

LAMPASAS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2017

LAMPASAS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017

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CERTIFICATE OF BOARD

Lampasas Independent School District

Name of School District

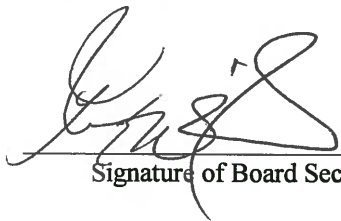
Lampasas

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 approved 5 disapproved 0 for the year ended August 31, 2017, at a meeting of the Board of Trustees of such school district on the 4th day of December, 2017.



Signature of Board Secretary



Signature of Board President

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Lampasas Independent School District

Report on Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of August 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions on pages 4 through 12 and pages 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and the Texas Education Agency (TEA) required schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dennis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
November 14, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lampasas Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2017. Please read it in conjunction with the District's basic financial statements, which follow this section.

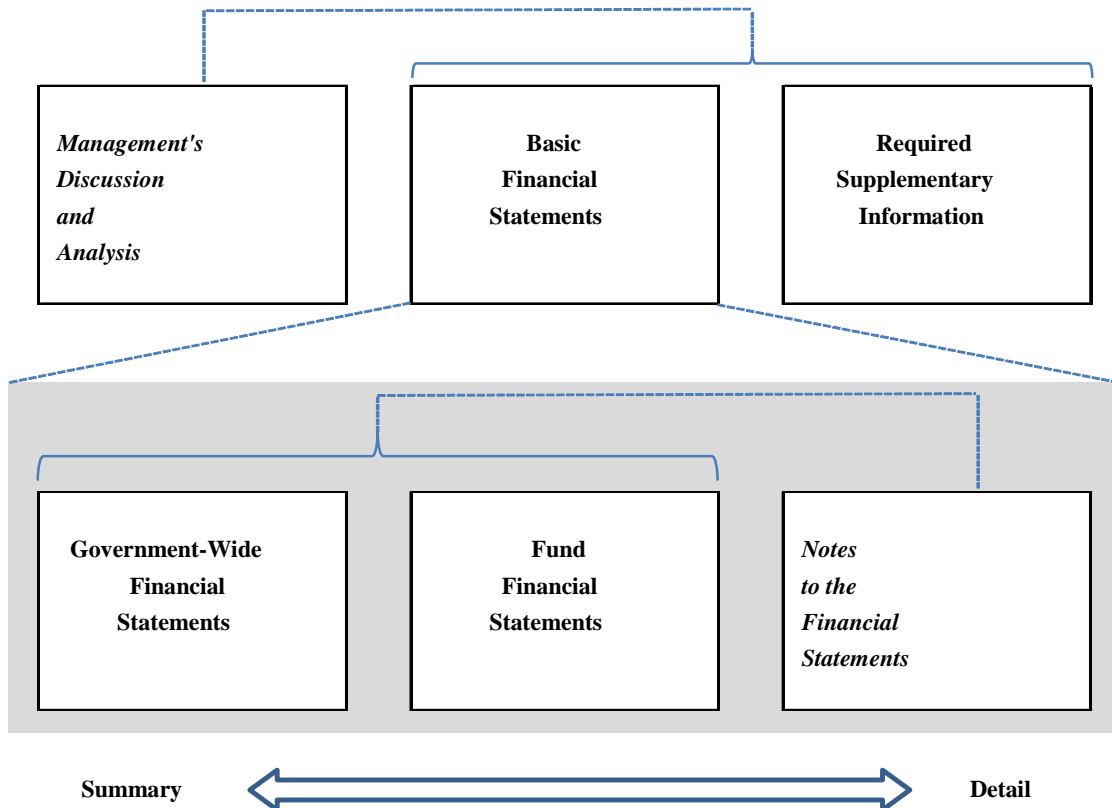
FINANCIAL HIGHLIGHTS

- At August 31, 2017, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38,158,695. Of this amount \$11,326,003 (unrestricted net position) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds (general, debt service, and special revenue funds) reported combined ending fund balances of \$16,401,030. Of this total amount, 52.3% or \$8,574,412 is available for spending at the District's discretion (unassigned fund balance).
- The general fund as of August 31, 2017 reflects an ending fund balance of \$14,770,850, a decrease of \$418,580 compared to last fiscal year. This fund balance is 50.2% of the total general fund expenditures.
- The District paid bond principal and interest during the fiscal year in the amount of \$3,160,239.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. Figure I shows how the required parts of this annual report are arranged and related to one another.

Figure I, Required Components of the District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS – continued

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure II summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure II, Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District's government except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, & Changes in Fund Balance	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Fund Net Position
Accounting basis and measurement	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's *net position* is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District consist of:

Governmental activities - The District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, student transportation, food service, facilities maintenance and operations, and general administration. Property taxes, fees, state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The district has two kinds of funds:

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in a reconciliation following the governmental funds statement that explains the relationship (or differences) between the government-wide and the fund financial statements.

Fiduciary funds - The District is the trustee, or *fiduciary*, for money raised by student and faculty activities and scholarship programs. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Financial Analysis of the District as a Whole

The Districts combined net position was \$38,158,695 at August 31, 2017.

Table I
Lampasas Independent School District's Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$ 19,414,064	\$ 19,524,446
Capital Assets	62,093,281	63,234,018
Total Assets	<u>\$ 81,507,345</u>	<u>\$ 82,758,464</u>
Deferred Outflows of Resources:		
Deferred Outflows	\$ 6,215,936	\$ 6,472,345
Total Outflows of Resources	<u>\$ 6,215,936</u>	<u>\$ 6,472,345</u>
Liabilities:		
Current Liabilities	\$ 2,438,516	\$ 2,103,525
Long-term Liabilities	46,755,102	48,165,028
Total Liabilities	<u>\$ 49,193,618</u>	<u>\$ 50,268,553</u>
Deferred Inflows of Resources:		
Deferred Inflows	\$ 370,968	\$ 436,269
Total Inflows of Resources	<u>\$ 370,968</u>	<u>\$ 436,269</u>
Net Position:		
Net Investment in capital assets	\$ 25,546,779	\$ 24,852,232
Restricted for Debt Service	1,214,533	1,294,252
Restricted for Other Purposes	71,380	129,684
Unrestricted Net Position	11,326,003	12,249,819
Total Net Position	<u>\$ 38,158,695</u>	<u>\$ 38,525,987</u>

Of the District's restricted net position, \$71,380 represents proceeds for grants related to federal and state programs and \$1,214,533 represents proceeds for debt retirement. The unrestricted net position represents resources available to fund the programs of the District next year.

Changes in Net Position

The District's total revenues were \$36,178,291, a decrease of 1.3% from last year. Of this total, 43.2% comes from local property taxes. Of the remainder, 51.7% comes from state aid and federal grants, while 5.1% relates to charges for services, capital grants, investment earnings, and miscellaneous. (See Table II)

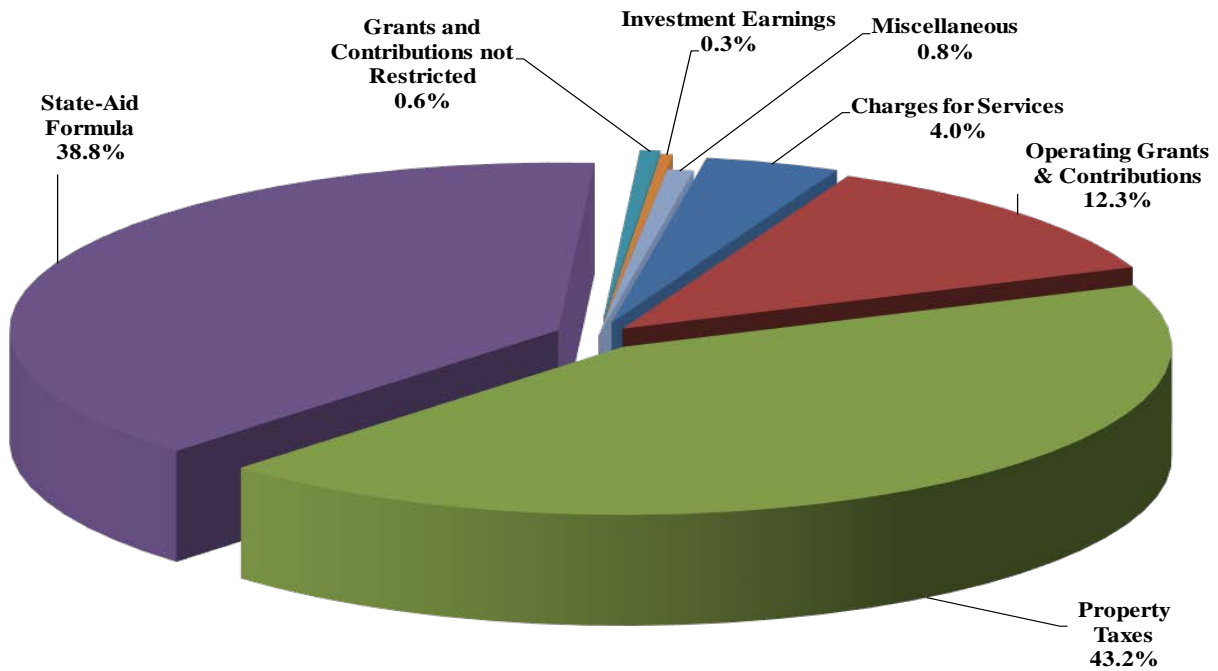
The total cost of all programs and services was \$36,545,583, an increase of 1.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

