

**LAMPASAS INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

**FOR THE YEAR ENDED
AUGUST 31, 2011**

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

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2011

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CERTIFICATE OF BOARD

Lampasas Independent School District
Name of School District

Lampasas
County

141-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2011, at a meeting of the Board of Trustees of such school district on the 5th day of DECEMBER, 2011.


Signature of Board Secretary


Signature of Board President

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



SINGLETON, CLARK
& COMPANY, P C
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditors' Report

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

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District) as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

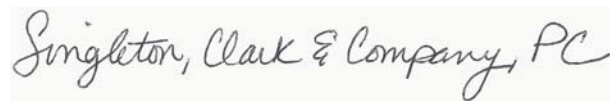
Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-2, J-4, and J-5. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Singleton, Clark & Company, PC
Cedar Park, Texas

November 15, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2011

As management of Lampasas Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of Lampasas Independent School District for the year ended August 31, 2011.

FINANCIAL HIGHLIGHTS

- During the year, the General Fund reported a fund balance increase of \$1,728,376 to end at \$15,101,839. Of this amount, \$9,421,610 was reported as unassigned.
- At the end of the fiscal year, the District's overall governmental funds, which encompass the General Fund as well as the District's state and federal special revenue funds, debt service fund, and capital projects funds, reported combined ending fund balances of \$17,147,438, an increase of \$1,056,106 over the prior year.
- Under the GASB-34 presentation of the District's financial activities, whereby a method of accounting similar to that of a private business is utilized, the District generated local, state and federal revenues totaling \$35,211,116. Expenses for all of the District's activities, including depreciation on its assets, totaled \$34,000,753. Net assets at year end totaled \$36,675,529, an increase over the prior year of \$1,210,363.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of Lampasas Independent School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Lampasas Independent School District include instruction and instructional-related services, instructional and school leadership, support services - student (pupil), administrative support services, support services - non-student based, and ancillary services. Lampasas Independent School District currently has no business-type activities and no component units.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2011

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

Fund Financial Statements

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

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

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

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

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

Compliance with the District’s annual General Fund operating budget for the year ended August 31, 2011, is reported in the *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund* which is found in the Basic Financial Statements section. Compliance with operating budgets of the Child Nutrition Fund and the Debt Service Fund, which are required by the Texas Education Agency (TEA) are reported in budgetary comparison schedules in the Required TEA Schedules section of the financial statements.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2011

Notes to the Financial Statements

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

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$36,675,529 at the close of the most recent year.

Table I
Lampasas Independent School District
Net Assets
For the Years Ended August 31, 2011 and 2010

	Governmental Activities 2011	Governmental Activities 2010	Change
Current & other assets	\$ 23,018,468	\$ 21,323,201	\$ 1,695,267
Capital assets	65,721,630	67,321,793	(1,600,163)
Total assets	<u>\$ 88,740,098</u>	<u>\$ 88,644,994</u>	<u>\$ 95,104</u>
Long-term liabilities	\$ 47,273,609	\$ 48,928,347	\$ (1,654,738)
Other liabilities	4,790,960	4,544,235	246,725
Total liabilities	<u>52,064,569</u>	<u>53,472,582</u>	<u>(1,408,013)</u>
Net Assets:			
Invested in capital assets, net of related debt	18,448,021	18,393,446	54,575
Restricted	2,185,495	2,890,824	(705,329)
Unrestricted	16,042,013	13,888,142	2,153,871
Total net assets	<u><u>\$ 36,675,529</u></u>	<u><u>\$ 35,172,412</u></u>	<u><u>\$ 1,503,117</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2011

Governmental activities increased the District's net assets by \$1,210,363 for the year. Key elements of this increase are as follows:

Table II
Lampasas Independent School District
Changes in Net Assets
For the Years Ended August 31, 2011 and 2010

