

LAMPASAS INDEPENDENT  
SCHOOL DISTRICT

ANNUAL FINANCIAL AND  
COMPLIANCE REPORT

FOR THE YEAR ENDED  
AUGUST 31, 2013

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2013

TABLE OF CONTENTS

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	CERTIFICATE OF BOARD	1
	Independent Auditors' Report	2
	Management's Discussion and Analysis	5
	<b><u>Basic Financial Statements</u></b>	
	Government-Wide Statements:	
A-1	Statement of Net Position	12
B-1	Statement of Activities	13
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	14
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	16
C-2R	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	18
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position	19
E-2	Statement of Changes in Fiduciary Fund Net Position	20
	Notes to the Financial Statements	21
	<b><u>Combining Schedules as Supplementary Information</u></b>	
	Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet – Nonmajor Governmental Funds	41
H-2	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	43
	<b><u>Other Supplementary Information Section</u></b>	
J-1	Schedule of Delinquent Taxes	45
J-2	Schedule of Expenditures for Computations of Indirect Cost	47
J-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund	48
J-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2013

TABLE OF CONTENTS  
(continued)

**Other Supplementary Information Section (continued)**

	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	52
K-1	Schedule of Expenditures of Federal Awards	54
	Notes to Schedule of Expenditures of Federal Awards	55
	Schedule of Findings and Questioned Costs	
	Section I: Summary of Auditor's Results	56
	Section II: Financial Statement Findings	57
	Section III: Federal Awards Findings and Questioned Costs	57
L-1	Schedule of Required Responses to Selected School First Indicators	58

CERTIFICATE OF BOARD

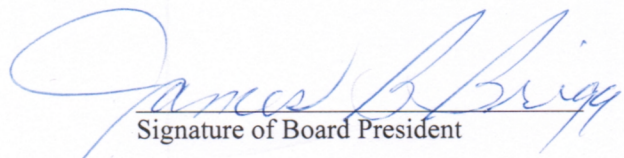
Lampasas Independent School District  
Name of School District

Lampasas  
County

141-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2013, at a meeting of the Board of Trustees of such school district on the 2<sup>ND</sup> day of December 2013.

  
Signature of Board Secretary

  
Signature of Board President

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



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

Independent Auditors' Report

To the Board of Trustees of  
Lampasas Independent School District

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***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 statements 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 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 Lampasas Independent School District as of August 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance 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 section 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.

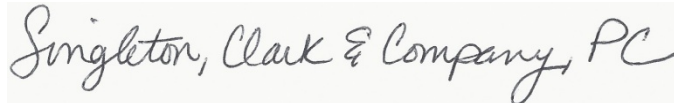
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lampasas Independent School District's basic financial statements. The combining schedules, the Texas Education Agency required schedules, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013 on our consideration of Lampasas Independent School 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lampasas Independent School District's internal control over financial reporting and compliance.

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

Singleton, Clark & Company  
Austin, Texas

November 4, 2013

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Lampasas Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2013. Please read it in conjunction with the independent auditors' report on page 2 and the District's Basic Financial Statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position for governmental activities declined by \$561,193 as a result of this year's operations, to end at \$36,729,121.
- The General Fund of the District reported a fund balance increase of \$96,549 for the year, to end at \$16,013,120.
- Total Governmental Funds of the District (the General Fund plus all Special Revenue Funds, Capital Project Funds, and the Debt Service Fund) reported an overall fund balance decrease of \$466,739, to end at \$17,185,179.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. For the current year the District did not engage in proprietary activities. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Combining Schedules as Supplementary Information section contains even more information about the District's individual nonmajor funds. This information is not required by TEA, but is included for its usefulness. The Other Supplementary Information Section includes TEA Required Schedules and information required by federal monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013

## **Reporting the District as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school district activities can be classified in two separate ways:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, fees, and state funds and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education in order to display separate accountability. The District's administration establishes many other funds to help it control and manage money for particular purposes (such as for campus activities). School districts use two different kinds of funds for operations, governmental and proprietary, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a District's other programs and activities, such as a District's self-insurance programs.

Our school district reported several governmental funds this year, however, we did not utilize proprietary funds.

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other 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.

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis focuses on the net position (Table I below) and changes in net position (Table II below) of the District's governmental activities.

Net assets of the District's governmental activities decreased from \$37,623,041 to \$36,729,121. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$20,912,543 at August 31, 2013. The decrease in governmental net assets was primarily due to the District issuing refunding bonds during the year which increased long-term liabilities without increasing total assets. The new bonds do however have a significantly lower interest rate which will have the effect of overall lower debt service requirements in the future.

**Table I  
LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NET POSITION**

	Governmental Activities 2013	Governmental Activities 2012	Change
Current & other assets	\$ 20,140,563	\$ 21,882,170	\$ (1,741,607)
Capital assets	62,583,270	64,460,021	(1,876,751)
Deferred outflows	4,308,530	-	4,308,530
Total assets and deferred outflows	<u>\$ 87,032,363</u>	<u>\$ 86,342,191</u>	<u>\$ 690,172</u>
Current liabilities	\$ 2,211,668	\$ 3,214,976	\$ (1,003,308)
Long-term liabilities	48,091,574	45,504,774	2,586,800
Total liabilities	<u>50,303,242</u>	<u>48,719,750</u>	<u>1,583,492</u>
Net Position:			
Net investment in capital assets	14,491,696	18,955,247	(4,463,551)
Restricted	1,324,882	1,870,944	(546,062)
Unrestricted	20,912,543	16,796,850	4,115,693
Total net position	<u>\$ 36,729,121</u>	<u>\$ 37,623,041</u>	<u>\$ (893,920)</u>

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**Table II  
LAMPASAS INDEPENDENT SCHOOL DISTRICT  
CHANGES IN NET POSITION**

	Governmental Activities 2013	Governmental Activities 2012	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 970,116	\$ 799,378	\$ 170,738
Operating grants & contr.	4,408,421	5,313,171	(904,750)
General Revenues:			
Maintenance & operations taxes	11,524,305	11,308,735	215,570
Debt service taxes	3,039,848	2,968,746	71,102
State aid - formula grants	12,063,034	12,703,854	(640,820)
Grants & contributions not rest.	210,292	64,059	146,233
Investment earnings	63,490	65,022	(1,532)
Miscellaneous	-	148,164	(148,164)
Total Revenue	32,279,506	33,371,129	(1,091,623)
Expenses:			
Instruction	15,794,657	15,816,674	(22,017)
Instructional res. & media svcs.	368,093	709,009	(340,916)
Curriculum and staff dev.	426,935	401,026	25,909
Instructional leadership	206,554	227,297	(20,743)
School leadership	1,643,620	1,620,556	23,064
Guidance/counseling svcs.	1,332,479	1,210,767	121,712
Social work/health services	287,894	299,774	(11,880)
Student transportation	1,520,200	1,570,343	(50,143)
Food services	1,712,364	1,593,488	118,876
Cocurricular/extracurricular act.	1,303,202	1,276,403	26,799
General administration	1,096,362	1,071,560	24,802
Plant maint. and operations	3,667,896	3,485,124	182,772
Security and monitoring svcs.	107,422	65,156	42,266
Data processing services	715,120	625,443	89,677
Community services	57,299	51,833	5,466
Debt service	2,152,314	2,162,941	(10,627)
Other intergovernmental chgs.	151,336	149,870	1,466
Total Expenses	32,543,747	32,337,264	206,483
Gain (Loss) on sale of assets	48,734	(6,681)	55,415
Early Retirement Incentive Program	(345,686)	-	(345,686)
Transfers in/(out)	-	31,255	(31,255)
Change in net assets	(561,193)	1,058,439	(1,619,632)
Net assets at 9/1/12 and 9/1/11	37,290,314	36,675,529	614,785
Prior period adjustment	-	(110,927)	110,927
Net assets at 8/31/13 and 8/31/12	\$ 36,729,121	\$ 37,623,041	\$ (893,920)

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**THE DISTRICT'S FUNDS**

As the District completed this annual period, the General Fund reported a fund balance of \$16,013,120, which is \$96,549 more than last year's total of \$15,916,571. The increase in fund balance is mainly attributable to favorable budget variances and increased student enrollment resulting in additional state revenue.