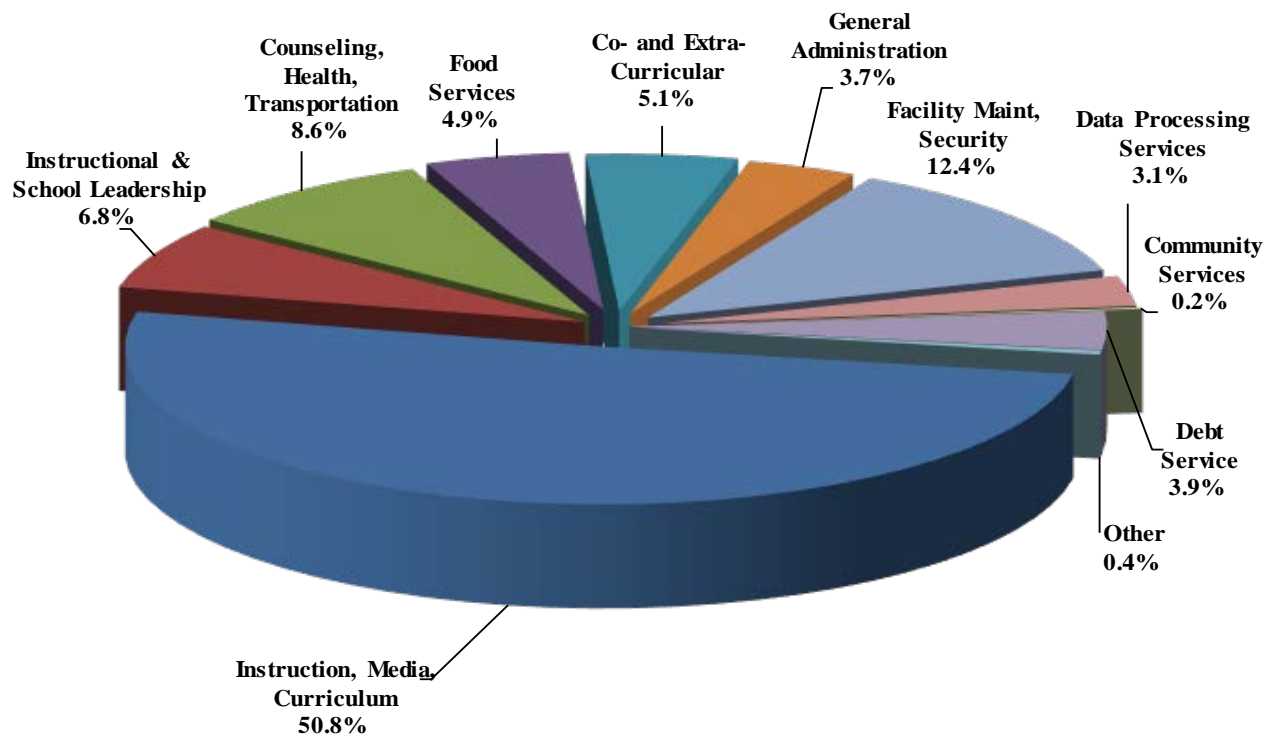
Table II
Change in Lampasas Independent School District's Net Position

	Governmental Activities	
	2017	2016
Program Revenues:		
Charges for Services	\$ 1,436,050	\$ 1,374,009
Operating Grants & Contributions	4,436,572	5,263,719
Capital Grants	20,150	-
General Revenues:		
Property Taxes	15,637,870	15,026,736
State-Aid Formula	14,044,523	14,490,615
Grants and Contributions not Restricted	216,036	243,412
Investment Earnings	124,985	78,463
Miscellaneous	262,105	191,297
Total Revenues	<u>\$ 36,178,291</u>	<u>\$ 36,668,251</u>
Expenses:		
Instruction	\$ 17,565,615	\$ 17,554,024
Instructional Resources & Media	424,826	416,867
Curriculum and Staff Development	573,610	510,320
Instructional Leadership	582,854	510,216
School Leadership	1,900,200	1,865,951
Guidance and Counseling	1,068,478	1,057,393
Social Work Services	24,102	23,189
Health Services	278,203	282,410
Student Transportation	1,770,706	1,677,247
Food Services	1,790,968	1,751,223
Cocurricular / Extracurricular	1,878,840	1,695,320
General Administration	1,357,476	1,347,344
Facilities Maintenance & Operations	4,382,852	4,280,060
Security & Monitoring Services	151,998	148,232
Data Processing Services	1,125,023	1,105,729
Community Services	68,363	75,689
Debt Service	1,438,663	1,503,346
Other Governmental Charges	162,806	143,684
Total Expenses	<u>\$ 36,545,583</u>	<u>\$ 35,948,244</u>
Increase (Decrease) in Net Position	\$ (367,292)	\$ 720,007
Net Position - Beginning	38,525,987	37,589,300
Prior period adjustment	-	216,680
Net Position - Ending (Aug 31)	<u>\$ 38,158,695</u>	<u>\$ 38,525,987</u>

Government-Wide Revenues for Fiscal Year 2017



Government-Wide Expenses for Fiscal Year 2017



OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Table III below presents the cost of selected District functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

The cost of all governmental activities this year was \$36,545,583. However, the amount that our taxpayers paid for these activities through local property taxes was \$15,637,870 while state aid totaled \$14,044,523. Some of the cost was paid by those who directly benefited from the programs at \$1,436,050, or by grants and contributions at \$4,672,758.

Table III
Lampasas Independent School District's
Net Cost of Selected District Functions

	Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2017	2016	% Change	2017	2016	% Change
Instruction	\$ 17,565,615	\$ 17,554,024	0.1%	\$ 14,969,062	\$ 14,427,605	3.8%
School / Instructional Leadership	2,483,054	2,376,167	4.5%	2,331,108	2,213,224	5.3%
Guidance and Counseling	1,068,478	1,057,393	1.0%	981,594	964,323	1.8%
Student Transportation	1,770,706	1,677,247	5.6%	1,664,338	1,559,372	6.7%
Food Services	1,790,968	1,751,223	2.3%	180,370	28,277	537.9%
Cocurricular / Extracurricular	1,878,840	1,695,320	10.8%	1,228,394	1,170,227	5.0%
General Administration	1,357,476	1,347,344	0.8%	1,299,033	1,280,395	1.5%
Facilities Maintenance & Operations	4,382,852	4,280,060	2.4%	4,187,575	4,058,891	3.2%
Data Processing Services	1,125,023	1,105,729	1.7%	1,088,130	1,065,316	2.1%
Debt Service	1,438,663	1,503,346	(4.3%)	1,307,207	1,226,008	6.6%

Financial Analysis of the District's Funds

Revenues from governmental fund types totaled \$35,874,297 which is a decrease of \$487,121 from prior year. The decrease is attributable to less state revenue received for the instructional materials allotment and the existing debt allotment.

As the District completed this year, the General Fund reported a fund balance of \$14,770,850, which is \$418,580 less than last year's total of \$15,189,430. The decrease in fund balance is attributable capital projects and the 3% salary increase that exceeded the slight increase in revenues.

The District's other governmental funds reported a fund balance of \$1,630,180 as compared to \$1,705,424 in 2016, which is \$75,244 less than the previous year. The primary difference between fiscal year 2016 and fiscal year 2017 governmental funds was a decrease in the food service fund balance due to capital equipment purchased in 2017.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These amendments involved moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. Budget amendments were Board approved throughout the year for the middle school gym HVAC replacement for a total of \$194,000, the high school fieldhouse expansion for a total of \$258,500, badger stadium bleachers \$56,000, and career and technology program startup costs for a total \$53,600. The other budget amendments approved were not considered significant.

With all budget amendments processed, the actual expenditures were \$875,675 below the final budgeted amount. The positive variance was an overall saving of approximately 2.9% of the budget.

Revenue available was \$123,884 above the final budgeted amount. The variance was primarily due to state funding adjustments that reflected slightly different numbers than those used in budgeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had invested \$62,093,281 in a broad range of capital assets, including land, construction in progress, furniture and equipment, and buildings.