	Governmental Activities 2011	Governmental Activities 2010	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 859,344	\$ 708,124	\$ 151,220
Operating grants & contributions	6,069,760	6,374,394	(304,634)
General Revenues:			
Maintenance & operations taxes	11,061,475	9,495,722	1,565,753
Debt service taxes	2,897,951	4,466,428	(1,568,477)
State aid - formula grants	13,680,015	13,641,842	38,173
Grants & contributions not restricted	298,101	222,813	75,288
Investment earnings	89,683	90,161	(478)
Miscellaneous	254,787	157,542	97,245
Total Revenue	35,211,116	35,157,025	54,091
Expenses:			
Instruction	16,468,313	15,899,372	568,941
Instructional resources & media services	486,521	496,623	(10,102)
Curriculum and staff development	395,555	159,146	236,409
Instructional leadership	286,823	296,479	(9,656)
School leadership	1,677,452	1,647,460	29,992
Guidance/counseling/evaluation services	1,315,471	1,300,434	15,037
Social work/health services	297,342	265,930	31,412
Student transportation	1,556,341	1,522,031	34,310
Food services	1,689,594	1,724,910	(35,316)
Cocurricular/extracurricular activities	1,393,862	1,204,493	189,369
General administration	1,056,253	1,178,803	(122,550)
Plant maintenance and operations	3,885,811	4,141,846	(256,035)
Security and monitoring services	62,135	73,607	(11,472)
Data processing services	657,473	615,679	41,794
Community services	79,105	80,069	(964)
Debt Service	2,528,591	2,354,348	174,243
Payments to Fiscal Agents	-	1,476	(158,637)
Other intergovernmental charges	164,111	158,637	164,111
Total Expenses	34,000,753	33,121,343	879,410
Gain (Loss) on sale of assets	-	15,642	(15,642)
Change in net assets	1,210,363	2,051,324	(840,961)
Prior period adjustment	292,755	-	292,755
Net assets at 9/1/10 and 9/1/09	35,172,411	33,121,087	2,051,324
Net assets at 8/31/11 and 8/31/10	\$ 36,675,529	\$ 35,172,411	\$ 1,503,118

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2011

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

General Fund. The General Fund is the chief operating fund of the District. At the end of the current year the fund balance of the General Fund was \$15,101,839, of which \$180,229 was related to nonspendable inventory and prepaid items, \$2,000,000 was committed for capital expenditures, \$3,500,000 was committed for construction, and \$9,421,610 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balances represent 37.8 percent of total General Fund expenditures. Fund balance of the District's General Fund increased by \$1,728,376 during the current year, primarily as a result of favorable budget variances in both revenues and expenditures.

Debt Service Fund. The debt service fund accounts for the repayment of long-term debt. At the end of the current year, the fund balance of this fund was \$1,925,421, all of which was restricted for repayment of long-term debt.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. In accordance with GASB 34, the District has recorded depreciation expense associated with all of its capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2011, amounted to \$65,721,630 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, and machinery and equipment.

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

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

	Governmental Activities 2011	Governmental Activities 2010	Change
Land	\$ 2,032,767	\$ 2,032,767	\$ -
Buildings	75,657,890	75,428,454	229,436
Furniture and Equipment	7,180,684	6,849,589	331,095
Total	84,871,341	84,310,810	560,531
Less Accumulated Depreciation	(19,149,711)	(16,989,017)	(2,160,694)
Capital assets, net of depreciation	<u>\$ 65,721,630</u>	<u>\$ 67,321,793</u>	<u>\$ (1,600,163)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2011

Long-Term Debt. At the end of the current year, the District had total long-term debt outstanding of \$47,273,609. This entire amount is backed by the full faith and credit of the District. A summary of long-term debt outstanding is as follows:

Table IV
Lampasas Independent School District's Outstanding Debt

	Governmental Activities 2011	Governmental Activities 2010	Change
General Obligation Bonds	\$ 47,273,609	\$ 48,928,347	\$ (1,654,738)
Total	<u>\$ 47,273,609</u>	<u>\$ 48,928,347</u>	<u>\$ (1,654,738)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2011-2012 school year total \$31,730,362 and the District's Board of Trustees has passed an M & O tax rate of \$1.17 and an I & S rate of \$.29 for a combined rate of \$1.46.

REQUESTS FOR INFORMATION

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

GOVERNMENT-WIDE STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data Control Codes	<u>Primary Government</u> 1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 9,252,256
1120 Current Investments	11,610,649
1220 Property Taxes Receivable (Delinquent)	879,355
1230 Allowance for Uncollectible Taxes	(79,142)
1240 Due from Other Governments	783,580
1290 Other Receivables, net	13,983
1300 Inventories	165,421
1410 Prepaid Items	14,808
1420 Capital Bond & Other Issuance Costs	377,558
Capital Assets:	
1510 Land	2,032,767
1520 Buildings and Improvement, Net	61,354,208
1530 Furniture and Equipment, Net	2,334,655
1000 Total Assets	<u><u>\$ 88,740,098</u></u>
LIABILITIES	
2110 Accounts Payable	\$ 313,931
2140 Interest Payable	428,921
2150 Payroll Deductions & Withholdings	1,140
2160 Accrued Wages Payable	1,231,746
2180 Due to Other Governments	2,604,565
2200 Accrued Expenses	130,280
2300 Deferred Revenue	80,377
Noncurrent Liabilities:	
2501 Due Within One Year	1,695,000
2502 Due in More Than One Year	44,280,000
2516 Premium & Discount on Issuance of Bonds	1,298,609
2000 Total Liabilities	<u><u>52,064,569</u></u>
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	18,448,021
3820 Restricted for Federal and State Programs	103,290
3850 Restricted for Debt Service	2,082,205
3900 Unrestricted Net Assets	16,042,013
3000 Total Net Assets	<u><u>\$ 36,675,529</u></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, 2011