The District's Debt Service fund reported a fund balance of \$1,065,126 which is \$459,928 less than last year's total of \$1,525,054. The Debt Service fund balance was less at August 31, 2013, as compared to the prior year end, due to the district refunding bonds in December 2012 and April 2013 and using a portion of the fund balance in the debt refundings. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as they become due.

The District's other governmental funds reported a fund balance of \$106,933 as compared to \$210,293 in 2012, which is \$103,360 less than the previous year. The primary difference between fiscal 2012 and fiscal 2013 governmental funds was that the school nutrition fund balance decreased by \$112,331 due to less student meals served than in the prior year, combined with the purchase of food service equipment for three campuses.

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. A budget amendment for a Board approved early notification resignation incentive pay was approved in the amount of \$351,250. The other budget amendments were not considered significant.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of August 31, 2013, the District had \$62,583,270 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. A summary of the ending balances of capital assets by major category for both 2013 and 2012 is as follows:

	Governmental Activities 2013	Governmental Activities 2012	Change
Land	\$ 2,032,626	\$ 2,032,767	\$ (141)
Buildings	75,892,017	75,760,846	131,171
Furniture and Equipment	7,575,698	7,334,511	241,187
Total	85,500,341	85,128,124	372,217
Less Accumulated Depreciation	(22,917,071)	(20,668,103)	(2,248,968)
Capital assets, net of depreciation	\$ 62,583,270	\$ 64,460,021	\$ (1,876,751)

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**Debt**

At year-end, the District had \$48,091,574 in bonds and other long-term debt outstanding versus \$45,504,774 last year. The increase is attributable to premiums on refunding bonds issued during the year. The interest rate savings offsets the premium on the bonds to allow for significant overall savings on the debt payments over the life of the debt. A summary of the ending balances of long-term debt by type for both 2013 and 2012 is as follows:

	Governmental Activities 2013	Governmental Activities 2012	Change
General Obligation Bonds	\$ 48,091,574	\$ 45,504,774	\$ 2,586,800
Total	\$ 48,091,574	\$ 45,504,774	\$ 2,586,800

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2013-2014 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. A slight increase in student enrollment, coupled with the State of Texas restoring a portion of the state foundation school funds that were removed in the previous legislation, has allowed the district to adopt a General Fund budget of \$26.8 million for the 2013-2014 fiscal year. The budget increased from 2012-2013 to 2013-2014 by approximately \$726 thousand, a direct result from the increase in state revenue.

For the 2013-2014 budget year, the District has held constant its maintenance and operations tax rate at \$1.17 per hundred of taxable value. The District adopted a debt service tax rate of \$.28 for the 2013-2014 budget year which is 1 cent lower than the 2012-2013 debt service tax rate. The reduced rate will fund the required debt payments. The combined tax rate of the District for the 2013-2014 budget year is \$1.45 per hundred of taxable value.

**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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Lampasas Independent School District, 207 W. 8<sup>th</sup> Street, Lampasas, Texas 76550, or by calling (512) 556-6224.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2013

		Primary Government 1 Governmental Activities
Data		
Control		
Codes		
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 9,123,044
1120	Current Investments	9,692,848
1225	Property Taxes Receivable (net)	814,991
1240	Due from Other Governments	260,452
1290	Other Receivables, net	25,129
1300	Inventories	171,438
1410	Deferred Expenditures	24,640
	Capital Assets:	
1510	Land	2,032,626
1520	Buildings and Improvements, Net	58,404,655
1530	Furniture and Equipment, Net	2,145,989
1800	Restricted Assets	28,021
1000	Total Assets	<u>82,723,833</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1700	Deferred Outflows	4,308,530
	Total Deferred Outflows of Resources	<u>4,308,530</u>
<b>LIABILITIES</b>		
2110	Accounts Payable	325,726
2140	Interest Payable	101,832
2150	Payroll Deductions & Withholdings	26,189
2160	Accrued Wages Payable	943,900
2180	Due to Other Governments	736,365
2200	Accrued Expenses	71,147
2300	Unearned Revenue	6,509
	Noncurrent Liabilities:	
2501	Bonds, Loans & Other Payable-Due Within One Year	1,625,000
2502	Bonds Payable - Due in More than One Year	40,408,250
2516	Unamortized Premium (Discount) on Bonds	6,058,324
2000	Total Liabilities	<u>50,303,242</u>
<b>NET POSITION</b>		
3200	Investments in Capital Assets, Net of Debt	14,491,696
	Restricted for:	
3820	Federal & State Programs	64,286
3850	Debt Service	1,232,575
3890	Other Restricted	28,021
3900	Unrestricted	20,912,543
3000	Total Net Position	<u>\$ 36,729,121</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1	Program Revenues		Net (Expense) Rev. & Changes in Net Assets
		3	4	6
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 15,794,657	\$ 273,469	\$ 2,896,808	\$ (12,624,380)
12 Instructional Resources & Media Services	368,093	-	12,716	(355,377)
13 Curriculum & Staff Development	426,935	-	389,067	(37,868)
21 Instructional Leadership	206,554	-	12,041	(194,513)
23 School Leadership	1,643,620	-	77,082	(1,566,538)
31 Guidance/Counseling/Evaluation Services	1,332,479	-	207,486	(1,124,993)
32 Social Work Services	22,752	-	-	(22,752)
33 Health Services	265,142	-	12,708	(252,434)
34 Student Transportation	1,520,200	-	64,872	(1,455,328)
35 Food Services	1,712,364	505,099	-	(1,207,265)
36 Extracurricular Activities	1,303,202	155,663	59,782	(1,087,757)
41 General Administration	1,096,362	35,885	37,688	(1,022,789)
51 Plant Maintenance and Operations	3,667,896	-	176,466	(3,491,430)
52 Security and Monitoring Services	107,422	-	-	(107,422)
53 Data Processing Services	715,120	-	22,893	(692,227)
61 Community Services	57,299	-	16,899	(40,400)
72 Interest on Long-Term Debt	1,532,597	-	415,747	(1,116,850)
73 Bond Issuance Cost & Fees	619,717	-	-	(619,717)
99 Other Intergovernmental Charges	151,336	-	6,166	(145,170)
TG Total Governmental Activities:	<u>32,543,747</u>	<u>970,116</u>	<u>4,408,421</u>	<u>(27,165,210)</u>
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 32,543,747</u>	<u>\$ 970,116</u>	<u>\$ 4,408,421</u>	<u>(27,165,210)</u>

## General Revenues:

## Taxes:

MT	Property Taxes, Levied for General Purposes	11,524,305
DT	Property Taxes, Levied for Debt Service	3,039,848
SF	State Aid - Formula Grants	12,063,034
GC	Grants and Contributions, not Restricted	210,292
IE	Investment Earnings	63,490
S1	Gain on Sale of Fixed Assets	48,734
S2	Special Item - Early Retirement Incentive Program	(345,686)
TR	Total General Revenues, Special Items, and Transfers	<u>26,604,017</u>
CN	Change in Net Position	(561,193)
NB	Net Assets -- Beginning	37,290,314
NE	Net Assets -- Ending	<u>\$ 36,729,121</u>