Table IV
Lampasas Independent School District's
Capital Assets

	Governmental Activities		Change
	2017	2016	
Land	\$ 2,133,637	\$ 2,078,317	\$ 55,320
Construction in Progress	-	802,831	(802,831)
Buildings and Improvements	81,553,125	80,205,952	1,347,173
Furniture and Equipment	9,873,276	9,211,940	661,336
Total at Historical Cost	93,560,038	92,299,040	1,260,998
Less Accumulated Depreciation	(31,466,757)	(29,065,022)	(2,401,735)
Net Capital Assets	<u>\$ 62,093,281</u>	<u>\$ 63,234,018</u>	<u>\$ (1,140,737)</u>

Long-Term Debt

At the end of 2017, the District had \$46,755,102 in noncurrent liabilities as shown in Table V. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Table V
Lampasas Independent School District's
Long-Term Debt

	Governmental Activities		Change
	2017	2016	
General Obligation Bonds	\$ 35,229,982	\$ 36,969,982	\$ (1,740,000)
Bond Premiums	4,611,277	4,960,004	(348,727)
Capital Appreciation Accretion	479,413	372,324	107,089
Net Pension Liability	6,434,430	5,862,718	571,712
Total	<u>\$ 46,755,102</u>	<u>\$ 48,165,028</u>	<u>\$ (1,409,926)</u>

ECONOMIC FACTORS AND 2017-2018 BUDGETS & RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2017-18 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. A steady enrollment population, coupled with a moderate increase in property values has led to a General Fund budget of \$30.5 million for the 2017-2018 fiscal year. The budget increased from 2016-17 to 2017-18 by approximately \$318 thousand, a direct result of continued property value increases and the district's ability to maintain a very strong fund balance. The district did not include a salary increase in the 2017-18 budget.

ECONOMIC FACTORS AND 2017-2018 BUDGETS & RATES – continued

As with most area school districts Lampasas ISD is charged with the maintenance of the districts infrastructure that is aging. We anticipate increased budgets needed for the maintenance and operations of these older facilities. Over the past few years the district has used fund balance in order to upgrade, renovate and repair facilities as needed at some of the campuses. The district will continue to do this as funding becomes available. The district must maintain a required fund balance in order to meet anticipated operating expenses and shortfalls in funding. The district will always do what is necessary to maintain our facilities and to provide a safe, secure and pleasant learning environment for our students and staff.

For 2017-18, the property tax rate for Maintenance and Operations (M&O) will remain at \$1.17 per \$100 of taxable value, same as for 2016-17. The district also will hold the debt service tax rate constant at \$.26 per \$100 of taxable value for the 2017-18 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District is \$1.43 per \$100 of taxable value for the 2017-18 budget year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions please contact the District's Business Office at Lampasas Independent School District, 207 W. 8th Street, Lampasas, Texas 76550, or by calling (512) 556-6224.

GOVERNMENT WIDE FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

EXHIBIT A-1

Data Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,718,947
1120 Investments - Current	13,252,624
1220 Property Taxes Receivable (Delinquent)	878,712
1230 Allowance for Uncollectible Taxes	(243,914)
1240 Due from Other Governments	400,294
1267 Due from Fiduciary Funds	
1290 Other Receivables	208,363
1300 Inventories	180,669
1410 Prepaid Expenses	18,369
Capital Assets:	
1510 Land	2,133,637
1520 Buildings, Net	56,899,408
1530 Furniture and Equipment, Net	3,060,236
1580 Construction in Progress	
1000 Total Assets	<u>81,507,345</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Refunding	3,294,757
Deferred Outflows - Pension	2,921,179
1700 Total Deferred Outflows of Resources	<u>6,215,936</u>
LIABILITIES	
2110 Accounts Payable	543,204
2140 Interest Payable	60,280
2150 Payroll Deduction and Withholdings Payable	50,278
2160 Accrued Wages Payable	1,448,610
2177 Due to fiduciary funds	27,146
2180 Due to Other Governments	235,162
2200 Accrued Expenditures	73,764
2300 Unearned Revenues	72
Noncurrent Liabilities:	
2501 Due Within One Year	1,805,000
2502 Due in More Than One Year	33,904,395
2516 Unamortized Premium (Discount) on Bonds	4,611,277
2540 Net Pension Liability	6,434,430
2000 Total Liabilities	<u>49,193,618</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension	370,968
2600 Total Deferred Inflows of Resources	<u>370,968</u>
NET POSITION	
3200 Net Investment in Capital Assets	25,546,779
3820 Restricted for Federal and State Programs	71,380
3850 Restricted for Debt Service	1,214,533
3900 Unrestricted Net Position	11,326,003
3000 Total Net Position	<u>\$ 38,158,695</u>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

		Program Revenues		
		1	3	4
Data				Operating
Control			Charges for	Grants and
Codes	Functions/Programs	Expenses	Services	Contributions
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 17,565,615	\$ 297,729	\$ 2,278,674
12	Instructional Resources and Media Services	424,826	-	18,425
13	Curriculum and Instructional Staff Development	573,610	-	220,279
21	Instructional Leadership	582,854	-	41,366
23	School Leadership	1,900,200	-	110,580
31	Guidance, Counseling, and Evaluation Services	1,068,478	-	86,884
32	Social Work Services	24,102	-	-
33	Health Services	278,203	-	17,990
34	Student Transportation	1,770,706	-	106,368
35	Food Services	1,790,968	478,924	1,131,674
36	Extracurricular Activities	1,878,840	602,645	47,801
41	General Administration	1,357,476	-	58,443
51	Facilities Maintenance and Operations	4,382,852	56,752	138,525
52	Security and Monitoring Services	151,998	-	-
53	Data Processing Services	1,125,023	-	36,893
61	Community Services	68,363	-	11,214
72	Debt Service - Interest on Long-Term Debt	1,434,663	-	131,456
73	Debt Service - Bond Issuance Costs and Fees	4,000	-	-
99	Other Intergovernmental Charges	162,806	-	-
TG Total Governmental Activities		36,545,583	1,436,050	4,436,572
TP TOTAL PRIMARY GOVERNMENT		\$ 36,545,583	\$ 1,436,050	\$ 4,436,572

General Revenues:

Taxes:

MT Property Taxes, Levied for General Purposes
DT Property Taxes and Penalties, Levied for Debt Service
SF State Aid - Formula Grants
GC Grants and Contributions not restricted
IE Investment Earnings
MI Miscellaneous Earnings
TR Total General Revenues

CN Change in Net Position

NB Net Position - Beginning

NE Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
5	6	8
Capital Grants	Governmental Activities	Total
\$ 20,150	\$ (14,969,062)	\$ (14,969,062)
-	(406,401)	(406,401)
-	(353,331)	(353,331)
-	(541,488)	(541,488)
-	(1,789,620)	(1,789,620)
-	(981,594)	(981,594)
-	(24,102)	(24,102)
-	(260,213)	(260,213)
-	(1,664,338)	(1,664,338)
-	(180,370)	(180,370)
-	(1,228,394)	(1,228,394)
-	(1,299,033)	(1,299,033)
-	(4,187,575)	(4,187,575)
-	(151,998)	(151,998)
-	(1,088,130)	(1,088,130)
-	(57,149)	(57,149)
-	(1,303,207)	(1,303,207)
-	(4,000)	(4,000)
-	(162,806)	(162,806)
<u>20,150</u>	<u>(30,652,811)</u>	<u>(30,652,811)</u>
\$ <u>20,150</u>	<u>(30,652,811)</u>	<u>(30,652,811)</u>
	12,690,578	12,690,578
	2,947,292	2,947,292
	14,044,523	14,044,523
	216,036	216,036
	124,985	124,985
	262,105	262,105
	<u>30,285,519</u>	<u>30,285,519</u>
	(367,292)	(367,292)
	<u>38,525,987</u>	<u>38,525,987</u>
\$ <u>38,158,695</u>	\$ <u>38,158,695</u>	\$ <u>38,158,695</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General Fund	Other Funds	98 Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,260,809	\$ 458,138	\$ 4,718,947
1120 Investments - Current	11,995,671	1,256,953	13,252,624
1220 Property Taxes - Delinquent	709,451	169,261	878,712
1230 Allowance for Uncollectible Taxes (Credit)	(202,738)	(41,176)	(243,914)
1240 Receivables from Other Governments	3,211	397,083	400,294
1260 Due from Other Funds	224,645	42,532	267,177
1290 Other Receivables	206,778	1,585	208,363
1300 Inventories	180,669	-	180,669
1410 Prepayments	15,769	2,600	18,369
1000 Total Assets	<u>17,394,265</u>	<u>2,286,976</u>	<u>19,681,241</u>
DEFERRED OUTFLOWS OF RESOURCES			
1700 Deferred Outflows	-	-	-
1000a Total Assets and Deferred Outflows	<u>\$ 17,394,265</u>	<u>\$ 2,286,976</u>	<u>\$ 19,681,241</u>
LIABILITIES			
2110 Accounts Payable	\$ 439,253	\$ 103,951	\$ 543,204
2150 Payroll Deduction and Withholdings Payable	50,278	-	50,278
2160 Accrued Wages Payable	1,298,891	149,719	1,448,610
2170 Due to Other Funds	69,678	224,645	294,323
2180 Due to Other Governments	184,838	50,324	235,162
2200 Accrued Expenditures	73,764	-	73,764
2300 Unearned Revenues	-	72	72
2000 Total Liabilities	<u>2,116,702</u>	<u>528,711</u>	<u>2,645,413</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	<u>506,713</u>	<u>128,085</u>	<u>634,798</u>
2600 Total Deferred Inflows of Resources	<u>506,713</u>	<u>128,085</u>	<u>634,798</u>
FUND BALANCE			
3410 Nonspendable - Inventory	180,669	-	180,669
3430 Nonspendable - Prepaid Items	15,769	2,600	18,369
3450 Restricted - Federal or State Funds	-	71,380	71,380
3480 Restricted - Retirement of Long-Term Debt	-	1,214,533	1,214,533
3545 Committed - Other	6,000,000	341,667	6,341,667
3600 Unassigned Fund Balance	<u>8,574,412</u>	<u>-</u>	<u>8,574,412</u>
3000 Total Fund Balances	<u>14,770,850</u>	<u>1,630,180</u>	<u>16,401,030</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 17,394,265</u>	<u>\$ 2,286,976</u>	<u>\$ 19,681,241</u>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2017