Data Control Codes	1 Expenses	Program Revenues		Net (Expense) Rev. & Changes in Net Assets
		3 Charges for Services	4 Operating Grants and Contributions	
				6 Primary Govt. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 16,468,313	\$ -	\$ 3,601,968	\$ (12,866,345)
12 Instructional Resources & Media Services	486,521	-	17,118	(469,403)
13 Curriculum & Staff Development	395,555	-	162,842	(232,713)
21 Instructional Leadership	286,823	-	13,085	(273,738)
23 School Leadership	1,677,452	-	79,788	(1,597,664)
31 Guidance/Counseling/Evaluation Services	1,315,471	-	194,738	(1,120,733)
32 Social Work Services	25,647	-	-	(25,647)
33 Health Services	271,695	-	13,741	(257,954)
34 Student Transportation	1,556,341	-	73,350	(1,482,991)
35 Food Services	1,689,594	579,983	1,024,999	(84,612)
36 Extracurricular Activities	1,393,862	244,847	33,012	(1,116,003)
41 General Administration	1,056,253	34,514	-	(1,021,739)
51 Plant Maintenance and Operations	3,885,811	-	144,028	(3,741,783)
52 Security and Monitoring Services	62,135	-	-	(62,135)
53 Data Processing Services	657,473	-	103,425	(554,048)
61 Community Services	79,105	-	13,073	(66,032)
72 Interest on Long Term Debt	2,487,741	-	578,030	(1,909,711)
73 Bond Issuance Cost & Fees	40,850	-	16,563	(24,287)
99 Other Intergovernmental Charges	164,111	-	-	(164,111)
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 34,000,753</u>	<u>\$ 859,344</u>	<u>\$ 6,069,760</u>	<u>(27,071,649)</u>
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				11,061,475
DT Property Taxes, Levied for Debt Service				2,897,951
SF State Aid - Formula Grants				13,680,015
GC Grants and Contributions not Restricted				298,101
IE Investment Earnings				89,683
MI Miscellaneous Local and Intermediate Revenue				254,787
TR Total General Revenues				<u>28,282,012</u>
CN Change in Net Assets				1,210,363
PA Prior Period Adjustment				292,755
NB Net Assets -- Beginning				<u>35,172,411</u>
NE Net Assets -- Ending				<u>\$ 36,675,529</u>