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

## FUND BASIS FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	98 Other Funds	98 Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 8,986,168	\$ 4,167	\$ 132,709	\$ 9,123,044
1120 Investments - Current	8,513,205	1,179,381	262	9,692,848
1220 Property Taxes - Delinquent	719,491	186,054	-	905,545
1230 Allow. for Uncollectible Taxes (Credit)	(71,949)	(18,605)	-	(90,554)
1240 Due from Other Governments	25,285	-	235,167	260,452
1260 Due from Other Funds	394,542	-	15,320	409,862
1290 Other Receivables	23,295	-	1,834	25,129
1310 Inventories	171,438	-	-	171,438
1410 Deferred Expenditures	16,026	-	8,614	24,640
1800 Restricted Assets	-	-	28,021	28,021
1000 Total Assets	<u>\$ 18,777,501</u>	<u>\$ 1,350,997</u>	<u>\$ 421,927</u>	<u>\$ 20,550,425</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 222,435	\$ -	\$ 103,291	\$ 325,726
2140 Interest Payable	-	30,557	-	30,557
2150 Payroll Ded. and Withholdings Payable	26,189	-	-	26,189
2160 Accrued Wages Payable	867,292	-	76,608	943,900
2170 Due to Other Funds	274,767	-	135,095	409,862
2180 Due to Other Governments	648,500	87,865	-	736,365
2200 Accrued Expenditures	71,147	-	-	71,147
2300 Unearned Revenues	6,509	-	-	6,509
2000 Total Liabilities	<u>2,116,839</u>	<u>118,422</u>	<u>314,994</u>	<u>2,550,255</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2600 Deferred Inflows	<u>647,542</u>	<u>167,449</u>	<u>-</u>	<u>814,991</u>
Total Deferred Inflows of Resources	<u>647,542</u>	<u>167,449</u>	<u>-</u>	<u>814,991</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3410 Inventories	171,438	-	-	171,438
3425 Endowment Principal	-	-	28,000	28,000
3430 Prepaid Items	16,026	-	-	16,026
Restricted for:				
3450 Federal or State Funds Restricted	-	-	64,286	64,286
3480 Retirement of Long-Term Debt	-	1,065,126	-	1,065,126
Committed for:				
3510 Construction	3,500,000	-	-	3,500,000
3530 Capital Expenditures for Equipment	2,500,000	-	-	2,500,000
3545 Other Committed Fund Balance	-	-	16,126	16,126
3600 Unassigned Fund Balance	9,825,656	-	(1,479)	9,824,177
3000 Total Fund Balances	<u>16,013,120</u>	<u>1,065,126</u>	<u>106,933</u>	<u>17,185,179</u>
4000 Total Liabilities, Def. Inflows, and Fund Balances	<u>\$ 18,777,501</u>	<u>\$ 1,350,997</u>	<u>\$ 421,927</u>	<u>\$ 20,550,425</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2013

<b>Total Fund Balances - Governmental Funds</b>	\$ 17,185,179
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$85,158,124 for capital assets and \$20,668,103 for accumulated depreciation to the Statement of Net Position was an increase in net position.	64,460,021
2 Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The effect of capitalizing current expenditures for capital outlays during the year was an increase in net position.	372,358
3 Since capital assets are not reported in governmental funds, any gain or loss on disposal of capital assets is also not reported in governmental funds. Gains or losses on disposals of capital assets resulted in a decrease in net position.	(141)
4 Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The effect of recording depreciation expense to the Statement of Net Position is a decrease in net position.	(2,248,968)
5 Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net position.	(45,504,774)
6 Long-term debt issued by governmental activities is treated as an inflow of financial resources and not reported as a liability. The effect of recording the long-term debt issued and related refunding of prior year bonds during the year as a liability on the Statement of Net Position is a decrease in net position.	(270,383)
7 Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The effect of reducing long-term debt is an increase in net position.	2,050,000
8 Accretion on long-term debt issued by governmental activities is treated as interest expense and as an increase in long-term debt. The effect of recording accretion on long-term debt is a decrease in net position.	(58,268)
9 Since long-term debt is not recorded in governmental funds, issuance premiums/discounts and related subsequent amortization is also not recorded. The net effect of recording amortization on premiums/discounts on long-term debt is an increase in net position.	253,824
10 Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest is a decrease in net position.	(71,275)
11 Since long-term debt is not recorded in governmental funds, deferred losses on the refunding of bonds and related subsequent amortization is also not recorded. The net effect of recording amortization on the deferred loss on the refunding bond is a decrease in net position.	(253,443)
12 Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in net position.	814,991
<b>19 Net Position of Governmental Activities</b>	<u><u>\$ 36,729,121</u></u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

		10	50	98	
Data			Debt	Total	
Control		General	Service	Other	Governmental
Codes		Fund	Fund	Funds	Funds
REVENUES:					
5700	Local and Intermediate Sources	\$ 12,013,668	\$ 3,022,150	\$ 525,155	\$ 15,560,973
5800	State Program Revenues	13,164,357	415,747	91,365	13,671,469
5900	Federal Program Revenues	210,292	-	2,799,986	3,010,278
5020	Total Revenues	25,388,317	3,437,897	3,416,506	32,242,720
EXPENDITURES:					
0011	Instruction	13,210,525	-	1,435,683	14,646,208
0012	Instructional Resources & Media Services	341,184	-	-	341,184
0013	Curriculum & Instructional Staff Development	145,881	-	249,843	395,724
0021	Instructional Leadership	188,454	-	3,000	191,454
0023	School Leadership	1,523,464	-	-	1,523,464
0031	Guidance, Counseling & Evaluation Services	1,132,315	-	102,754	1,235,069
0032	Social Work Services	21,089	-	-	21,089
0033	Health Services	245,759	-	-	245,759
0034	Student (Pupil) Transportation	1,491,204	-	-	1,491,204
0035	Food Services	-	-	1,644,246	1,644,246
0036	Cocurricular/Extracurricular Activities	1,195,687	-	17,555	1,213,242
0041	General Administration	1,016,213	-	-	1,016,213
0051	Plant Maintenance and Operations	3,515,886	-	53,391	3,569,277
0052	Security and Monitoring Services	99,569	-	-	99,569
0053	Data Processing Services	687,738	-	-	687,738
0061	Community Services	43,716	-	9,394	53,110
0071	Debt Service - Principal	-	2,050,000	-	2,050,000
0072	Debt Service - Interest	-	1,498,491	-	1,498,491
0073	Debt Service - Bond Issuance Costs	-	619,717	-	619,717
0099	Other Intergovernmental Charges	136,273	-	4,000	140,273
6030	Total Expenditures	24,994,957	4,168,208	3,519,866	32,683,031
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	393,360	(730,311)	(103,360)	(440,311)
OTHER FINANCING SOURCES (USES):					
7911	Capital-Related Debt Issued	-	37,729,982	-	37,729,982
7912	Sale of Property	48,875	-	-	48,875
7916	Premium or Discount on Issuance of Bonds	-	6,208,674	-	6,208,674
8949	Refunding of Bonds	-	(43,668,273)	-	(43,668,273)
9003	Special Item - Early Retirement Incentive	(345,686)	-	-	(345,686)
7080	Total Other Financing Sources (Uses)	(296,811)	270,383	-	(26,428)
1200	Net Change in Fund Balance	96,549	(459,928)	(103,360)	(466,739)
0100	Fund Balance - Beginning	15,916,571	1,525,054	210,293	17,651,918
3000	Fund Balance - Ending	\$ 16,013,120	\$ 1,065,126	\$ 106,933	\$ 17,185,179

