\$ 21,762,993</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 181,378	\$ -	\$ 279,174	\$ 460,552
2150 Payroll Deducts & Withholds Payable	919,118	-	-	919,118
2160 Accrued Wages Payable	777,089	-	182,901	959,990
2170 Due to Other Funds	249,062	-	543,018	792,081
2180 Due to Other Governments	1,787,778	127,704	18,880	1,934,362
2200 Accrued Expenditures	98,015	-	-	98,015
2300 Deferred Revenues	551,758	174,239	74,301	800,298
2000 Total Liabilities	<u>4,564,199</u>	<u>301,943</u>	<u>1,098,274</u>	<u>5,964,416</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	154,803	-	-	154,803
3420 Retirement of Long Term Debt	-	2,613,861	-	2,613,861
3450 Food Service	-	-	88,318	88,318
3430 Prepaid Items	18,151	-	-	18,151
3490 Other Purposes	-	-	15,690	15,690
Unreserved Designated For:				
3510 Construction	1,000,000	-	-	1,000,000
3530 Capital Expenditures for Equipment	550,000	-	-	550,000
Unreserved and Undesignated:				
3600 Reported in the General Fund	11,357,754	-	-	11,357,754
3000 Total Fund Balances	<u>13,080,708</u>	<u>2,613,861</u>	<u>104,008</u>	<u>15,798,577</u>
4000 Total Liabilities and Fund Balances	<u>\$ 17,644,907</u>	<u>\$ 2,915,804</u>	<u>\$ 1,202,282</u>	<u>\$ 21,762,993</u>

The notes to the financial statements are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2010

Total Fund Balances - Governmental Funds	\$ 15,798,577
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$83,001,530 and the accumulated depreciation was \$15,072,511. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.	17,386,656
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2010 capital outlays and debt principal payments is to increase (decrease) net assets.	3,076,427
The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(2,107,437)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net assets.	1,018,188
Net Assets of Governmental Activities	<u>\$ 35,172,411</u>

The notes to the financial statements are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data	10	50		Total
Control	General	Debt Service	Other	Governmental
Codes	Fund	Fund	Funds	Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 9,849,631	\$ 4,472,623	\$ 631,674	\$ 14,953,928
5800 State Program Revenues	14,725,866	714,458	235,680	15,676,004
5900 Federal Program Revenues	219,028	-	4,344,018	4,563,046
5020 Total Revenues	<u>24,794,525</u>	<u>5,187,081</u>	<u>5,211,372</u>	<u>35,192,978</u>
EXPENDITURES:				
Current:				
0011 Instruction	11,785,373	-	3,188,594	14,973,967
0012 Instructional Resources and Media Services	464,209	-	-	464,209
0013 Curriculum/Instructional Staff Development	119,196	-	29,563	148,759
0021 Instructional Leadership	243,253	-	33,875	277,128
0023 School Leadership	1,539,932	-	-	1,539,932
0031 Guidance, Counseling & Evaluation Services	1,098,845	-	116,711	1,215,556
0032 Social Work Services	21,324	-	-	21,324
0033 Health Services	227,249	-	-	227,249
0034 Student (Pupil) Transportation	1,416,937	-	88,126	1,505,063
0035 Food Services	-	-	1,612,327	1,612,327
0036 Extracurricular Activities	1,099,867	-	26,009	1,125,876
0041 General Administration	1,101,864	-	-	1,101,864
0051 Facilities Maintenance and Operations	3,870,127	-	21,671	3,891,798
0052 Security and Monitoring Services	52,023	-	16,780	68,803
0053 Data Processing Services	493,260	-	114,315	607,575
0061 Community Services	63,135	-	11,708	74,843
Debt Service:				
0071 Principal on Long Term Debt	-	1,555,000	-	1,555,000
0072 Interest on Long Term Debt	-	2,386,074	-	2,386,074
0073 Bond Issuance Cost and Fees	-	1,110	-	1,110
Capital Outlay:				
0081 Facilities Acquisition and Construction	323	-	1,174,726	1,175,049
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of :	-	-	1,380	1,380
0099 Other Intergovernmental Charges	148,283	-	-	148,283
6030 Total Expenditures	<u>23,745,198</u>	<u>3,942,183</u>	<u>6,435,786</u>	<u>34,123,167</u>
1100 Excess (Deficiency) of Revenues	<u>1,049,327</u>	<u>1,244,898</u>	<u>(1,224,414)</u>	<u>1,069,811</u>
Over (Under) Expenditures				
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	36,858	-	-	36,858
7915 Transfers In	-	-	199,997	199,997
8911 Transfers Out (Use)	(199,997)	-	-	(199,997)
7080 Total Other Financing Sources (Uses)	<u>(163,139)</u>	<u>-</u>	<u>199,997</u>	<u>36,858</u>
1200 Net Change in Fund Balances	886,188	1,244,898	(1,024,417)	1,106,669
0100 Fund Balance - September 1 (Beginning)	<u>12,194,520</u>	<u>1,368,963</u>	<u>1,128,425</u>	<u>14,691,908</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 13,080,708</u>	<u>\$ 2,613,861</u>	<u>\$ 104,008</u>	<u>\$ 15,798,577</u>

The notes to the financial statements are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2010