Total Fund Balances - Governmental Funds	\$ 16,401,030
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$92,299,040 and the accumulated depreciation was \$29,065,022. 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 long-term debt beginning balance was \$42,302,310 and deferred charge on refunding was \$3,548,200. 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 net position.	24,479,908
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2017 capital outlays of \$1,303,265, debt principal payments of \$1,740,000, accretion of capital appreciation bonds of \$107,089, and \$20,150 of donated capital assets is to increase net position.	2,956,326
3 Bond premiums and deferred charges on refunding are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	95,284
4 The government-wide financial statements recognize a loss for the difference between the proceeds received and the remaining net book value of the sold assets of \$6,242. The net effect of the activity is to decrease net position.	(6,242)
5 The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,457,910)
6 Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The net effect is to decrease net position.	(60,280)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability in the amount of \$6,434,430, a deferred outflow of resources of \$2,921,179, and a deferred inflow of resources of \$370,968. The net effect is to decrease net position.	(3,884,219)
8 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 tax revenue of \$634,798, other various adjustments, and eliminating interfund transactions. The net effect of these reclassifications is to increase net position.	634,798
19 Net Position of Governmental Activities (See A-1)	\$ <u>38,158,695</u>

The accompanying notes 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, 2017

Data Control Codes		10 General Fund	Other Funds	98 Total Governmental Funds
	REVENUES			
5700	Total Local and Intermediate Sources	\$ 13,232,262	\$ 3,886,407	\$ 17,118,669
5800	State Program Revenues	15,359,967	268,875	15,628,842
5900	Federal Program Revenues	507,944	2,618,842	3,126,786
5020	Total Revenues	<u>29,100,173</u>	<u>6,774,124</u>	<u>35,874,297</u>
	EXPENDITURES			
	Current:			
0011	Instruction	14,693,808	1,376,060	16,069,868
0012	Instructional Resources and Media Services	388,069	-	388,069
0013	Curriculum and Instructional Staff Development	322,541	207,958	530,499
0021	Instructional Leadership	544,831	6,583	551,414
0023	School Leadership	1,734,646	-	1,734,646
0031	Guidance, Counseling, and Evaluation Services	924,722	32,909	957,631
0032	Social Work Services	22,527	-	22,527
0033	Health Services	255,323	-	255,323
0034	Student (Pupil) Transportation	1,959,219	-	1,959,219
0035	Food Services	-	1,699,944	1,699,944
0036	Extracurricular Activities	1,412,416	384,696	1,797,112
0041	General Administration	1,247,615	-	1,247,615
0051	Facilities Maintenance and Operations	4,281,578	64,359	4,345,937
0052	Security and Monitoring Services	141,648	-	141,648
0053	Data Processing Services	995,317	-	995,317
0061	Community Services	55,351	7,620	62,971
	Debt Service:			
0071	Principal on Long-Term Debt	-	1,740,000	1,740,000
0072	Interest on Long-Term Debt	-	1,420,239	1,420,239
0073	Bond Issuance Cost and Fees	-	4,000	4,000
	Capital Outlay:			
0081	Facilities Acquisition and Construction	290,786	-	290,786
	Intergovernmental:			
0099	Other Intergovernmental Charges	153,356	-	153,356
6030	Total Expenditures	<u>29,423,753</u>	<u>6,944,368</u>	<u>36,368,121</u>
	Excess (Deficiency) of Revenues			
1100	Over (Under) Expenditures	<u>(323,580)</u>	<u>(170,244)</u>	<u>(493,824)</u>
	OTHER FINANCING SOURCES (USES):			
7915	Operating transfers in	-	95,000	95,000
8911	Operating transfers out	<u>(95,000)</u>	<u>-</u>	<u>(95,000)</u>
7080	Total Other Financing Sources (Uses)	<u>(95,000)</u>	<u>95,000</u>	<u>-</u>
1200	Net Change in Fund Balances	(418,580)	(75,244)	(493,824)
0100	Fund Balance - September 1 (Beginning)	<u>15,189,430</u>	<u>1,705,424</u>	<u>16,894,854</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 14,770,850</u>	<u>\$ 1,630,180</u>	<u>\$ 16,401,030</u>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Total Net Change in Fund Balances - Governmental Funds	\$ (493,824)
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 2017 capital outlays of \$1,303,265, debt principal payments of \$1,740,000, accretion of capital appreciation bonds of \$107,089, and \$20,150 of donated capital assets is to increase net position.	2,956,326
The government-wide financial statements recognize a loss for the difference between the proceeds received and the remaining net book value of the sold assets of \$6,242. The net effect of the activity is to decrease net position.	(6,242)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,457,910)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$566,927. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate shares of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$1,076,304. The net effect is a decrease in net position.	(509,377)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the accrual is a decrease of \$2,939. The net effect is to increase net position.	2,939
Bond premiums and deferred charges on refunding are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	95,284
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred tax revenue of \$634,798 as revenue, removing the prior year's tax collection of \$589,286 and eliminating interfund transactions.	45,512
Change in Net Position of Governmental Activities (See B-1)	\$ <u>(367,292)</u>

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2017

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 5,194	\$ 15,222
Investments	31,660	-
Due from General Fund	<u>-</u>	<u>27,146</u>
Total Assets	<u>36,854</u>	<u>\$ 42,368</u>
LIABILITIES		
Accounts Payable	-	\$ 847
Due to Student Groups	-	34,645
Due to Others	<u>-</u>	<u>6,876</u>
Total Liabilities	<u>-</u>	<u>\$ 42,368</u>
NET POSITION		
Restricted for Other Purposes	<u>36,854</u>	
Total Net Position	<u>\$ 36,854</u>	

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ <u>1,769</u>
Total Additions	<u>1,769</u>
DEDUCTIONS:	
Other Operating Costs	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	1,269
Total Net Position - September 1 (Beginning)	<u>35,585</u>
Total Net Position - August 31 (Ending)	\$ <u><u>36,854</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1: REPORTING ENTITY

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Lampasas Independent School District (the District). The public elects the members of the Board of Trustees. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the trustees, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The financial statements of the District include all activities for which the Board exercises these governance responsibilities.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)*

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

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

Additionally, the government reports the following fund types:

The *special revenue funds*, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

The *debt service fund*, a governmental fund type, accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Agency funds, a fiduciary fund type, account for resources held for others in a custodial capacity.

Private purpose trust funds, a fiduciary fund type, account for donations for which the donor has stipulated that both the principal and income may be used for specific purposes that benefit parties outside the District. The District's private purpose trust fund is a scholarship fund.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Note 4: ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets 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.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 4: ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

Property, plant and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Building improvements	7-20
Vehicles	5-10
Computer equipment	3-7

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are separate elements of the financial statements. The District has deferred inflows of resources, which arises under the modified accrual basis of accounting, unavailable revenue from property taxes and for its proportionate share of TRS's deferred inflow related to pensions as described in Note 8. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has two deferred outflow of resources, for its proportionate share of TRS's deferred outflow related to pensions as described in Note 8 and for the deferred charge for refunding of bonds.