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2013

<b>Total Net Change in Fund Balances – Governmental Funds</b>		\$ (466,739)
1	Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net position.	372,358
2	Since capital assets are not reported in governmental funds, any gain or loss on disposal of capital assets is also not reported in governmental funds. Gains or losses on disposals of capital assets in the current year resulted in a decrease in net position.	(141)
3	Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in the change in net position.	(2,248,968)
4	Long-term debt issued by governmental activities is treated as an inflow of financial resources and not reported as a liability. The effect of recording the long-term debt issued and related refunding of prior year bonds during the year as a liability on the Statement of Net Position is a decrease in net position.	(270,383)
5	Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The net effect of reducing long-term debt is an increase in the change in net position.	2,050,000
6	Accretion on long-term debt issued by governmental activities is treated as interest expense and as an increase in long-term debt. The net effect of recording accretion on long-term debt is a decrease in the change in net position.	(58,268)
7	Since long-term debt is not recorded in governmental funds, issuance premiums/discounts and related subsequent amortization is also not recorded. The net effect of recording amortization on premiums/discounts on long-term debt is an increase in the change in net position.	253,824
8	Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest is an increase in the change in net position.	23,781
9	Since long-term debt is not recorded in governmental funds, deferred losses on the refunding of bonds and related subsequent amortization is also not recorded. The net effect of recording amortization on the deferred loss on the refunding bond is a decrease in net position.	(253,443)
10	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in the change in net position.	36,786
19	<b>Change in Net Position of Governmental Activities</b>	\$ (561,193)

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES:				
5700 Local & Intermediate Sources	\$ 11,626,844	\$ 12,023,603	\$ 12,013,668	\$ (9,935)
5800 State Program Revenues	12,628,027	13,263,527	13,164,357	(99,170)
5900 Federal Program Revenues	40,000	210,290	210,292	2
5020 Total Revenues	24,294,871	25,497,420	25,388,317	(109,103)
EXPENDITURES:				
Current:				
0011 Instruction	13,407,394	13,394,496	13,210,525	183,971
0012 Instructional Resources & Media Services	342,031	347,431	341,184	6,247
0013 Curriculum and Staff Development	176,280	181,811	145,881	35,930
0021 Instructional Leadership	189,691	198,691	188,454	10,237
0023 School Leadership	1,523,837	1,530,416	1,523,464	6,952
0031 Guidance/Counseling/Evaluation Services	1,117,166	1,154,943	1,132,315	22,628
0032 Social Work Services	21,599	21,599	21,089	510
0033 Health Services	258,381	257,706	245,759	11,947
0034 Student Transportation	1,783,001	1,727,201	1,491,204	235,997
0036 Extracurricular Activities	1,185,457	1,325,823	1,195,687	130,136
0041 General Administration	1,102,825	1,082,825	1,016,213	66,612
0051 Facilities Maintenance & Operations	4,123,728	3,920,728	3,515,886	404,842
0052 Security and Monitoring Services	91,980	103,780	99,569	4,211
0053 Data Processing Services	583,170	703,754	687,738	16,016
0061 Community Services	46,644	46,644	43,716	2,928
0099 Other Intergovernmental Charges	181,000	161,000	136,273	24,727
6030 Total Expenditures	26,134,184	26,158,848	24,994,957	1,163,891
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,839,313)	(661,428)	393,360	1,054,788
OTHER FINANCING SOURCES (USES):				
7912 Sale of Property	-	48,875	48,875	-
9003 Special Item - Early Retirement Incentive	-	(351,250)	(345,686)	(5,564)
7080 Total Other Financing Sources (Uses)	-	(302,375)	(296,811)	5,564
1200 Net Change in Fund Balances	(1,839,313)	(963,803)	96,549	1,060,352
0100 Fund Balance-September 1 (Beginning)	15,916,571	15,916,571	15,916,571	-
3000 Fund Balance-August 31 (Ending)	\$ 14,077,258	\$ 14,952,768	\$ 16,013,120	\$ 1,060,352

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

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

Data Control Codes	Private Purpose Trust Fund	Student Activity Funds	Total Trust/ Agency Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ -	\$ 268,582	\$ 268,582
1800 Restricted Assets	5,044	-	5,044
1000 Total Assets	<u>\$ 5,044</u>	<u>\$ 268,582</u>	<u>\$ 273,626</u>
<b>LIABILITIES</b>			
Current Liabilities:			
2190 Due to Student Groups	\$ -	\$ 268,582	\$ 268,582
2000 Total Liabilities	<u>-</u>	<u>268,582</u>	<u>268,582</u>
<b>NET ASSETS</b>			
3800 Held in Trust	5,044	-	5,044
3000 Total Net Assets	<u>\$ 5,044</u>	<u>\$ -</u>	<u>\$ 5,044</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Private Purpose Trust Fund
<b>REVENUES:</b>	
5700 Local and Intermediate Sources	\$ 16
5020 Total Revenues	<u>16</u>
1200 Change in Net Position	16
0100 Net Position - Beginning	<u>5,028</u>
3000 Net Position - Ending	<u>\$ 5,044</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Lampasas Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

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

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

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

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

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

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

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

**D. FUND ACCOUNTING**

The District reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted, committed, or assigned for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Permanent Fund - The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs in a permanent fund.

Fiduciary Funds:

Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District.

Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Student activity funds are accounted for using agency funds.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**E. OTHER ACCOUNTING POLICIES**

1. Cash Equivalents

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. Inventories

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

3. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, unless the straight-line method is not materially different, in which case the straight-line method is used. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the year of issuance of the debt.

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

4. 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.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

5. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Building Improvements	7-20
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5-6

6. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted Fund Balance* represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

*Assigned Fund Balance* represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

*Unassigned Fund Balance* represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

#### 7. 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 2013, the District purchased commercial insurance to cover general liabilities. Employees of the District were covered during the year by a workers' compensation insurance plan, which is described within Section III of the Notes to the Financial Statements. There were no significant reductions in coverage in the past fiscal year, and no settlements exceeding insurance coverage for each of the past three fiscal years.

#### 8. Data Control Codes

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Fund and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears as Exhibit C-3 and the other two reports are Exhibits J-4 and J-5, respectively.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to the end of each fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to the first day of the fiscal year, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. The District approved an amendment for an early notification resignation incentive pay program in the amount of \$351,250 as a special item. No other budget amendments were considered significant by the district.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

Fund Balance - Special Revenue Funds	
Appropriated Budget Funds - Child Nutrition	\$ 52,586
Non-Appropriated Budget Funds - Summer Feeding Program	11,700
Non-Appropriated Budget Funds - Campus Activity Funds	16,126
Non-Appropriated Budget Funds - Permanent Scholarship Fund	26,521
All Special Revenue Funds	<u><u>\$ 106,933</u></u>

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

There were no expenditures reported in excess of appropriations during the year in relation to any of the District's legally adopted budgets.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**C. DEFICIT FUND EQUITY**

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

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

District Policies and Legal and Contractual Provisions Governing Deposits

The funds of the District must be deposited and invested under terms of a contract, contents of which are set out in Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agency bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$9,391,626 and the bank balance was \$9,906,485. The District's combined deposits were fully insured at all times by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: First State Bank of Central Texas
- b. The fair market value of collateral pledged to the District, as of the date of the highest combined balance on deposit was \$10,479,000.
- c. The largest combined balances of cash, savings, and time deposit accounts amounted to \$10,008,000. These balances occurred during the month of December 2012.
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$500,000.
- e. The amount of unsecured deposits was \$-0-.

Custodial Credit Risk for Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk for Deposits

The District does not invest in securities relating to foreign currencies and therefore has no foreign currency risk.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

District Policies and Legal and Contractual Provisions Governing Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Lampasas Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2013, Lampasas Independent School District had the following investments.