Total Net Change in Fund Balances – Governmental Funds	\$ 1,106,669
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2010 capital outlays and debt principal payments is to increase (decrease) net assets.	3,076,427
Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(2,107,437)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	(24,335)
Change in Net Assets of Governmental Activities	<u><u>\$ 2,051,324</u></u>

The notes to the financial statements are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 9,450,672	\$ 9,776,656	\$ 9,849,631	\$ 72,975
5800 State Program Revenues	15,309,416	14,603,140	14,725,866	122,726
5900 Federal Program Revenues	75,000	225,000	219,028	(5,972)
5020 Total Revenues	24,835,088	24,604,796	24,794,525	189,729
EXPENDITURES:				
Current:				
0011 Instruction	12,407,117	12,017,751	11,785,373	232,378
0012 Instruct. Resources & Media Services	455,305	471,004	464,209	6,795
0013 Curriculum/Instructional Staff Develop.	101,724	136,694	119,196	17,498
0021 Instructional Leadership	223,430	247,530	243,253	4,277
0023 School Leadership	1,549,805	1,587,390	1,539,932	47,458
0031 Guidance, Counseling & Eval. Svcs	1,194,669	1,146,192	1,098,845	47,347
0032 Social Work Services	19,942	21,792	21,324	468
0033 Health Services	228,019	231,639	227,249	4,390
0034 Student (Pupil) Transportation	1,506,069	1,575,469	1,416,937	158,532
0036 Extracurricular Activities	1,076,359	1,165,359	1,099,867	65,492
0041 General Administration	1,158,970	1,172,060	1,101,864	70,196
0051 Facilities Maintenance & Operations	4,227,935	4,353,785	3,870,127	483,658
0052 Security and Monitoring Services	56,810	56,810	52,023	4,787
0053 Data Processing Services	408,403	503,668	493,260	10,408
0061 Community Services	40,878	65,288	63,135	2,153
Debt Service:				
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	400	323	77
Intergovernmental:				
0099 Other Intergovernmental Charges	179,653	179,653	148,283	31,370
6030 Total Expenditures	24,835,088	24,932,484	23,745,198	1,187,286
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(327,688)	1,049,327	1,377,015
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	36,858	36,858
8911 Transfers Out (Use)	-	(200,000)	(199,997)	3
7080 Total Other Financing Sources (Uses)	-	(200,000)	(163,139)	36,861
1200 Net Change in Fund Balances	-	(527,688)	886,188	1,413,876
0100 Fund Balance-Sept 1 (Beginning)	12,194,520	12,194,520	12,194,520	-
3000 Fund Balance-August 31 (Ending)	\$ 12,194,520	\$ 11,666,832	\$ 13,080,708	\$ 1,413,876

The notes to the financial statements are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2010

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 247,711
Restricted Assets	34,637	-
Total Assets	<u>\$ 34,637</u>	<u>\$ 247,711</u>
LIABILITIES		
Due to Student Groups	\$ -	\$ 247,711
Total Liabilities	<u>\$ -</u>	<u>\$ 247,711</u>
NET ASSETS		
Unrestricted Net Assets	<u>34,637</u>	
Total Net Assets	<u>\$ 34,637</u>	

The notes to the financial statements are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ -
Total Additions	-
DEDUCTIONS:	
Other Operating Costs	2,195
Total Deductions	2,195
Change in Net Assets	(2,195)
Total Net Assets - September 1 (Beginning)	36,832
Total Net Assets - August 31 (Ending)	\$ 34,637

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lampasas Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support, although the District currently has no business-type activities.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds, and between governmental funds and proprietary funds if applicable, appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and proprietary funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary, although the District does not currently have proprietary activities. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **General Fund** – The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

No other funds met the criteria this year to be required to be reported as a major fund.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund. Sometimes, unused balances must be returned to the grantor at the close of specified project periods.
2. **Capital Projects Funds** – The proceeds from long term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects funds.

Fiduciary Funds:

3. **Agency Fund** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Student Activity funds are reported as agency funds.
4. **Private Purpose Trust Fund** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District in a private purpose trust fund.

E. OTHER ACCOUNTING POLICIES

1. The District reports inventories of supplies at cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as inventory when purchased and as expenditures when they are consumed.

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

2. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

3. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Vehicles	5
Office Equipment	5
Computer Equipment	5

4. Risk Management – The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.
5. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
6. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
7. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Fund, and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears as Exhibit C-5, the Child Nutrition Fund budget report appears as Exhibit J-4, and the Debt Service Fund budget report appears as Exhibit J-5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

August 31, 2010	
Fund Balance	
Appropriated Budget Funds - Child Nutrition	\$ 88,318
Non-Appropriated Budget Funds - Campus Activity Funds	<u>15,690</u>
All Special Revenue Funds	<u><u>\$ 104,008</u></u>

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District experienced no expenditures in excess of appropriations during the year.

C. DEFICIT FUND EQUITY

The District had no funds with deficit fund equity at year end.

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

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments for the District are as follows:

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. To insure against this risk of loss, the District's contract with its depository bank specifies that the depository bank agrees to cover by corporate surety bond or pledge of approved securities an amount that is equal to funds anticipated to be on deposit from day to day that exceeds the value of FDIC insurance coverage. During the year, and at August 31, 2010, the District's deposits were completely insured by pledged securities and FDIC insurance.