Pensions

The fiduciary net position of the TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting Resource (FAR) module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Child Nutrition Fund. The remaining special revenue funds are set up with project-length budgets that do not correspond to the District's fiscal year.

Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows on the next page.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Level I inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Note 6: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Under Texas state law, the District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent, bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes that they complied with all significant requirements of the PFIA and the District's investment policies.

Custodial Credit Risk – Deposits - At August 31, 2017, the District's deposits (cash, certificates of deposit and interest bearing savings accounts including temporary investments) were entirely covered by pledged collateral held by the District's agent bank in the District's name or by federal deposit insurance.

Investments

State statutes and Board policy authorize the District to invest in 1) obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009; 2) certificates of deposit and share certificates as permitted by Government Code 2256.010; 3) fully collateralized repurchase agreements permitted by Government Code 2256.011; 4) a securities lending program as permitted by Government Code 2256.0115; 5) banker's acceptances as permitted by Government Code 2256.013; 6) commercial paper as permitted by Government Code 2256.013; 7) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014; 8) a guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and 9) public funds investment pools as permitted by Government Code 2256.016. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the Federal Deposit Insurance Corporation (FDIC) or obligations of items 1-4 above at 102% of the investment's market value.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Concentration of Credit Risk – The District’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturing scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user.

Interest Rate Risk – The District’s investment policy states that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

The following table presents the maturities of investments at August 31, 2017.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)*</u>	<u>Rating</u>
Lone Star	\$ 1,621,351	22	AAAm
TexPool	11,631,273	30	AAAm
Total	13,252,624		
Investments Held in Private Purpose Trust Funds:			
Life Insurance	31,660		
Total Investments	\$ 13,284,284		

*To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

Lone Star

Lone Star Investment Pool is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Lone Star is administered by First Public LLC, who also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares.

TexPool

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

Property Tax

In the governmental fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid before February 1 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions), upon which the levy for the August 31, 2017 fiscal year was based, was \$1,083,800,969. Taxes are delinquent if not paid before February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Current tax collections for the year ended August 31, 2017 were 98.4% of the year-end adjusted tax levy. Allowances for uncollectible taxes are based on historical experience in collecting 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. As of August 31, 2017, property taxes receivable, net of estimated uncollectible taxes, totaled \$634,798.

The tax rate to finance general governmental services was \$1.17 per \$100 and the tax rate to finance interest and sinking obligations was \$.26 per \$100 for the year ended August 31, 2017.

Due from Other Governments

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, 2017, are summarized below.

<u>Governmental Activities:</u>	<u>Federal Grants</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 397,083	\$ 397,083
General Fund	3,211	3,211
	<u>\$ 400,294</u>	<u>\$ 400,294</u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2017, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Nonmajor Governmental Funds	\$ 224,645	\$ 42,532
Fiduciary Funds	-	27,146
Nonmajor Governmental Funds:		
General Fund	42,532	224,645
Fiduciary Funds:		
General Fund	27,146	-
Totals	<u>\$ 294,323</u>	<u>\$ 294,323</u>

Interfund receivables and payables were recorded to eliminate cash deficit balances and to record temporary interfund borrowing.

Interfund Transfers

Interfund transfers as of August 31, 2017, consisted of the following individual amounts:

<u>Governmental Funds:</u>	<u>Transfer in</u>	<u>Transfer out</u>
National Breakfast and Lunch Program	\$ 95,000	\$ -
General Fund	-	95,000
	<u>\$ 95,000</u>	<u>\$ 95,000</u>

The General Fund transferred \$95,000 to the National Breakfast and Lunch Program to provide for supplemental financing needs.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Capital asset activity for the year ended August 31, 2017 was as follows:

	Balance 9/1/2016	Additions	Deletions	Balance 8/31/2017
Governmental Activities:				
Capital assets, Not Being Depreciated:				
Land	\$ 2,078,317	\$ 55,320	\$ -	\$ 2,133,637
Construction in Progress	802,831	235,466	(1,038,297)	-
Total Capital Assets, Not Being Depreciated	<u>2,881,148</u>	<u>290,786</u>	<u>(1,038,297)</u>	<u>2,133,637</u>
Capital assets, Being Depreciated				
Building and Improvements	80,205,952	1,366,639	(19,466)	81,553,125
Furniture and Equipment	9,211,940	704,287	(42,951)	9,873,276
Total Capital Assets, Being Depreciated	<u>89,417,892</u>	<u>2,070,926</u>	<u>(62,417)</u>	<u>91,426,401</u>
Less Accumulated Depreciation for:				
Building and Improvements	(22,774,638)	(1,896,598)	17,519	(24,653,717)
Furniture and Equipment	(6,290,384)	(561,312)	38,656	(6,813,040)
Total Accumulated Depreciation	<u>(29,065,022)</u>	<u>(2,457,910)</u>	<u>56,175</u>	<u>(31,466,757)</u>
Total Capital Assets, Being Depreciated (Net)	<u>60,352,870</u>	<u>(386,984)</u>	<u>(6,242)</u>	<u>59,959,644</u>
Total Capital Assets (Net)	<u>\$ 63,234,018</u>	<u>\$ (96,198)</u>	<u>\$ (1,044,539)</u>	<u>\$ 62,093,281</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Depreciation expense was charged to the District's functions as follows:

Instruction	\$ 1,110,136
Instructional Resources and Media Services	30,151
Curriculum & Staff Development	24,526
Instructional Leadership	15,975
School Leadership	117,003
Guidance/Counseling/Evaluation Services	82,127
Social Work	1,575
Health Services	16,650
Student Transportation	199,963
Food Service	127,783
Cocurricular/Extracurricular Activities	95,403
General Administration	79,652
Plant Maintenance and Operations	376,930
Security and Monitoring Operations	10,350
Data Processing Services	156,186
Community Services	4,050
Other Intergovernmental Charges	<u>9,450</u>
Total Depreciation Expense	\$ <u><u>2,457,910</u></u>

Bonds and Other Long-Term Liabilities

The long-term indebtedness of the District pertains to the Governmental Activities of the District. Expenditures for the debt service requirements of the long-term debt are accounted for in the interest and sinking fund.

A summary of changes in bonds payable for the year ended August 31, 2017 follows on the next page.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS*Note 6: DETAILED NOTES ON ALL FUNDS (continued)*

	Interest Rate Payable	Amount Original Issued	Balance 9/1/2016	Debt Issued /Additions	Principal Paid /Reductions	Balance 8/31/2017	Due Within One Year
Limited Tax Refunding Bonds							
Series 2012	2.0-3.0%	\$ 8,394,892	\$ 7,809,982	\$ -	\$ (100,000)	\$ 7,709,982	\$ 100,000
Limited Tax Refunding Bonds							
Series 2013	2.0-5.0%	29,335,000	29,160,000	-	(1,640,000)	27,520,000	1,705,000
Total Bonds Payable			36,969,982	-	(1,740,000)	35,229,982	1,805,000
Premium on Series 2012-CABs		1,150,114	926,481	-	(63,895)	862,586	-
Premium on Series 2012-CIBs		452,871	367,032	-	(22,940)	344,092	-
Premium on Series 2013-CIBs		4,492,891	3,666,491	-	(261,892)	3,404,599	-
Total Bond Premiums			4,960,004	-	(348,727)	4,611,277	-
Capital Appreciation Accretion			372,324	107,089	-	479,413	-
Net Pension Liability			5,862,718	1,113,794	(542,082)	6,434,430	-
Total Other Long-Term Debt			6,235,042	1,220,883	(542,082)	6,913,843	-
Grand Total Long-Term Debt			\$ 48,165,028	\$ 1,220,883	\$ (2,630,809)	\$ 46,755,102	\$ 1,805,000

Debt service requirements for the District's bonds payable are as follows:

Year Ended August 31	Principal	Interest	Accretion	Total Requirements
2018	\$ 1,805,000	\$ 1,351,339	\$ -	\$ 3,156,339
2019	1,875,000	1,279,739	-	3,154,739
2020	1,945,000	1,204,839	-	3,149,839
2021	2,025,000	1,126,464	-	3,151,464
2022	2,115,000	1,034,664	-	3,149,664
2023-2027	12,290,000	3,471,368	-	15,761,368
2028-2032	13,174,982	915,665	2,065,018	16,155,665
	\$ 35,229,982	\$ 10,384,078	\$ 2,065,018	\$ 47,679,078

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 7: CONTINGENCIES

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

The District participates in numerous state and federal 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 has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2017, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 8: DEFINED BENEFIT PENSION PLAN

Plan Description – The District participates in a cost-sharing multiple employer defined benefit pension that has a special funding situation. The plan is administered by the TRS. TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) as of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public state-supported education institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.02 are covered by the system.