Investment Name	Investment Type	Maturity in Years				Recording Fund
		Less than 1	1-5	6-10	More Than 10	
First Texas Bank	Certificate of Deposit	\$ 5,043	\$ -	\$ -	\$ -	801
LoneStar Investment Pool	Investment Pools	1,596,620	-	-	-	199, 599
TexPool Investment Pool	Investment Pools	8,096,229	-	-	-	199, 240, 599
Northwestern Mutual *	Mutual Funds	28,021	-	-	-	479
Total Investments		<u>\$ 9,725,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Additional policies and contractual provisions governing investments for Lampasas Independent School District are specified below:

Credit Risk

To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in the U.S. Government or the State of Texas or its agencies and instrumentalities, commercial paper, corporate bonds, and mutual bond funds to only ones with quality ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2013, the district's investments in TexPool were rated AAAM by Standard & Poor's and the District's investments in LoneStar were rated AAAM by Standard & Poor's.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

*Custodial Credit Risk for Investments*

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

*Concentration of Credit Risk*

To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. However, investments in local government investment pools are excluded from this 5% requirement due to the low-risk nature of the underlying investments within government investment pools.

*Interest Rate Risk*

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

*Foreign Currency Risk for Investments*

The District does not invest in securities relating to foreign currencies and therefore has no foreign currency risk relating to investments.

**B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent and subject to interest if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On June 30<sup>th</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**C. DELINQUENT TAXES RECEIVABLE**

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**D. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at August 31, 2013, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund		
General Fund	\$ 259,446	\$ 259,446
Special Revenue Funds	133,596	15,320
Permanent Fund	1,500	-
Total General Fund	<u>394,542</u>	<u>274,766</u>
Special Revenue Funds		
General Fund	15,320	133,596
Total Special Revenue Funds	<u>15,320</u>	<u>133,596</u>
Permanent Fund		
General Fund	-	1,500
Total Permanent Fund	<u>-</u>	<u>1,500</u>
Grand Total	<u><u>\$ 409,862</u></u>	<u><u>\$ 409,862</u></u>

There were no interfund transfers for the year ended August 31, 2013.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2013, were as follows:

	Property Taxes (net)	Other Governments	Other Receivables	Other Funds	Total Receivables
Governmental Activities:					
General Fund	\$ 647,542	\$ 25,285	\$ 23,295	\$ 394,542	\$ 1,090,664
Major Debt Service Fund	167,449	-	-	-	167,449
Other Governmental Funds	-	235,167	1,834	15,320	252,321
Total-Governmental Activities	<u><u>\$ 814,991</u></u>	<u><u>\$ 260,452</u></u>	<u><u>\$ 25,129</u></u>	<u><u>\$ 409,862</u></u>	<u><u>\$ 1,510,434</u></u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

Payables at August 31, 2013, were as follows:

	Accounts Payable	Interest Payable	Salaries/ Benefits	Due to Other Govs.	Due to Other Funds	Accrued Expenditures	Total Payables
Governmental Activities:							
General Fund	\$ 222,435	\$ -	\$ 893,481	\$ 648,500	\$ 274,767	\$ 71,147	\$ 2,110,330
Major Debt Service Fund	-	30,557	-	87,865	-	-	118,422
Other Governmental Funds	103,291	-	76,608	-	135,095	-	314,994
Total-Governmental Activities	<u>\$ 325,726</u>	<u>\$ 30,557</u>	<u>\$ 970,089</u>	<u>\$ 736,365</u>	<u>\$ 409,862</u>	<u>\$ 71,147</u>	<u>\$ 2,543,746</u>

**F. CAPITAL ASSET ACTIVITY**

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

	Beginning Balance 9/1/12	Additions	Retirements	Ending Balance 8/31/13
Governmental Activities:				
Land	\$ 2,032,767	\$ -	\$ (141)	\$ 2,032,626
Buildings and Improvements	75,760,846	131,171	-	75,892,017
Furniture and Equipment	7,334,511	241,187	-	7,575,698
Totals at Historical Cost	<u>85,128,124</u>	<u>372,358</u>	<u>(141)</u>	<u>85,500,341</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(15,868,945)	(1,618,417)	-	(17,487,362)
Furniture and Equipment	(4,799,158)	(630,551)	-	(5,429,709)
Total Accumulated Depreciation	<u>(20,668,103)</u>	<u>(2,248,968)</u>	<u>-</u>	<u>(22,917,071)</u>
Governmental Activities Capital Assets, Net	<u>\$ 64,460,021</u>	<u>\$ (1,876,610)</u>	<u>\$ (141)</u>	<u>\$ 62,583,270</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

Depreciation expense was charged to governmental functions as follows:

	Function	Depreciation Allocation
11	Instruction	\$ 1,155,149
12	Instructional Resources & Media	26,909
13	Curriculum & Staff Development	31,211
21	Instructional Leadership	15,100
23	School Leadership	120,156
31	Guidance/Counseling/Evaluation Services	97,410
32	Social Work Services	1,663
33	Health Services	19,383
34	Student Transportation	117,611
35	Food Services	129,682
36	Cocurricular/Extracurricular Activities	95,689
41	General Administration	80,149
51	Plant Maintenance and Operations	281,509
52	Security and Monitoring Services	7,853
53	Data Processing Services	54,242
61	Community Services	4,189
99	Other Intergovernmental Charges	11,063
	Totals	<u>\$ 2,248,968</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**G. BONDS, NOTES, AND CAPITAL LEASES PAYABLE**

Bonded indebtedness of the District is reflected in the government-wide financial statements. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2013 is as follows:

Description	Interest Rate	Original Issue	Current Year Interest	Outstanding 9/1/12	Additions	Deletions	Current Accretion	Outstanding 8/31/13	Due in One Year
<b>Bonds Payable - Principal</b>									
Limited Tax Sch. Bldg., Series 2007	4.0-5.0%	\$ 47,850,000	\$ 921,219	\$42,625,000	\$ -	\$ (39,240,000)	\$ -	\$ 3,385,000	\$ 905,000
Limited Tax Refunding Bonds - Series 2010	2.0-3.0%	2,150,000	39,450	1,655,000	-	(510,000)	-	1,145,000	565,000
Limited Tax Refunding Bonds - Series 2012	2.0-3.0%	8,394,982	151,105	-	8,394,982	(285,000)	58,268	8,168,250	100,000
Limited Tax Refunding Bonds - Series 2013	2.0-5.0%	29,335,000	386,717	-	29,335,000	-	-	29,335,000	55,000
Total Bonds Payable			1,498,491	44,280,000	37,729,982	(40,035,000)	58,268	42,033,250	1,625,000
<b>Bonds Payable Premium and Discounts</b>									
Premium & OID, Series 2007		1,477,076	-	1,180,315	-	(1,180,315)	-	-	-
Premium on Series 2010 - CIB's		74,097	-	44,459	-	(14,820)	-	29,639	-
Premium on Series 2012 - CAB's		1,150,114	-	-	1,150,114	(31,948)	-	1,118,166	-
Premium on Series 2012 - CIB's		452,871	-	-	452,871	(12,580)	-	440,291	-
Premium on Series 2013 - CIB's		4,492,891	-	-	4,605,689	(135,461)	-	4,470,228	-
Total Bond Premium and Discounts				1,224,774	6,208,674	(1,375,124)	-	6,058,324	-
Total Bonds Payable				45,504,774	43,938,656	(41,410,124)	58,268	48,091,574	1,625,000
Grand Total Long-Term Debt			\$1,498,491	\$45,504,774	\$43,938,656	\$ (41,410,124)	\$ 58,268	\$48,091,574	\$ 1,625,000

During the year, the District issued \$37,729,982 of Limited Tax Refunding Bonds for a defeasance of \$39,240,000 of the future principal payments on the Limited Tax School Building Bonds, Series 2007. The refunding was undertaken to obtain a more favorable average interest rate and as a result reduce total future debt service payments. The transaction resulted in a decrease in total future debt service payments related to the refunded bonds of \$540,018, and a net present value savings of \$4,585,243.