- a. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are held in external investment pools which are not subject to custodial credit risk.
- b. Credit Risk – This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool Liquidity Plus Fund is AAAs/S1+. The credit quality rating for TexPool Investment Pool is AAAM.
- c. Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.

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

- d. Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.
- e. Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in securities of a single issuer. Investments issued by the U.S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The District is not exposed to concentration of credit risk.

The District's investments at August 31, 2010, are shown below:

Name	Bank Balance	Book Balance
Lone Star Investment Pool	\$ 1,586,602	\$ 1,586,602
TexPool Investment	7,237,538	7,237,538
First Texas Bank - CD's	4,954	4,954
Northwestern Mutual (see note)	29,729	29,683
Total Investments	<u>\$ 8,858,823</u>	<u>\$ 8,858,777</u>

The investment at Northwestern Mutual represents the cash-out value of a life insurance policy that was donated to the District.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers at August 31, 2010, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund		
General Fund	\$ 249,062	\$ 249,062
Special Revenue Fund	543,018	-
Total General Fund	<u>792,081</u>	<u>249,062</u>
Special Revenue Fund		
General Fund	-	543,018
Total Special Revenue Fund	<u>-</u>	<u>543,018</u>
Grand Total	<u><u>\$ 792,081</u></u>	<u><u>\$ 792,081</u></u>

During the year the District transferred \$151,065 from the General Fund to the Child Nutrition Fund, and \$48,932 to a Capital Projects Fund.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2010, were as follows:

	Property Taxes (net)	Other Governments	Due From Other Funds	Other Receivables	Total Receivables
Governmental Activities					
General Fund	\$ 551,757	\$ 765,758	\$ 792,081	\$ 10,722	\$ 2,120,318
Debt Service Fund	174,239	-	-	-	174,239
Other Governmental Funds	-	822,480	-	759	823,239
Total-Governmental Activities	<u><u>\$ 725,996</u></u>	<u><u>\$ 1,588,238</u></u>	<u><u>\$ 792,081</u></u>	<u><u>\$ 11,481</u></u>	<u><u>\$ 3,117,796</u></u>

Payables at August 31, 2010, were as follows:

	Accounts Payable	Salaries/ Benefits	Due To Other Funds	Due To Other Governments	Accrued Expenditures	Total Payables
Governmental Activities:						
General Fund	\$ 181,378	\$ 1,696,207	\$ 249,062	\$ 1,787,778	\$ 98,015	\$ 4,012,441
Debt Service Fund	-	-	-	127,704	-	127,704
Other Governmental Funds	279,174	182,901	543,018	18,880	-	1,023,973
Total-Governmental Activities	<u><u>\$ 460,552</u></u>	<u><u>\$ 1,879,108</u></u>	<u><u>\$ 792,081</u></u>	<u><u>\$ 1,934,362</u></u>	<u><u>\$ 98,015</u></u>	<u><u>\$ 5,164,118</u></u>

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

F. CAPITAL ASSET ACTIVITY

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

	Beginning Balance 9/1/09	Additions	Retirements	Ending Balance 8/31/10
Governmental Activities:				
Land	\$ 2,032,444	\$ 323	\$ -	\$ 2,032,767
Buildings and Improvements	27,551,866	48,088,735	(212,147)	75,428,454
Furniture and Equipment	6,584,244	265,345	-	6,849,589
Construction in Progress	46,832,976	1,184,226	(48,017,202)	-
Totals at Historical Cost	83,001,530	49,538,629	(48,229,349)	84,310,810
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,301,386)	(1,595,567)	190,931	(12,706,022)
Furniture and Equipment	(3,771,125)	(511,870)	-	(4,282,995)
Total Accumulated Depreciation	(15,072,511)	(2,107,437)	190,931	(16,989,017)
Governmental Activities Capital Assets, Net	<u>\$ 67,929,019</u>	<u>\$ 47,431,192</u>	<u>\$ (48,038,418)</u>	<u>\$ 67,321,793</u>

Depreciation was charged to the governmental functions as follows:

Function	Function	Depreciation Allocation
11	Instruction	\$ 1,045,582
12	Instructional Resources & Media	32,414
13	Curriculum & Instructional Staff Dev.	10,387
21	Instructional Leadership	19,351
23	School Leadership	107,528
31	Guidance, Counseling & Evaluation	84,878
32	Social Work Services	1,489
33	Health Services	15,868
34	Student Transportation	105,093
35	Food Services	112,583
36	Cocurricular/Extracurricular Activities	78,616
41	General Administration	76,939
51	Plant Maintenance and Operations	353,801
52	Security and Monitoring Services	4,804
53	Data Processing Services	42,425
61	Community Services	5,226
93	Payments to Fiscal Agent	96
99	Other Intergovernmental Charges	10,354
Totals		<u>\$ 2,107,437</u>

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

G. BONDS AND NOTES PAYABLE

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as 15 to 25 year serial bonds with various amounts maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Limited Tax Refunding Bonds, Series 1998	3.30% - 4.50%	\$2,665,000
Limited Tax School Building Bonds, Series 2007	4.0%-5.0%	\$44,965,000

A summary of changes in long-term debt for the year ended August 31, 2010 is as follows:

Description	Rate Payable	Original Issue	Current Year Interest	Outstanding 8/31/09	Deletions	Outstanding 8/31/10	Due in One Year
Bond Payable							
Lim Tax Ref. Bond, Series 1998	3.3%-4.5%	\$4,774,996	\$ 125,936	\$ 3,130,000	\$ 465,000	\$ 2,665,000	\$ 485,000
Lim Tax Sch. Bldg. Series 2007	4.00-5.00%	47,850,000	2,260,138	46,055,000	1,090,000	44,965,000	1,140,000
Premium & OID, Series 2007	n/a	1,477,076	n/a	1,357,363	59,016	1,298,347	-
Total Bonds Payable			<u>\$ 2,386,074</u>	<u>\$50,542,363</u>	<u>\$ 1,614,016</u>	<u>\$48,928,347</u>	<u>\$ 1,625,000</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2010.

H. DEBT SERVICE REQUIREMENTS - BONDS AND NOTES PAYABLE

Debt service requirements for bonds and maintenance tax notes are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2011	\$ 1,625,000	\$ 2,321,165	\$ 3,946,165
2012	1,710,000	2,251,600	3,961,600
2013	1,790,000	2,172,385	3,962,385
2014	1,460,000	2,098,066	3,558,066
2015	1,550,000	2,034,175	3,584,175
2016-2020	8,350,000	9,057,088	17,407,088
2021-2025	10,725,000	6,690,875	17,415,875
2026-2030	13,805,000	3,610,244	17,415,244
2031-2032	6,615,000	351,881	6,966,881
	<u>\$ 47,630,000</u>	<u>\$ 30,587,479</u>	<u>\$ 78,217,479</u>

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

I. DEFINED BENEFIT PENSION PLAN

Plan Description. Lampasas Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2008, 2009, and 2010 a state contribution rate of 6.0% and a member contribution rate of 6.4%. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Funding Details. The District's employee's contributions to TRS were equal to the required contributions for each year. Lampasas Independent School District paid additional state contributions on the portion of the employees' salaries that exceeded the statutory minimum. On-behalf payments were made by the State of Texas for the regular matching contribution described above and for amounts the State received from the federal government in relation to the Medicare Part D prescription drug program. A summary of these funding sources for the previous three years is provided below.

Fiscal Year	Employee Contributions	District Above Stat. Min. Contributions	On-Behalf Payments	
			State	Medicare Part-D
2008	\$ 1,068,399	\$ 130,477	\$ 981,479	\$ 38,314
2009	1,085,326	123,028	1,010,642	39,093
2010	1,144,178	124,250	1,042,570	43,696

J. HEALTH CARE COVERAGE

During the year ended August 31, 2010, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$240 per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependants. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the district and the insurer is renewable September 1, 2010 and terms of coverage and premium costs are included in the contractual provisions.

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

K. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Type	General Fund	Debt Service Fund	Other Funds	Total
Net Tax Revenue	\$ 551,758	\$ 174,239	\$ -	\$ 725,997
State Grants	-	-	74,301	74,301
Total Deferred Revenue	<u>\$ 551,758</u>	<u>\$ 174,239</u>	<u>\$ 74,301</u>	<u>\$ 800,298</u>

L. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2010, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
General	\$ 765,758	\$ -	\$ 765,758
Other Funds	84,681	737,799	822,480
Total	<u>\$ 850,439</u>	<u>\$ 737,799</u>	<u>\$ 1,588,238</u>

M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Debt Service Fund	Other Funds	Total
Property Taxes	\$ 9,539,630	\$ 4,458,472	\$ -	\$ 13,998,102
Investment Income	69,033	14,150	6,977	90,161
Rent	10,925	-	-	10,925
Gifts	26,454	-	5,300	31,754
Food Sales	-	-	595,883	595,883
Insurance Recovery	18,089	-	-	18,089
Enterprising Revenues	-	-	21,099	21,099
Athletics	80,217	-	-	80,217
Other	105,285	-	2,415	107,700
Total	<u>\$ 9,849,631</u>	<u>\$ 4,472,623</u>	<u>\$ 631,674</u>	<u>\$ 14,953,928</u>

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

N. LITIGATION

The District was not involved in any litigation at year-end that the District's attorney feels would result in a negative outcome or present any material liability to the District.

O. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

P. COMMITMENTS AND CONTINGENCIES

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

COMBINING SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2010

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Programs	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Due from Other Governments	3,798	148,335	165,865	2,763
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 3,798</u>	<u>\$ 148,335</u>	<u>\$ 165,865</u>	<u>\$ 2,763</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 81	\$ -
2160 Accrued Wages Payable	-	49,240	26,022	856
2170 Due to Other Funds	3,798	99,095	139,762	1,907
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>3,798</u>	<u>148,335</u>	<u>165,865</u>	<u>2,763</u>
Fund Balances:				
Reserved For:				
3450 Food Service	-	-	-	-
3490 Other Purposes	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities & Fund Balances	<u>\$ 3,798</u>	<u>\$ 148,335</u>	<u>\$ 165,865</u>	<u>\$ 2,763</u>