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

Benefits Provided – TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions – Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8: DEFINED BENEFIT PENSION PLAN (continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, GAA established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2016	2017
Member	7.20%	7.70%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
	2016	2017
Member Contributions	\$ 1,414,075	\$ 1,568,808
Employer Contributions	541,006	566,927
NECE On-Behalf Contributions	1,052,356	1,078,914

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old Age, Survivor and Disability Insurance Program (OASDI) for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8: DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions – The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Municipal Bond Rate*	N/A*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2115
Inflation	2.50%
Salary Increases, including inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit changes during year	None
Ad hoc post-employment benefit changes	None

* If a municipal bond rate was to be used, the rate would be 2.84% as of August 2016 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate – The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized on the next page:

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8: DEFINED BENEFIT PENSION PLAN (continued)

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.0%		2.2%
Alpha	0.0%		1.0%
Total	Total	100.0%	8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Total TRS net pension liability	\$ 58,483,888,620	\$ 37,788,513,014	\$ 20,234,650,980
District's proportionate share of the net pension liability:	\$ 9,958,330	\$ 6,434,430	\$ 3,445,450

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8: DEFINED BENEFIT PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At August 31, 2017, the District reported a liability of \$6,434,430 for its proportionate share of the TRS's net pension liability measured at August 31, 2016. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	6,434,430
State's proportionate share that is associated with the District		<u>12,693,151</u>
Total	\$	<u><u>19,127,581</u></u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was .000170275 which was an increase of .000004421 from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2017, the District recognized pension expense of \$1,076,304. Additionally, the District recognized revenue of \$1,078,914 for support provided by the State of Texas.

At August 31, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 100,891	\$ 192,128
Changes in actuarial assumptions	196,110	178,354
Difference between projected and actual investment earnings	544,854	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,512,397	486
Contributions paid to TRS subsequent to the measurement date	<u>566,927</u>	<u>-</u>
Total	<u><u>\$ 2,921,179</u></u>	<u><u>\$ 370,968</u></u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS*Note 8: DEFINED BENEFIT PENSION PLAN (continued)*

\$566,927 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2017. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Pension Expense Amount
2018	\$ 347,954
2019	347,954
2020	695,488
2021	321,253
2022	215,801
Thereafter	54,834
Total	\$ 1,983,284

Note 9: POSTEMPLOYMENT HEALTH BENEFITS

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

Funding Policy – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown for fiscal years 2017 – 2015.

Year	Contribution Rates					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 132,432	1.0%	\$ 203,741	0.55%	\$ 112,058
2016	0.65%	127,660	1.0%	196,399	0.55%	108,020
2015	0.65%	119,830	1.0%	184,353	0.55%	101,394

Medicare Part D – The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$61,333, \$75,024 and \$53,178 for the years ended August 31, 2017, 2016 and 2015, respectively.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 10: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2017, revenues from local and intermediate sources for governmental fund types consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 12,489,760	\$ 2,901,413	\$ 15,391,173
Food service sales	-	478,924	478,924
Rent	56,752	-	56,752
Gifts and bequests	87,804	-	87,804
Investment income	110,652	14,333	124,985
Campus activity related income	-	445,938	445,938
Penalties, interest, and other tax related income	162,667	38,518	201,185
Cocurricular student activities	155,908	-	155,908
Other	168,719	7,281	176,000
Total	\$ <u>13,232,262</u>	\$ <u>3,886,407</u>	\$ <u>17,118,669</u>

Note 11: UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned revenue at year-end in the fund statements consisted of the following:

	Nonmajor Governmental Funds	Total
State revenue	\$ <u>72</u>	\$ <u>72</u>
Total	\$ <u>72</u>	\$ <u>72</u>

Due to other governments at year-end in the fund statements consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
State revenue	\$ <u>184,838</u>	\$ <u>50,324</u>	\$ <u>235,162</u>
Total	\$ <u>184,838</u>	\$ <u>50,324</u>	\$ <u>235,162</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 11: UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES (continued)

Deferred inflows of resources at year-end in the fund statements consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Unavailable revenue - property taxes	\$ 506,713	\$ 128,085	\$ 634,798
Total	\$ 506,713	\$ 128,085	\$ 634,798

Note 12: VACATION AND SICK LEAVE

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements if determined to be material at year end. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Note 13: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, 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.

Note 14: FUND BALANCE

The District classifies governmental fund balance in accordance with GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District had fund balance reserved for nonspendable inventory and prepaid items of \$180,669 and \$18,369, respectively, at August 31, 2017.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of August 31, 2017, \$71,380 was restricted for federal and state grants for food service. Fund balance restricted for the retirement of funded indebtedness totaled \$1,214,533 as of August 31, 2017.

Committed fund balance is established and modified by a resolution from the District's Board and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2017, \$3,500,000 was committed for construction, \$2,500,000 was committed for instructional technology, and \$341,667 was committed for campus activities.

Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent and the Chief Financial Officer. At August 31, 2017, the District has no assigned funds.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

REQUIRED SUPPLEMENTARY INFORMATION

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes				Variance with Final Budget	
		Budgeted Amounts		Actual Amounts	Positive or Negative
		Original	Final	(GAAP BASIS)	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 13,080,495	\$ 13,191,997	\$ 13,232,262	\$ 40,265
5800	State Program Revenues	15,087,238	15,307,638	15,359,967	52,329
5900	Federal Program Revenues	220,000	476,654	507,944	31,290
5020	Total Revenues	28,387,733	28,976,289	29,100,173	123,884
EXPENDITURES:					
Current:					
0011	Instruction	14,828,052	14,921,175	14,693,808	227,367
0012	Instructional Resources and Media Services	396,080	396,730	388,069	8,661
0013	Curriculum and Instructional Staff Development	286,122	344,813	322,541	22,272
0021	Instructional Leadership	568,095	562,430	544,831	17,599
0023	School Leadership	1,742,991	1,761,401	1,734,646	26,755
0031	Guidance, Counseling, and Evaluation Services	961,644	946,719	924,722	21,997
0032	Social Work Services	24,487	24,487	22,527	1,960
0033	Health Services	263,748	261,515	255,323	6,192
0034	Student (Pupil) Transportation	2,355,887	2,070,887	1,959,219	111,668
0036	Extracurricular Activities	1,365,785	1,461,771	1,412,416	49,355
0041	General Administration	1,309,124	1,306,624	1,247,615	59,009
0051	Facilities Maintenance and Operations	4,487,211	4,494,874	4,281,578	213,296
0052	Security and Monitoring Services	160,550	149,550	141,648	7,902
0053	Data Processing Services	1,110,567	1,069,917	995,317	74,600
0061	Community Services	66,710	56,710	55,351	1,359
0081	Facilities Acquisition and Construction	-	313,825	290,786	23,039
Intergovernmental:					
0099	Other Intergovernmental Charges	156,000	156,000	153,356	2,644
6030	Total Expenditures	30,083,053	30,299,428	29,423,753	875,675
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,695,320)	(1,323,139)	(323,580)	999,559
OTHER FINANCING SOURCES (USES)					
8911	Transfers Out (Use)	(75,000)	(95,000)	(95,000)	-
7080	Total Other Financing Sources (Uses)	(75,000)	(95,000)	(95,000)	-
1200	Net Change in Fund Balances	(1,770,320)	(1,418,139)	(418,580)	999,559
0100	Fund Balance - September 1 (Beginning)	15,189,430	15,189,430	15,189,430	-
3000	Fund Balance - August 31 (Ending)	\$ 13,419,110	\$ 13,771,291	\$ 14,770,850	\$ 999,559

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.017028 %	0.016585 %	0.010486 %
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,434,430	\$ 5,862,718	\$ 2,800,955
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>12,693,151</u>	<u>12,150,577</u>	<u>10,562,127</u>
Total	<u>\$ 19,127,581</u>	<u>\$ 18,013,295</u>	<u>\$ 13,363,082</u>
District's Covered-Employee Payroll	\$ 19,639,936	\$ 18,435,320	\$ 18,382,681
District's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	32.76 %	31.80 %	15.24 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00 %	78.43 %	83.23 %

Note: GASB 68 requires that the information on this schedule be dates from the period corresponding with the period covered as of the measurement date of August 31, 2016 for Year 2017, August 31, 2015 for Year 2016, and August 31, 2014 for Year 2015.

Note: Plan information was unavailable prior to 2014.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM
AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 566,927	\$ 541,006	\$ 491,100
Contribution in Relation to the Contractually Required Contribution	<u>(566,927)</u>	<u>(541,006)</u>	<u>(491,100)</u>
Contribution Deficiency (Excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
District's Covered-Employee Payroll	\$ 20,374,127	\$ 19,639,936	\$ 18,435,320
Contributions as a Percentage of Covered-Employee Payroll	2.78 %	2.75 %	2.66 %

Note: GASB 68 requires that the date in this schedule should be presented as of the District's current fiscal year as opposed to the time period covered by the measurement dates of the plan.