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2013.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**H. DEBT SERVICE REQUIREMENTS – BONDS, NOTES, AND CAPITAL LEASES PAYABLE**

Debt service requirements for bonds are as follows:

Year Ended August 31,	General Obligations			Total Requirements
	Principal	Accumulated Accretion	Interest	
2014	\$ 1,625,000	\$ -	\$ 1,610,070	\$ 3,235,070
2015	1,710,000	-	1,551,114	3,261,114
2016	1,670,000	-	1,487,727	3,157,727
2017	1,740,000	-	1,420,239	3,160,239
2018	1,805,000	-	1,351,339	3,156,339
2019-2023	10,185,000	-	5,574,020	15,759,020
2024-2028	12,875,000	-	2,884,295	15,759,295
2029-2033	10,364,982	58,268	468,103	10,891,353
Totals	<u>\$ 41,974,982</u>	<u>\$ 58,268</u>	<u>\$ 16,346,907</u>	<u>\$ 58,380,157</u>

**I. DEFINED BENEFIT PENSION PLAN**

*Plan Description*

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

*Funding Policy*

State law provides for fiscal years 2011, 2012 and 2013 a state contribution rate of 6.644%, 6.0%, and 6.4%, respectively, and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the state's contribution percentage. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

A summary of contributions made to the plan for the last three fiscal years is as follows:

Fiscal Year	Employee Contributions	State Contributions	District
		Made to TRS On-Behalf of Employees	Contributions Related to Above Statutory Minimum Salaries
2013	\$ 1,149,890	\$ 1,034,193	\$ 112,809
2012	1,168,549	1,030,540	116,608
2011	1,168,538	1,108,287	135,829

**J. EMPLOYEE HEALTH CARE COVERAGE**

For the year ended August 31, 2013, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$165 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas.

**K. RETIREE HEALTH CARE PLANS**

1. TRS-Care

*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 the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependants) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The 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 Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

*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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payrolls set at 0.55% for fiscal years 2013, 2012, and 2011.

2. Medicare Part-D Subsidies

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 Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

Fiscal Year	Medicare Part-D State On-Behalf Payments	
2013	\$	67,131
2012		46,892
2011		42,029

3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An “early retiree” is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program.

Fiscal Year	Early Retiree Reinsurance Program State On-Behalf Payments	
2013	\$	-
2012		44,344
2011		-

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**L. UNEARNED REVENUE**

Unearned revenue at August 31, 2013 consisted of the following amounts:

Fund	Miscellaneous Revenue	Total
General Fund	\$ 6,509	\$ 6,509
Total	\$ 6,509	\$ 6,509

**M. DUE FROM STATE AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2013, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

Fund	State Entitlements	Federal Grants	Other Governments	Total
General Fund	\$ -	\$ -	\$ 25,285	\$ 25,285
Non-Major Governmental Funds	1,192	233,975	-	235,167
Total	\$ 1,192	\$ 233,975	\$ 25,285	\$ 260,452

**N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

Type	General Fund	Debt Service Fund	Non-Major Governmental Funds	Trust Funds	Total
Property Taxes	\$ 11,507,806	\$ 3,019,561	\$ -	\$ -	\$ 14,527,367
Investment Income	58,670	2,589	2,232	16	63,507
Rent	35,885	-	-	-	35,885
Gifts	40,748	-	-	-	40,748
Insurance Recovery	2,649	-	-	-	2,649
Food Sales	-	-	505,099	-	505,099
Athletics	138,063	-	-	-	138,063
Enterprising Revenues	-	-	17,601	-	17,601
Miscellaneous Local Revenue	229,847	-	223	-	230,070
Total	\$ 12,013,668	\$ 3,022,150	\$ 525,155	\$ 16	\$ 15,560,989

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**O. LITIGATION**

As of year end, there was either no litigation pending against or no litigation meeting the requirements of disclosure.

**P. SUBSEQUENT EVENTS**

There were no subsequent events that occurred after year end meeting the requirements for disclosure.

**Q. RISK MANAGEMENT**

The District has established the Workers' Compensation Internal Service Fund to account for and finance Workers' compensation claims. It is a modified self-insurance plan, known as Texas Public Schools Workers' Compensation Project/DBA: *SchoolComp*. The Plan year began September 1, 2012 and ended August 31, 2013. The District's maximum financial exposure for the 2012-2013 plan year is \$205,786. Any costs above \$205,786 for the 2012-2013 plan years are the shared responsibility of the remaining *SchoolComp* members. The district's self-insured retention for the 2012-2013 plan year per occurrence is \$61,736.

Costs for any one occurrence above the self-insured retention are a proportionately shared responsibility of the remaining *SchoolComp* members. Excess Insurance is provided by Safety National Casualty Corporation, an admitted carrier. The policy provides for specific stop-loss attachment at \$325,000 per occurrence and aggregate stop-loss attachment at \$6,865,861. Settled claims have not exceeded this commercial coverage in any of the past fiscal years.

All funds of the Districts that participate in the program remain in their local bank account. The incurred but not reported (IBNR) calculation for Lampasas ISD for 2012-2013 plan year is \$61,736. The claims liability of \$71,147 (including the IBNR) is the total liability at renewal. The amount of \$228,209 was reported in the Lampasas ISD Workers' Compensation funds at June 30, 2012.

**R. COMMITMENTS AND CONTINGENCIES**

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**S. RESTATEMENT OF NET POSITION**

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65) which is effective for periods beginning after December 15, 2012, with early application encouraged. This statement specifies that costs related to the issuance of debt will no longer be recorded as a deferred charge and amortized over the life of the debt. These costs should instead be recognized as an expense in the period incurred. Accounting changes to comply with this statement should be applied retroactively by restating financial statements for all periods presented. If restatement is impractical, the cumulative effect of applying this statement should be reported as a restatement of beginning net position for the earliest period presented.

The cumulative effect of the application of GASB 65 and restatement of beginning net position is as follows:

	Governmental Activities Net Assets
Net Position as Previously Stated at August 31, 2012	<u>\$ 37,623,041</u>
Cumulative Effect of Change in Accounting Principle Related to Removal of Deferred Bond Issuance Costs from the Statement of Net Position	<u>(332,727)</u>
Net Position as Restated at August 31, 2012	<u><u>\$ 37,290,314</u></u>

## COMBINING SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

	211	224	225	240	242
Data				National	
Control	ESEA, Title I,	IDEA-Part B,	IDEA-Part B,	Breakfast and	Summer
Codes	Part A	Formula	Preschool	Lunch	Feeding
				Program	Program
<b>ASSETS</b>					
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 84,268	\$ 11,876
1120 Investments - Current	-	-	-	262	-
1240 Due from Other Governments	104,495	87,357	1,872	25,544	-
1260 Due from Other Funds	-	-	-	15,320	-
1290 Other Receivables	-	-	-	1,834	-
1410 Deferred Expenditures	-	-	-	8,614	-
1800 Restricted Assets	-	-	-	-	-
1000 Total Assets	<u>\$ 104,495</u>	<u>\$ 87,357</u>	<u>\$ 1,872</u>	<u>\$ 135,842</u>	<u>\$ 11,876</u>
<b>LIABILITIES</b>					
2110 Accounts Payable	\$ -	\$ 1,670	\$ -	\$ 81,006	\$ 176
2160 Accrued Wages Payable	45,953	29,878	777	-	-
2170 Due to Other Funds	58,542	55,809	1,095	2,250	-
2000 Total Liabilities	<u>104,495</u>	<u>87,357</u>	<u>1,872</u>	<u>83,256</u>	<u>176</u>
<b>FUND BALANCES</b>					
Nonspendable:					
3425 Endowment Principal	-	-	-	-	-
Restricted for:					
3450 Federal or State Funds Restricted	-	-	-	52,586	11,700
Committed for:					
3545 Other Committed Fund Balance	-	-	-	-	-
3600 Unassigned Fund Balance	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,586</u>	<u>11,700</u>
4000 Total Liabilities and Fund Balances	<u>\$ 104,495</u>	<u>\$ 87,357</u>	<u>\$ 1,872</u>	<u>\$ 135,842</u>	<u>\$ 11,876</u>