226 IDEA - Part B High Cost Risk Pool	240 National Breakfast and Lunch Program	244 Vocational ED Basic Grant	255 ESEA II, A Training and Recruiting	262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology
\$ -	\$ 162,861	\$ -	\$ -	\$ -	\$ -	\$ -
-	262	-	-	-	-	-
962	34,844	2,398	49,449	874	99,939	-
-	759	-	-	-	-	-
<u>\$ 962</u>	<u>\$ 198,726</u>	<u>\$ 2,398</u>	<u>\$ 49,449</u>	<u>\$ 874</u>	<u>\$ 99,939</u>	<u>\$ -</u>
\$ -	\$ 59,573	\$ -	\$ 158	\$ -	\$ -	\$ -
-	-	-	11,970	-	70,280	-
962	50,834	2,398	37,322	874	29,659	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>962</u>	<u>110,408</u>	<u>2,398</u>	<u>49,449</u>	<u>874</u>	<u>99,939</u>	<u>-</u>
-	88,318	-	-	-	-	-
-	-	-	-	-	-	-
-	88,318	-	-	-	-	-
<u>\$ 962</u>	<u>\$ 198,726</u>	<u>\$ 2,398</u>	<u>\$ 49,449</u>	<u>\$ 874</u>	<u>\$ 99,939</u>	<u>\$ -</u>

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

Data Control Codes	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	397 Advanced Placement Incentives
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 5,572
1120 Investments - Current	-	-	-	-
1240 Due from Other Governments	184,090	-	44,482	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 184,090</u>	<u>\$ -</u>	<u>\$ 44,482</u>	<u>\$ 5,572</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 97,357	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	10,649	-	7,971	-
2170 Due to Other Funds	76,083	-	36,511	-
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	-	-	5,572
2000 Total Liabilities	<u>184,090</u>	<u>-</u>	<u>44,482</u>	<u>5,572</u>
Fund Balances:				
Reserved For:				
3450 Food Service	-	-	-	-
3490 Other Purposes	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities & Fund Balances	<u>\$ 184,090</u>	<u>\$ -</u>	<u>\$ 44,482</u>	<u>\$ 5,572</u>

EXHIBIT H-1 (CONT'D)

404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants	461 Campus Activity Funds	Total Nonmajor Special Rev. Funds	691-697 Series 2007 Bond	698 Capital Projects Fund
\$ 11,760	\$ 80,037	\$ -	\$ 15,690	\$ 275,920	\$ 6,100	\$ 240
-	-	-	-	262	-	-
-	-	84,681	-	822,480	-	-
-	-	-	-	759	-	-
<u>\$ 11,760</u>	<u>\$ 80,037</u>	<u>\$ 84,681</u>	<u>\$ 15,690</u>	<u>\$ 1,099,421</u>	<u>\$ 6,100</u>	<u>\$ 240</u>
\$ -	\$ 16,879	\$ 2,264	\$ -	\$ 176,312	\$ 6,100	\$ 240
-	-	5,913	-	182,901	-	-
-	-	63,813	-	543,018	-	-
11,760	3,466	3,654	-	18,880	-	-
-	59,692	9,037	-	74,301	-	-
<u>11,760</u>	<u>80,037</u>	<u>84,681</u>	<u>-</u>	<u>995,413</u>	<u>6,100</u>	<u>240</u>
-	-	-	-	88,318	-	-
-	-	-	15,690	15,690	-	-
-	-	-	15,690	104,008	-	-
<u>\$ 11,760</u>	<u>\$ 80,037</u>	<u>\$ 84,681</u>	<u>\$ 15,690</u>	<u>\$ 1,099,421</u>	<u>\$ 6,100</u>	<u>\$ 240</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUND
 AUGUST 31, 2010

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 96,519	\$ 102,859	\$ 378,779
1120 Investments - Current	2	2	264
1240 Due from Other Governments	-	-	822,480
1290 Other Receivables	-	-	759
1000 Total Assets	<u>\$ 96,521</u>	<u>\$ 102,861</u>	<u>\$ 1,202,282</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 96,521	\$ 102,861	\$ 279,174
2160 Accrued Wages Payable	-	-	182,901
2170 Due to Other Funds	-	-	543,018
2180 Due to Other Governments	-	-	18,880
2300 Deferred Revenues	-	-	74,301
2000 Total Liabilities	<u>96,521</u>	<u>102,861</u>	<u>1,098,274</u>
Fund Balances:			
Reserved For:			
3450 Food Service	-	-	88,318
3490 Other Purposes	-	-	15,690
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>104,008</u>
4000 Total Liabilities & Fund Balances	<u>\$ 96,521</u>	<u>\$ 102,861</u>	<u>\$ 1,202,282</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Programs	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	13,131	821,549	564,648	11,389
5020 Total Revenues	13,131	821,549	564,648	11,389
EXPENDITURES:				
Current:				
0011 Instruction	1,736	783,119	492,075	11,389
0013 Curriculum/Instructional Staff Develop.	-	7,249	-	-
0021 Instrucational Leadership	-	20,753	13,122	-
0031 Guidance, Counseling & Eval. Services	-	-	57,846	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	5,749	-	-	-
0051 Facilities Maintenance & Operations	-	-	-	-
0052 Security and Monitoring Services	5,646	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	10,428	224	-
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Pymts to Fiscal Agent/Members Dists of SSA	-	-	1,380	-
6030 Total Expenditures	13,131	821,549	564,648	11,389
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