Note: Plan information was unavailable prior to 2014.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017

NOTE A: NET PENSION LIABILITY – TEACHERS RETIREMENT SYSTEM

Changes of Benefit Terms

There were no changes to benefit terms that affected the measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There are no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions during the measurement period.

OTHER SUPPLEMENTARY INFORMATION

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS			
1110	Cash and Cash Equivalents	\$ -	\$ -
1120	Investments	-	-
1220	Property Taxes - Delinquent	-	-
1230	Allowance for Uncollectible Taxes	-	-
1240	Receivables from Other Governments	174,345	137,111
1260	Due from Other Funds	-	-
1290	Other Receivables	-	-
1410	Prepayments	-	-
		<hr/>	<hr/>
1000	Total Assets	174,345	137,111
DEFERRED OUTFLOWS OF RESOURCES			
1700	Deferred Outflows	-	-
		<hr/>	<hr/>
	Total Assets and Deferred Outflows	\$ <u>174,345</u>	\$ <u>137,111</u>
LIABILITIES			
2110	Accounts Payable	\$ 2,458	\$ -
2160	Accrued Wages Payable	61,312	48,166
2170	Due to Other Funds	110,575	88,945
2180	Due to Other Governments	-	-
2300	Unearned Revenues	-	-
		<hr/>	<hr/>
2000	Total Liabilities	174,345	137,111
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - Property taxes	-	-
		<hr/>	<hr/>
	Total Deferred Inflows of Resources	-	-
FUND BALANCES			
3430	Nonspendable - Prepaid Items	-	-
3450	Restricted - Federal or State Funds Grant	-	-
3480	Restricted - Retirement of Long-Term Debt	-	-
3545	Committed - Other	-	-
		<hr/>	<hr/>
3000	Total Fund Balances	-	-
		<hr/>	<hr/>
4000	Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>174,345</u>	\$ <u>137,111</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting
\$ -	\$ 81,887	\$ 24,779	\$ 76	\$ -
-	264	-	-	-
-	-	-	-	-
-	-	-	-	-
2,353	56,002	-	3,291	22,364
-	33,705	-	-	-
-	-	-	-	-
-	-	-	-	-
2,353	171,858	24,779	3,367	22,364
-	-	-	-	-
<u>\$ 2,353</u>	<u>\$ 171,858</u>	<u>\$ 24,779</u>	<u>\$ 3,367</u>	<u>\$ 22,364</u>
\$ -	\$ 67,807	\$ 21,785	\$ -	\$ -
845	34,051	-	3,367	1,978
1,508	1,614	-	-	20,386
-	-	-	-	-
-	-	-	-	-
2,353	103,472	21,785	3,367	22,364
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	68,386	2,994	-	-
-	-	-	-	-
-	-	-	-	-
-	68,386	2,994	-	-
<u>\$ 2,353</u>	<u>\$ 171,858</u>	<u>\$ 24,779</u>	<u>\$ 3,367</u>	<u>\$ 22,364</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives
	ASSETS		
1110	Cash and Cash Equivalents	\$ -	\$ 72
1120	Investments	-	-
1220	Property Taxes - Delinquent	-	-
1230	Allowance for Uncollectible Taxes	-	-
1240	Receivables from Other Governments	1,617	-
1260	Due from Other Funds	-	-
1290	Other Receivables	-	-
1410	Prepayments	-	-
		<hr/>	<hr/>
1000	Total Assets	1,617	72
	DEFERRED OUTFLOWS OF RESOURCES		
1700	Deferred Outflows	-	-
		<hr/>	<hr/>
	Total Assets and Deferred Outflows	\$ <u>1,617</u>	\$ <u>72</u>
	LIABILITIES		
2110	Accounts Payable	\$ -	\$ -
2160	Accrued Wages Payable	-	-
2170	Due to Other Funds	1,617	-
2180	Due to Other Governments	-	-
2300	Unearned Revenues	-	72
		<hr/>	<hr/>
2000	Total Liabilities	1,617	72
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - Property taxes	-	-
		<hr/>	<hr/>
	Total Deferred Inflows of Resources	-	-
	FUND BALANCES		
3430	Nonspendable - Prepaid Items	-	-
3450	Restricted - Federal or State Funds Grant	-	-
3480	Restricted - Retirement of Long-Term Debt	-	-
3545	Committed - Other	-	-
		<hr/>	<hr/>
3000	Total Fund Balances	-	-
		<hr/>	<hr/>
4000	Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>1,617</u>	\$ <u>72</u>

410 Instructional Materials Allotment	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 11,611	\$ 338,871	\$ 457,296	\$ 842	\$ 458,138
-	-	264	1,256,689	1,256,953
-	-	-	169,261	169,261
-	-	-	(41,176)	(41,176)
-	-	397,083	-	397,083
-	8,827	42,532	-	42,532
-	1,585	1,585	-	1,585
-	2,600	2,600	-	2,600
11,611	351,883	901,360	1,385,616	2,286,976
-	-	-	-	-
<u>\$ 11,611</u>	<u>\$ 351,883</u>	<u>\$ 901,360</u>	<u>\$ 1,385,616</u>	<u>\$ 2,286,976</u>
\$ 4,285	\$ 7,616	\$ 103,951	\$ -	\$ 103,951
-	-	149,719	-	149,719
-	-	224,645	-	224,645
7,326	-	7,326	42,998	50,324
-	-	72	-	72
11,611	7,616	485,713	42,998	528,711
-	-	-	128,085	128,085
-	-	-	128,085	128,085
-	2,600	2,600	-	2,600
-	-	71,380	-	71,380
-	-	-	1,214,533	1,214,533
-	341,667	341,667	-	341,667
-	344,267	415,647	1,214,533	1,630,180
<u>\$ 11,611</u>	<u>\$ 351,883</u>	<u>\$ 901,360</u>	<u>\$ 1,385,616</u>	<u>\$ 2,286,976</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES			
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	697,896	609,076	9,596
5020	Total Revenues	697,896	609,076	9,596
	EXPENDITURES			
	Current:			
0011	Instruction	618,965	598,845	9,596
0012	Instructional Resources and Media		-	-
0013	Curriculum and Instructional Staff Development	64,728	-	-
0021	Instructional Leadership	6,583	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	10,231	-
0032	Social Work Services		-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	7,620	-	-
	Debt Service:			
0071	Principal on Long-Term Debt	-	-	-
0072	Interest on Long-Term Debt	-	-	-
0073	Other Debt Service Costs	-	-	-
6030	Total Expenditures	697,896	609,076	9,596
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
	OTHER FINANCING SOURCES (USES):			
7915	Operating 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)	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	289 Other Federal Special Revenue Funds
\$ 479,030	\$ 295	\$ -	\$ -	\$ -
8,940	-	-	-	-
<u>1,100,378</u>	<u>22,356</u>	<u>39,160</u>	<u>138,763</u>	<u>1,617</u>
<u>1,588,348</u>	<u>22,651</u>	<u>39,160</u>	<u>138,763</u>	<u>1,617</u>
-	-	16,482	-	-
-	-	-	-	-
-	-	-	138,763	1,617
-	-	-	-	-
-	-	-	-	-
-	-	22,678	-	-
-	-	-	-	-
1,662,632	37,312	-	-	-
-	-	-	-	-
64,359	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,726,991</u>	<u>37,312</u>	<u>39,160</u>	<u>138,763</u>	<u>1,617</u>
<u>(138,643)</u>	<u>(14,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(43,643)</u>	<u>(14,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>112,029</u>	<u>17,655</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 68,386</u>	<u>\$ 2,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

		397	410	429
		Advanced Placement Incentives	Instructional Materials Allotment	APIB Campus Awards
REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ 7,281	\$ -
5800	State Program Revenues	-	126,691	1,050
5900	Federal Program Revenues	-	-	-
5020	Total Revenues	-	133,972	1,050
EXPENDITURES				
Current:				
0011	Instruction	-	132,172	-
0012	Instructional Resources and Media	-	-	-
0013	Curriculum and Instructional Staff Development	-	1,800	1,050
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-
Debt Service:				
0071	Principal on Long-Term Debt	-	-	-
0072	Interest on Long-Term Debt	-	-	-
0073	Other Debt Service Costs	-	-	-
6030	Total Expenditures	-	133,972	1,050
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):				
7915	Operating 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)	\$ -	\$ -	\$ -