244	255	404	410	461	479	Total
Career and Technical- Basic Grant	ESEA, Title II, Part A	Student Success Initiative	State Textbook Fund	Campus Activity Funds	Permanent Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 20,439	\$ 16,126	\$ -	\$ 132,709
-	-	-	-	-	-	262
1,961	12,746	1,192	-	-	-	235,167
-	-	-	-	-	-	15,320
-	-	-	-	-	-	1,834
-	-	-	-	-	-	8,614
-	-	-	-	-	28,021	28,021
<u>\$ 1,961</u>	<u>\$ 12,746</u>	<u>\$ 1,192</u>	<u>\$ 20,439</u>	<u>\$ 16,126</u>	<u>\$ 28,021</u>	<u>\$ 421,927</u>
\$ -	\$ -	\$ -	\$ 20,439	\$ -	\$ -	\$ 103,291
-	-	-	-	-	-	76,608
1,961	12,746	1,192	-	-	1,500	135,095
<u>1,961</u>	<u>12,746</u>	<u>1,192</u>	<u>20,439</u>	<u>-</u>	<u>1,500</u>	<u>314,994</u>
-	-	-	-	-	28,000	28,000
-	-	-	-	-	-	64,286
-	-	-	-	16,126	-	16,126
-	-	-	-	-	(1,479)	(1,479)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,126</u>	<u>26,521</u>	<u>106,933</u>
<u>\$ 1,961</u>	<u>\$ 12,746</u>	<u>\$ 1,192</u>	<u>\$ 20,439</u>	<u>\$ 16,126</u>	<u>\$ 28,021</u>	<u>\$ 421,927</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	211 ESEA, Title I, Part A	224 IDEA-Part B, Formula	225 IDEA-Part B, Preschool	240 Breakfast and Lunch Program	242 Summer Feeding Program
REVENUES:					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 505,332	\$ 997
5800 State Program Revenues	-	-	-	9,211	-
5900 Federal Program Revenues	856,428	651,764	13,923	1,054,710	26,756
5020 Total Revenues	856,428	651,764	13,923	1,569,253	27,753
EXPENDITURES:					
0011 Instruction	703,281	620,575	13,923	-	-
0013 Curriculum & Instructional Staff Dev.	93,716	-	-	-	-
0021 Instructional Leadership	-	3,000	-	-	-
0031 Guidance, Counseling & Evaluation Svcs.	50,037	28,189	-	-	-
0035 Food Services	-	-	-	1,628,193	16,053
0036 Cocurricular/Extracurricular Activities	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	53,391	-
0061 Community Services	9,394	-	-	-	-
0099 Other Intergovernmental Charges	-	-	-	-	-
6030 Total Expenditures	856,428	651,764	13,923	1,681,584	16,053
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(112,331)	11,700
0100 Fund Balance - Beginning	-	-	-	164,917	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ 52,586	\$ 11,700

244 Career and Technical- Basic Grant	255 ESEA, Title II, Part A	404 Student Success Initiative	410 State Textbook Fund	461 Campus Activity Funds	479 Permanent Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 17,601	\$ 1,225	\$ 525,155
-	-	11,922	70,232	-	-	91,365
42,630	153,775	-	-	-	-	2,799,986
42,630	153,775	11,922	70,232	17,601	1,225	3,416,506
15,602	148	11,922	70,232	-	-	1,435,683
2,500	153,627	-	-	-	-	249,843
-	-	-	-	-	-	3,000
24,528	-	-	-	-	-	102,754
-	-	-	-	-	-	1,644,246
-	-	-	-	17,555	-	17,555
-	-	-	-	-	-	53,391
-	-	-	-	-	-	9,394
-	-	-	-	-	4,000	4,000
42,630	153,775	11,922	70,232	17,555	4,000	3,519,866
-	-	-	-	46	(2,775)	(103,360)
-	-	-	-	16,080	29,296	210,293
\$ -	\$ -	\$ -	\$ -	\$ 16,126	\$ 26,521	\$ 106,933

## TEA REQUIRED SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2013

		1	2	3
Last 10 Years Ended		Tax Rates		Assessed/Appraised
August 31,		Maintenance	Debt Service	Value for School
				Tax Purposes
2004	and prior years	Various	Various	\$ Various
2005		1.47000	0.03000	622,302,781
2006		1.45000	0.05000	660,965,845
2007		1.32180	0.05000	756,811,455
2008		1.04000	0.46000	840,746,558
2009		1.04000	0.46000	907,492,067
2010		1.04000	0.46000	929,047,467
2011		1.17000	0.29000	941,965,510
2012		1.17000	0.29000	963,919,347
2013	(School year under audit)	1.17000	0.29000	986,530,595
TOTALS				

10	20	31	32	40	50
Beginning Balance 9/1/12	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/13
\$ 83,762	\$ -	\$ 3,543	\$ 73	\$ (6,857)	\$ 73,289
21,268	-	1,494	30	(1,010)	18,734
24,191	-	2,872	99	(867)	20,353
29,403	-	3,363	127	(778)	25,135
41,249	-	6,690	2,959	1,985	33,585
58,780	-	10,154	4,491	813	44,948
112,484	-	21,974	9,719	(3,151)	77,640
149,488	-	46,810	11,603	8,508	99,583
334,548	-	108,032	26,777	(3,329)	196,410
-	14,403,347	11,253,418	2,789,309	(44,752)	315,868
<u>\$ 855,173</u>	<u>\$ 14,403,347</u>	<u>\$ 11,458,350</u>	<u>\$ 2,845,187</u>	<u>\$ (49,438)</u>	<u>\$ 905,545</u>