226 IDEA - Part B High Cost Risk Pool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II, A Training and Recruiting	262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology
\$ -	\$ 596,255	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,515	-	-	-	-	-
962	966,481	47,377	192,411	7,268	967,013	13,332
962	1,571,251	47,377	192,411	7,268	967,013	13,332
962	-	18,093	172,997	4,210	967,013	2,198
-	-	-	19,414	2,900	-	-
-	-	-	-	-	-	-
-	-	29,283	-	-	-	-
-	-	-	-	-	-	-
-	1,612,327	-	-	-	-	-
-	-	-	-	-	-	-
-	21,671	-	-	-	-	-
-	-	-	-	-	-	11,134
-	-	-	-	159	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
962	1,633,998	47,377	192,411	7,268	967,013	13,332
-	(62,747)	-	-	-	-	-
-	151,065	-	-	-	-	-
-	151,065	-	-	-	-	-
-	88,318	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ 88,318	\$ -	\$ -	\$ -	\$ -	\$ -

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	397 Advanced Placement Incentives
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	420,695	14,481	303,281	-
5020 Total Revenues	420,695	14,481	303,281	-
EXPENDITURES:				
Current:				
0011 Instruction	302,988	14,481	302,225	-
0013 Curriculum/Instructional Staff Develop.	-	-	-	-
0021 Instrucational Leadership	-	-	-	-
0031 Guidance, Counseling & Eval. Services	29,581	-	-	-
0034 Student (Pupil) Transportation	88,126	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance & Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	1,056	-
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Pymts to Fiscal Agent/Members Dists of SSA	-	-	-	-
6030 Total Expenditures	420,695	14,481	303,281	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	691-697 Series 2007 Fund
\$ -	\$ 2,100	\$ -	\$ 21,099	\$ 619,454	\$ 12,082
21,277	112,056	93,832	-	235,680	-
-	-	-	-	4,344,018	-
21,277	114,156	93,832	21,099	5,199,152	12,082
21,277	-	93,832	-	3,188,594	-
-	-	-	-	29,563	-
-	-	-	-	33,875	-
-	-	-	-	116,711	-
-	-	-	-	88,126	-
-	-	-	-	1,612,327	-
-	-	-	20,260	26,009	-
-	-	-	-	21,671	-
-	-	-	-	16,780	-
-	114,156	-	-	114,315	-
-	-	-	-	11,708	-
-	-	-	-	-	1,050,444
-	-	-	-	1,380	-
21,277	114,156	93,832	20,260	5,261,060	1,050,444
-	-	-	839	(61,908)	(1,038,362)
-	-	-	-	151,065	-
-	-	-	-	151,065	-
-	-	-	839	89,157	(1,038,362)
-	-	-	14,851	14,851	1,038,362
\$ -	\$ -	\$ -	\$ 15,690	\$ 104,008	\$ -

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	699 Capital Projects Fund	Total Nonmajor Capital Project Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 87	\$ 12,220
5800 State Program Revenues	-	-
5900 Federal Program Revenues	-	-
5020 Total Revenues	87	12,220
EXPENDITURES:		
Current:		
0011 Instruction	-	-
0013 Curriculum/Instructional Staff Develop.	-	-
0021 Instrucational Leadership	-	-
0031 Guidance, Counseling & Eval. Services	-	-
0034 Student (Pupil) Transportation	-	-
0035 Food Services	-	-
0036 Extracurricular Activities	-	-
0051 Facilities Maintenance & Operations	-	-
0052 Security and Monitoring Services	-	-
0053 Data Processing Services	-	-
0061 Community Services	-	-
0081 Facilities Acquisition and Construction	96,518	1,174,726
Intergovernmental:		
0093 Pymts to Fiscal Agent/Members Dists of SSA	-	-
6030 Total Expenditures	96,518	1,174,726
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,431)	(1,162,506)
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	48,932	48,932
7080 Total Other Financing Sources (Uses)	-	-
1200 Net Change in Fund Balance	(47,499)	(1,113,574)
0100 Fund Balance - September 1 (Beginning)	47,499	1,113,574
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -

TEA REQUIRED SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2010

Last 10 Years Ended August 31		Tax Rates		Assessed/Appraised Value for School Tax Purposes	
		Maintenance	Debt Service		
2001	and prior years	Various	Various	\$	Various
2002		1.397700	0.052300		486,426,776
2003		1.400300	0.049700		549,773,169
2004		1.450000	0.050000		582,317,491
2005		1.470000	0.030000		622,302,781
2006		1.450000	0.050000		660,965,845
2007		1.321800	0.050000		756,811,455
2008		1.040000	0.460000		840,746,558
2009		1.040000	0.460000		907,492,067
2010	(School year under audit)	1.040000	0.460000		929,047,467
TOTALS					