461 Campus Activity Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 446,737	\$ 933,343	\$ 2,953,064	\$ 3,886,407
738	137,419	131,456	268,875
-	2,618,842	-	2,618,842
447,475	3,689,604	3,084,520	6,774,124
-	1,376,060	-	1,376,060
-	-	-	-
-	207,958	-	207,958
-	6,583	-	6,583
-	-	-	-
-	32,909	-	32,909
-	-	-	-
-	-	-	-
-	1,699,944	-	1,699,944
384,696	384,696	-	384,696
-	64,359	-	64,359
-	-	-	-
-	7,620	-	7,620
-	-	1,740,000	1,740,000
-	-	1,420,239	1,420,239
-	-	4,000	4,000
384,696	3,780,129	3,164,239	6,944,368
62,779	(90,525)	(79,719)	(170,244)
-	95,000	-	95,000
-	95,000	-	95,000
62,779	4,475	(79,719)	(75,244)
281,488	411,172	1,294,252	1,705,424
\$ 344,267	\$ 415,647	\$ 1,214,533	\$ 1,630,180

REQUIRED TEA SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2017

Last Ten Years Ended August 31	1	2	3
	Tax Rates		Assessed/ Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2008 (and prior years)	\$ Various	\$ Various	Various
2009	1.040000	0.460000	907,492,067
2010	1.040000	0.460000	929,047,467
2011	1.170000	0.290000	941,965,510
2012	1.170000	0.290000	963,919,347
2013	1.170000	0.290000	986,530,595
2014	1.170000	0.280000	1,024,415,583
2015	1.170000	0.280000	1,051,797,793
2016	1.170000	0.260000	1,053,066,317
2017 (school year under audit)	1.170000	0.260000	1,083,800,969
1000 TOTALS			

10	20	31	32	40	50
Beginning Balance September 1, 2016	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2017
\$ 94,260	\$ -	\$ 21,135	\$ 2,114	\$ 9,488	\$ 80,499
19,161	-	4,701	2,313	4,259	16,406
28,924	-	7,343	3,541	6,346	24,386
26,709	-	9,169	2,449	12,271	27,362
65,430	-	23,464	5,852	5,454	41,568
67,965	-	23,126	5,960	13,532	52,411
114,943	-	40,702	10,025	22,226	86,442
152,635	-	56,366	14,482	25,927	107,714
278,748	-	126,313	29,483	27,463	150,415
-	15,498,354	12,373,986	2,871,210	38,351	291,509
\$ <u>848,775</u>	\$ <u>15,498,354</u>	\$ <u>12,686,305</u>	\$ <u>2,947,429</u>	\$ <u>165,317</u>	\$ <u>878,712</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 545,900	\$ 482,900	\$ 479,030	\$ (3,870)
5800	State Program Revenues	9,283	8,933	8,940	7
5900	Federal Program Revenues	<u>1,133,000</u>	<u>1,074,500</u>	<u>1,100,378</u>	<u>25,878</u>
5020	Total Revenues	<u>1,688,183</u>	<u>1,566,333</u>	<u>1,588,348</u>	<u>22,015</u>
	EXPENDITURES:				
	Current:				
0035	Food Service	1,702,283	1,695,598	1,662,632	32,966
0051	Plant Maintenance	<u>60,900</u>	<u>66,900</u>	<u>64,359</u>	<u>2,541</u>
6030	Total Expenditures	<u>1,763,183</u>	<u>1,762,498</u>	<u>1,726,991</u>	<u>35,507</u>
1100	Excess (Deficiency) of Revenue Over (Under) Expenditures	(75,000)	(196,165)	(138,643)	57,522
	OTHER FINANCING SOURCES (USES):				
7961	Transfers Out (Use)	<u>75,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
7080	Total Other Financing Sources (Uses)	<u>75,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
1200	Change in Fund Balance	-	(101,165)	(43,643)	57,522
0100	Fund Balance - September 1 (Beginning)	<u>112,029</u>	<u>112,029</u>	<u>112,029</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	\$ <u>112,029</u>	\$ <u>10,864</u>	\$ <u>68,386</u>	\$ <u>57,522</u>

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, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 2,967,000	\$ 2,946,950	\$ 2,953,064	\$ 6,114
5800	State Program Revenues	<u>117,130</u>	<u>131,630</u>	<u>131,456</u>	<u>(174)</u>
5020	Total Revenues	<u>3,084,130</u>	<u>3,078,580</u>	<u>3,084,520</u>	<u>5,940</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,740,000	1,740,000	1,740,000	-
0072	Interest on Long-Term Debt	1,420,239	1,420,239	1,420,239	-
0073	Bond Issuance Cost and Fees	<u>5,000</u>	<u>5,000</u>	<u>4,000</u>	<u>1,000</u>
6030	Total Expenditures	<u>3,165,239</u>	<u>3,165,239</u>	<u>3,164,239</u>	<u>1,000</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(81,109)</u>	<u>(86,659)</u>	<u>(79,719)</u>	<u>6,940</u>
	OTHER FINANCING SOURCES (USES)				
7949	Other Resources	<u>-</u>	<u>30,850</u>	<u>-</u>	<u>(30,850)</u>
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>30,850</u>	<u>-</u>	<u>(30,850)</u>
1200	Change in Fund Balance	(81,109)	(55,809)	(79,719)	(23,910)
0100	Fund Balance - September 1 (Beginning)	<u>1,294,252</u>	<u>1,294,252</u>	<u>1,294,252</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	\$ <u>1,213,143</u>	\$ <u>1,238,443</u>	\$ <u>1,214,533</u>	\$ <u>(23,910)</u>

FEDERAL AWARDS SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of School Trustees of
Lampasas Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

Davis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
November 14, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of School Trustees of the
Lampasas Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Lampasas Independent School District's (District's) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2017. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance.) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Dan's Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
November 14, 2017

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: No
4. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance with major programs: Unmodified
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. Major programs include:

IDEA, Part B Cluster:	
Formula	84.027A
Preschool	84.173A
 Title I, Part A	 84.010A
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Low risk auditee: Yes

B. Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

C. Findings and Questioned Costs for Federal Awards Required to be Reported Under the Uniform Guidance

The audit disclosed no findings and questioned costs required to be reported.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED AUGUST 31, 2017

A. Findings Required to be Reported in Accordance with *Government Auditing Standards*

None.

B. Findings and Questioned Costs – Major Federal Award Programs Audit

None.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2017

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Direct Program:</u>			
Impact Aid - ESEA Title VIII	84.041B		\$ 45,020
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101141901	634,167
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101141901	63,729
Total CFDA Number 84.010A			697,896
Special Education Cluster:			
IDEA - Part B, Formula *	84.027A	176600011419016000	560,910
IDEA - Part B, Formula *	84.027A	186600011419016000	48,166
Total CFDA Number 84.027A			609,076
IDEA - Part B Preschool *	84.173A	176610011419016610	8,751
IDEA - Part B Preschool *	84.173A	186610011419016610	845
Total CFDA Number 84.173A			9,596
Total Special Education Cluster			618,672
Career and Technical - Basic Grant	84.048A	17420006141901	35,869
Career and Technical - Basic Grant	84.048A	18420006141901	3,291
Total CFDA Number 84.048A			39,160
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	17694501141901	128,664
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	18694501141901	10,099
Total CFDA Number 84.367A			138,763
Title IV, Part A - Student Support/Academic Enrichment	84.424A	18680101141901	1,617
Total CFDA Number 84.424A			1,617
Total passed through Texas Education Agency			1,496,108
TOTAL DEPARTMENT OF EDUCATION			1,541,128
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed through Texas Education Agency</u>			
Child Nutrition Cluster:			
School Breakfast Program *	10.553	71401701	209,835
National School Lunch Program - cash assistance *	10.555	71301701	756,924
Summer Feeding*	10.559	71301701	22,356
Total passed through Texas Education Agency			989,115
<u>Passed through Texas Department of Agriculture</u>			
Non-Cash Assistance - Food Distribution Program*	10.555	17-141901	133,619
Total passed through Texas Department of Agriculture			133,619
Total Child Nutrition Cluster			1,122,734
TOTAL DEPARTMENT OF AGRICULTURE			1,122,734
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,663,862

* Clustered Programs as required by 2 CFR Part 200, Appendix XI, Compliance Supplement, June 2017

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type.

The modified accrual basis of accounting is used for the Governmental Fund Types in the fund financial statements. 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 General 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 grants 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 unearned revenue until earned.

Note 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 90 days beyond the federal project period ending date, in accordance with provisions in 2 CFR Part 200, Part 3, Section H, Period of Performance.

Note 4: Medicaid revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-3 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	\$	2,663,862
E-rate		166,095
Medicaid Reimbursements		<u>296,829</u>
Federal program revenues - Exhibit C-2	\$	<u><u>3,126,786</u></u>

Note 5: The District is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the District has previously received a negotiated indirect cost rate for its federal awards.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2017

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the District make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the District not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end.	\$ 479,413
SF11	Net Pension Assets (1920) at fiscal year-end	
SF12	Net Pension Liabilities (2540) at fiscal year-end	\$ 6,434,430
SF13	Pension Expense (6147) at fiscal year-end	