**LAMPASAS INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Misc.	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$190,566	\$ 545,147	\$ -	\$ -	\$ 735,713
6149	Leave for Separating Employees in Fn 41 & 53				-			-
6149	Leave for Separating Emp. not in Fn 41 & 53				-			-
6211	Legal Services	46,797	-	-		-		46,797
6212	Audit Services				22,400			22,400
6213	Tax Appraisal/Collection - Appraisal in Fn 99		229,380					229,380
6214	Lobbying				-			-
621X	Other Professional Services	-	-	-	1,850	-	-	1,850
6220	Tuition & Transfer Pymts						-	-
6230	Education Service Centers	-	-	-	750	-	-	750
6240	Contr. Maint. And Repair					509		509
6250	Utilities					-		-
6260	Rentals	-	-	-	25,376	-	-	25,376
6290	Miscellaneous Contr.	595	-	-	7,805	-	-	8,400
6320	Textbooks and Reading	-	-	423	50	-	-	473
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	684	-	360	17,794	-	-	18,838
6410	Travel, Subsist., Stipends	3,960	-	2,477	6,372	-	-	12,809
6420	Ins. And Bonding Costs	-	500	-	14,139	-	-	14,639
6430	Election Costs	420						420
6490	Miscellaneous Operating	2,089	-	570	31,473	-	-	34,132
6500	Debt Service						-	-
6600	Capital Outlay						-	-
6000	TOTAL	\$ 54,545	\$229,880	\$194,396	\$ 673,156	\$ 509	\$ -	\$ 1,152,486
Total expenditures/expenses for General and Special Revenue Funds:							9	\$ 28,514,822
LESS: Deductions of Unallowable Costs								
FISCAL YEAR								
	Total Capital Outlay (6600)					10	\$ 372,358	
	Total Debt & Lease (6500)					11	-	
	Plant Maintenance (Function 51, 6100-6400)					12	3,386,387	
	Food (Function 35, 6341 and 6499)					13	753,902	
	Stipends (6413)					14	-	
	Column 4 (above) - Total Indirect Cost						673,156	
	Subtotal:							5,185,803
	Net Allowed Direct Cost							\$ 23,329,019
CUMULATIVE								
	Total Cost of Buildings before Depreciation (1520)						15	\$ 75,892,018
	Historical Cost of Building over 50 years old						16	2,722,945
	Amount of Federal Money in Building Cost (Net of #16)						17	-
	Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)						18	7,575,698
	Historical Cost of Furniture & Equipment over 16 years old						19	943,332
	Amount of Federal Money in Furniture & Equipment (Net of #19)						20	-

8a \$ - Fn 53 expenditures are included in this report on Administrative costs.

8b \$ 136,273 Fn 99 expenditures for appraisal district costs are included in this report on administrative costs.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		Budgeted Amounts		Actual	Variance With
		Original	Final	Amounts (GAAP BASIS)	Final Budget
REVENUES:					
5700	Local & Intermediate Sources	\$ 570,050	\$ 517,050	\$ 505,332	\$ (11,718)
5800	State Program Revenues	10,000	10,000	9,211	(789)
5900	Federal Program Revenues	1,031,500	1,059,500	1,054,710	(4,790)
5020	Total Revenues	1,611,550	1,586,550	1,569,253	(17,297)
EXPENDITURES:					
0035	Food Services	1,600,650	1,655,255	1,628,193	27,062
0051	Facilities Maint. & Operations	60,900	60,900	53,391	7,509
6030	Total Expenditures	1,661,550	1,716,155	1,681,584	34,571
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(129,605)	(112,331)	17,274
1200	Net Change in Fund Balances	(50,000)	(129,605)	(112,331)	17,274
0100	Fund Balance-September 1 (Beginning)	164,917	164,917	164,917	-
3000	Fund Balance-August 31 (Ending)	\$ 114,917	\$ 35,312	\$ 52,586	\$ 17,274

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, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
REVENUES:				
5700 Local & Intermediate Sources	\$ 2,991,300	\$ 3,026,700	\$ 3,022,150	\$ (4,550)
5800 State Program Revenues	322,476	418,476	415,747	(2,729)
5020 Total Revenues	3,313,776	3,445,176	3,437,897	(7,279)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	2,050,000	2,050,000	2,050,000	-
0072 Interest on Long Term Debt	1,498,581	1,498,581	1,498,491	90
0073 Bond Issuance Cost and Fees	368,232	638,614	619,717	18,897
6030 Total Expenditures	3,916,813	4,187,195	4,168,208	18,987
OTHER FINANCING SOURCES (USES):				
7911 Capital-Related Debt Issued	-	37,729,982	37,729,982	-
7916 Premium or Discount on Issuance of Bonds	-	6,208,674	6,208,674	-
8949 Refunding of Bonds	-	(43,668,274)	(43,668,273)	1
7080 Total Other Finance Sources (Uses)	-	270,382	270,383	1
1200 Net Change in Fund Balances	(603,037)	(471,637)	(459,928)	11,709
0100 Fund Balance-September 1 (Beginning)	1,525,054	1,525,054	1,525,054	-
3000 Fund Balance-August 31 (Ending)	\$ 922,017	\$ 1,053,417	\$ 1,065,126	\$ 11,709

## FEDERAL AWARDS SECTION



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 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, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Lampasas Independent School District's basic financial statements, and have issued our report thereon dated November 4, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lampasas Independent School 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 Lampasas Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lampasas Independent School 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 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 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.

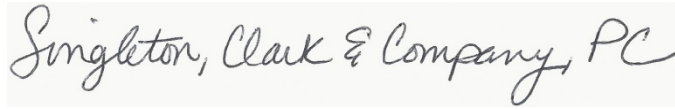
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Lampasas Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Singleton, Clark & Company  
Austin, Texas

November 4, 2013



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To the Board of Trustees of  
Lampasas Independent School District

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Lampasas Independent School 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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lampasas Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Lampasas Independent School 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, 2013.

**Report on Internal Control Over Compliance**

Management of Lampasas Independent School 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 Lampasas Independent School 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lampasas Independent School District's internal control over compliance.

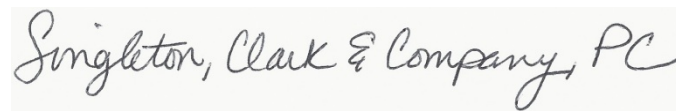
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Lampasas Independent School District as of and for the year ended August 31, 2013, and have issued our report thereon dated November 4, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Singleton, Clark & Company  
Austin, Texas

November 4, 2013

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

1	2	2a	3
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs:</u>			
ESEA, Title VIII - Impact Aid	84.041B	13-141901	\$ 85,845
Total Direct Programs			<u>85,845</u>
<u>Passed Through State Department of Education:</u>			
ESEA-Title I, Part A	84.010A	13-610101141901	856,428
IDEA-Part B, Formula*	84.027A	13-6600011419016600	651,764
IDEA-Part B, Preschool*	84.173A	13-6610011419016610	13,923
Career and Technical-Basic Grant	84.048A	13-420006141901	42,630
Title II, Part A, Improving Teacher Quality	84.367A	13-694501141901	153,775
Total Passed Through State Dept of Education			<u>1,718,520</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>1,804,365</u></u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through State Department of Education:</u>			
School Breakfast Program*	10.553	71401301	214,034
National School Lunch Program - Cash Assistance*	10.555	71301301	786,181
<u>Passed Through the Texas Department of Agriculture:</u>			
Non-Cash Assistance - Food Distribution Program*	10.555	13-141901	81,251
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u><u>1,081,466</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 2,885,831</u></u>
School Health & Related Services (SHARS) Revenue - <i>Not Considered Federal Financial Assistance</i>			<u>\$ 124,447</u>
<b>TOTAL FEDERAL REVENUE PER THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE</b>			<u><u>\$ 3,010,278</u></u>

\*Cluster Programs as required by Compliance Supplement 2013

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2013

**General** – The accompanying schedule of expenditures of federal awards presents all federal expenditures of the Lampasas Independent School District (the “District”).

**Basis of Accounting** – The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program, and the Food Distribution Program. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, School Breakfast Program, and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying schedule of expenditures of federal awards in an amount equal to revenue for balancing purposes only.

**Relationship to the Basic Financial Statements** – Expenditures of federal awards are reported in the District’s basic financial statements in special revenue funds.

**Relationship to Federal Financial Reports** – Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

**Valuation of Non-cash Programs** – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2013

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

**FEDERAL AWARDS**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

National School Breakfast Program	Unmodified
National School Lunch Program	Unmodified

Any audit findings disclosed that are required to be Reported with section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	National School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
FOR THE YEAR ENDED AUGUST 31, 2013

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2013 and 2012.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Section 510(c) of OMB Circular A-133:

No findings or questioned costs required to be reported in accordance with Section 510(c) of OMB Circular A-133 for the years ended August 31, 2013 and 2012.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1 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 unmodified opinion in the Annual financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 58,268