Beginning Balance 9/1/09	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/10
\$ 55,714	\$ -	\$ 1,942	\$ 486	\$ (7,118)	\$ 46,168
21,713	-	3,007	113	(3,674)	14,919
27,961	-	3,391	120	(5,018)	19,432
31,632	-	3,462	119	(4,818)	23,233
39,461	-	8,263	169	(878)	30,151
50,152	-	12,784	441	(955)	35,972
68,302	-	16,149	611	658	52,200
151,151	-	36,476	16,133	212	98,754
391,219	-	151,577	67,044	(25,961)	146,637
-	13,935,712	9,166,148	4,323,839	(115,394)	330,331
<u>\$ 837,305</u>	<u>\$ 13,935,712</u>	<u>\$ 9,403,199</u>	<u>\$ 4,409,075</u>	<u>\$ (162,946)</u>	<u>\$ 797,797</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2011-2012
GENERAL AND SPECIAL REVENUE FUNDS
AUGUST 31, 2010

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Misc.	Total
611X-								
6146	PAYROLL COSTS	\$ 1,344	\$ -	\$ 202,599	\$ 542,445	\$ -	\$ -	\$ 746,388
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave for Separating Employees not in Fn 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	79,908	-	-	-	-	-	79,908
6212	Audit Services	-	-	-	20,332	-	-	20,332
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	98,484	-	-	-	-	98,484
621X	Other Professional Services	-	-	-	23,591	-	-	23,591
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	560	-	-	-	-	-	560
6240	Contr. Maint. And Repair	-	-	-	-	4,345	-	4,345
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	25,527	-	-	25,527
6290	Miscellaneous Contr.	-	-	-	26,272	-	-	26,272
6320	Textbooks and Reading	-	-	526	130	-	-	656
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	683	-	2,759	20,761	-	-	24,203
6410	Travel, Subsistence, Stipends	6,047	-	2,088	6,012	-	-	14,147
6420	Ins. And Bonding Costs	-	500	-	-	-	-	500
6430	Election Costs	3,735	-	-	-	-	-	3,735
6490	Miscellaneous Operating	2,119	-	520	30,577	-	-	33,216
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 94,396	\$ 98,984	\$ 208,492	\$ 695,647	\$ 4,345	\$ -	\$ 1,101,864

Total expenditures/expenses for General and Special Revenue Funds: \$ 29,006,258

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	\$ 337,200
Total Debt & Lease (6500)	-
Plant Maintenance (Function 51, 6100-6400)	3,797,545
Food (Function 35, 6341 and 6499)	718,642
Stipends (6413)	-
Column 4 (above) - Total Indirect Cost	695,647

Subtotal: 5,549,034

Net Allowed Direct Cost \$ 23,457,224

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	\$ 75,428,454
Historical Cost of Building over 50 years old	2,722,945
Amount of Federal Money in Building Cost	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	6,849,589
Historical Cost of Furniture & Equipment over 16 years old	810,675
Amount of Federal Money in Furniture & Equipment	-

NOTE: No Function 53 expenditures are included in this report on Administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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

UNAUDITED

Total General Fund Balance as of 8/31/10 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 13,080,708
Total Reserved Fund Balance (from Exhibit C-1, total of object 3400s for the General Fund Only)	\$ 172,954
Total Designated Fund Balance (from Exhibit C-1, total of object 3500s for the General Fund Only)	1,550,000
Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues)	9,900,000
Estimate of one month's average cash disbursements during the regular school session (9-1-09 - 5/31/10)	1,980,000
Estimate of delayed payments from state sources (58xx) including August payment delays	-
Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-
Estimate of delayed payments from federal sources (59xx)	-
Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<div style="border-top: 1px solid black;">-</div>
Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<div style="border-top: 1px solid black; border-bottom: 3px double black;">13,602,954</div>
Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ (522,247)</div>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes				Variance With
				Final Budget
	Budgeted Amounts		Actual Amounts	Positive or (Negative)
	Original	Final	(GAAP BASIS)	
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 790,258	\$ 595,623	596,255	\$ 632
5800 State Program Revenues	9,000	8,515	8,515	-
5900 Federal Program Revenues	1,172,919	981,419	966,481	(14,938)
5020 Total Revenues	1,972,177	1,585,557	1,571,251	(14,306)
EXPENDITURES:				
0035 Food Services	1,934,677	1,748,057	1,612,327	135,730
0051 Facilities Maint. & Operations	37,500	37,500	21,671	15,829
6030 Total Expenditures	1,972,177	1,785,557	1,633,998	151,559
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(200,000)	(62,747)	(137,253)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	200,000	151,065	(48,935)
7080 Total Other Financing Sources (Uses)	-	200,000	151,065	(48,935)
1200 Net Change in Fund Balances	-	-	88,318	(88,318)
0100 Fund Balance-Sept 1 (Beginning)	-	-	-	-
3000 Fund Balance-August 31 (Ending)	\$ -	\$ -	\$ 88,318	\$ (88,318)

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 4,320,000	\$ 4,470,000	4,472,623	\$ 2,623
5800 State Program Revenues	200,000	800,000	714,458	(85,542)
5020 Total Revenues	4,520,000	5,270,000	5,187,081	(82,919)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	1,555,000	1,555,000	1,555,000	-
0072 Interest on Long Term Debt	2,386,074	2,386,074	2,386,074	-
0073 Bond Issuance Cost and Fees	1,200	1,200	1,110	90
6030 Total Expenditures	3,942,274	3,942,274	3,942,184	90
1200 Net Change in Fund Balances	577,726	1,327,726	1,244,897	(82,829)
0100 Fund Balance-Sept 1 (Beginning)	1,368,964	1,368,964	1,368,964	-
3000 Fund Balance-August 31 (Ending)	\$ 1,946,690	\$ 2,696,690	\$ 2,613,861	\$ (82,829)

FEDERAL AWARDS SECTION



SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

930 S. Bell Blvd., Suite 105, Cedar Park, TX 78613
Phone (512) 310-5600, Fax (512) 310-5689

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*

Independent Auditors' Report

Board of Trustees
Lampasas Independent School District
207 West 8th Street
Lampasas, Texas 76550

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District) as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements. We have issued our report on them dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

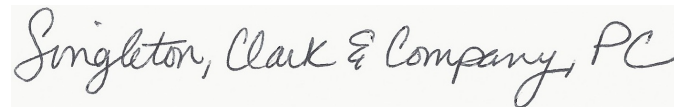
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the district's trustees, the audit committee, the administration, the Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

October 29, 2010



SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

930 S. Bell Blvd., Suite 105 Cedar Park, Texas 78613
phone (512) 310-5600 fax (512) 310-5689

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

Independent Auditors' Report

Board of Trustees
Lampasas Independent School District
207 West 8th Street
Lampasas, Texas 76550

Members of the Board:

Compliance

We have audited the compliance of Lampasas Independent School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lampasas Independent School District's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lampasas Independent 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 of Lampasas Independent School District's compliance with those requirements.

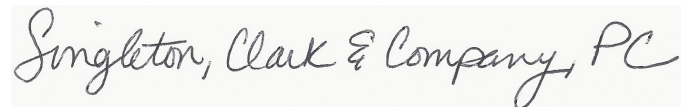
In our opinion, Lampasas Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2010.

Internal Control Over Compliance

The administration of Lampasas Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the District's trustees, the audit committee, the administration, the Texas Education Agency, federal awarding agencies, and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC". The signature is written in dark ink on a light-colored background.

Singleton, Clark & Company, PC
Cedar Park, Texas

October 29, 2010

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

I. Summary of the Auditor's Results:

1. The type of report issued on the financial statements of Lampasas Independent School District was an unqualified opinion.
2. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
3. The type of report the auditor issued on compliance for major programs was an unqualified opinion.
4. The audit disclosed no audit findings in regards to federal awards which the auditor is required to report under Section 510(a) of Circular A-133.
5. Major programs:
 - ESEA, Title I, Part A – Improving Basic Programs Cluster (CFDA#’s 84.010A, 84.389A)
 - IDEA- Part B Cluster (CFDA#’s 84.027A, 84.173A, 84.391A, 84.392A)
 - Title XIV, State Fiscal Stabilization Fund – ARRA (CFDA#’s 84.394A)
6. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
7. The auditee qualified as a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.4 Above

None.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

Finding 2009-1

Each year the District's Board of Trustees adopts an appropriations budget which limits expenditure amounts within specific line items that can be made by management. As of year end, actual expenditure amounts of \$1,358,081 in the Food Services line item (Function 35) of the Child Nutrition Fund exceeded final amended budget amounts of \$1,281,665, a difference of \$76,416. The effect of this condition is a technical noncompliance with the legally adopted appropriations budget. Management's response to this finding has been listed in the Corrective Action Plan section of this report.

Contact Person: Randall J. Hoyer, Superintendent

Status: Corrected

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

Not applicable this year.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	10-610101141901	\$ 821,549
IDEA - Part B, Formula	84.027A	10-6600011419016600	564,648
IDEA - Part B, High Cost Risk Pool	84.027A	10-660006141901	962
Career and Technical - Basic Grant	84.048A	10-420006141901	47,377
IDEA - Part B, Preschool	84.173A	10-6610011419016610	11,389
ESEA Title IV - Safe and Drug-Free Schools	84.186A	10-691001141901	13,131
Title II, Part D - Enhancing Ed. Through Technology	84.318X	10-630001141901	7,268
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10-694501141901	192,411
Title II, Part D - Enhancing Ed. Through Technology - ARRA	84.386A	10-553001141901	13,332
ESEA, Title I, A - ARRA - Improving Basic Programs	84.389A	10-551001141901	303,281
IDEA, Part B, Formula - ARRA	84.391A	10-554001141901	420,695
IDEA, Part B, Preschool - ARRA	84.392A	10-555001141901	14,481
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394A	10-557001141901	967,013
Total Passed Through State Department of Education			<u>\$ 3,377,537</u>
Impact Aid	84.041A		<u>\$ 65,747</u>
TOTAL DEPARTMENT OF EDUCATION			<u><u>\$ 3,443,284</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	71401001	<u>\$ 210,679</u>
National School Lunch Program - Cash Assistance*	10.555	71301001	692,398
National School Lunch Program - Non-Cash Assistance*	10.555		<u>63,404</u>
Total CFDA Number 10.555			<u>755,802</u>
Total Passed Through the State Department of Agriculture			<u>\$ 966,481</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u><u>\$ 966,481</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,409,765</u></u>
School Health and Related Services	93.778		<u>\$ 153,281</u>
TOTAL FEDERAL REVENUE PER SCHEDULE C-3			<u><u>\$ 4,563,046</u></u>

*Cluster Programs as required by Compliance Supplement March 2010

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund, which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.