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

FUND BASIS STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	98 Other Funds	98 Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 9,007,856	\$ 9,125	\$ 235,274	\$ 9,252,255
1120 Investments - Current	9,216,484	2,393,903	262	11,610,649
1220 Property Taxes - Delinquent	707,064	172,291	-	879,355
1230 Allow. for Uncollectible Taxes(Credit)	(63,636)	(15,506)	-	(79,142)
1240 Due from Other Governments	50,487	-	733,094	783,581
1260 Due from Other Funds	829,966	-	7,795	837,761
1290 Other Receivables	11,172	-	2,811	13,983
1300 Inventories	165,421	-	-	165,421
1410 Prepaid Items	14,808	-	-	14,808
1000 Total Assets	<u>\$ 19,939,622</u>	<u>\$ 2,559,813</u>	<u>\$ 979,236</u>	<u>\$ 23,478,671</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 239,047	\$ -	\$ 74,887	\$ 313,934
2140 Interest Payable	-	331,218	-	331,218
2150 Payroll Deductions & Withholdings	1,140	-	-	1,140
2160 Accrued Wages Payable	1,090,750	-	140,995	1,231,745
2170 Due to Other Funds	271,897	3,500	562,364	837,761
2180 Due to Other Governments	2,461,240	142,889	436	2,604,565
2200 Accrued Expenditures	130,280	-	-	130,280
2300 Deferred Revenues	643,429	156,785	80,376	880,590
2000 Total Liabilities	<u>4,837,783</u>	<u>634,392</u>	<u>859,058</u>	<u>6,331,233</u>
Fund Balances:				
Nonspendable:				
3410 Investments in Inventory	165,421	-	-	165,421
3430 Prepaid Items	14,808	-	-	14,808
Restricted For:				
3480 Retirement of Long Term Debt	-	1,925,421	-	1,925,421
3450 Federal & State Grants	-	-	103,290	103,290
3470 Capital Acquisition Program	-	-	-	-
3490 Other Purposes	-	-	-	-
Committed For:				
3510 Construction	3,500,000	-	-	3,500,000
3530 Capital Expenditures for Equipment	2,000,000	-	-	2,000,000
3590 Other Purposes	-	-	16,888	16,888
Unassigned Fund Balance:				
3600 Reported in the General Fund	9,421,610	-	-	9,421,610
3000 Total Fund Balances	<u>15,101,839</u>	<u>1,925,421</u>	<u>120,178</u>	<u>17,147,438</u>
4000 Total Liabilities and Fund Balances	<u>\$ 19,939,622</u>	<u>\$ 2,559,813</u>	<u>\$ 979,236</u>	<u>\$ 23,478,671</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Total Fund Balances - Governmental Funds	\$ 17,147,438
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 \$84,310,810 for capital assets and \$16,989,017 for accumulated depreciation to the Statement of Net Assets was an increase in net assets.	67,321,793
² Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Assets. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in net assets.	560,531
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 Assets is a decrease in net assets.	(2,160,694)
⁴ Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The net effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net assets.	(48,928,347)
⁵ Long-term debt issued by governmental activities is treated as an inflow of financial resources and not reported as a liability. The net effect of recording the long-term debt issued during the year as a liability on the Statement of Net Assets is a decrease in net assets.	(103,987)
⁶ Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Assets. The net effect of reducing long-term debt is an increase in net assets.	2,136,283
⁷ 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 assets.	800,214
⁸ Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Assets or Statement of Activities resulted in an increase (decrease) in net assets.	(97,702)
¹⁹ Net Assets of Governmental Activities	\$ 36,675,529

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, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	98 Other Funds	98 Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 11,608,350	\$ 2,925,757	\$ 600,691	\$15,134,798
5800 State Program Revenues	14,784,536	666,461	270,540	15,721,537
5900 Federal Program Revenues	248,678	-	4,103,748	4,352,426
5020 Total Revenues	<u>26,641,564</u>	<u>3,592,218</u>	<u>4,974,979</u>	<u>35,208,761</u>
EXPENDITURES:				
Current:				
0011 Instruction	12,443,211	-	2,931,558	15,374,769
0012 Instructional Resources & Media Services	453,704	-	-	453,704
0013 Curriculum and Staff Development	219,469	-	149,404	368,873
0021 Instructional Leadership	264,312	-	3,164	267,476
0023 School Leadership	1,564,303	-	-	1,564,303
0031 Guidance/Counseling/Evaluation Services	1,087,564	-	139,176	1,226,740
0032 Social Work Services	23,917	-	-	23,917
0033 Health Services	253,368	-	-	253,368
0034 Student Transportation	1,624,582	-	-	1,624,582
0035 Food Services	-	-	1,575,626	1,575,626
0036 Extracurricular Activities	1,284,247	-	15,595	1,299,842
0041 General Administration	985,005	-	-	985,005
0051 Facilities Maintenance & Operations	3,717,490	-	52,362	3,769,852
0052 Security and Monitoring Services	76,409	-	-	76,409
0053 Data Processing Services	586,597	-	81,055	667,652
0061 Community Services	62,900	-	10,869	73,769
Debt Service:				
0071 Principal on Long Term Debt	-	1,685,000	-	1,685,000
0072 Interest on Long Term Debt	-	2,594,390	-	2,594,390
0073 Bond Issuance Cost and Fees	-	66,118	-	66,118
Capital Outlay:				
0081 Facilities Acquisition and Construction	113,069	-	-	113,069
Intergovernmental:				
0099 Other Intergovernmental Charges	153,041	-	-	153,041
6030 Total Expenditures	<u>24,913,188</u>	<u>4,345,508</u>	<u>4,958,809</u>	<u>34,217,505</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,728,376</u>	<u>(753,290)</u>	<u>16,170</u>	<u>991,256</u>
OTHER FINANCING SOURCES (USES):				
7911 Issuance of Bonds	-	2,180,000	-	2,180,000
7916 Premium (Discount) Issuance of Bonds	-	103,988	-	103,988
8949 Refunding of Bonds	-	(2,219,138)	-	(2,219,138)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>64,850</u>	<u>-</u>	<u>64,850</u>
1200 Net Change in Fund Balances	1,728,376	(688,440)	16,170	1,056,106
0100 Fund Balance - Sept 1 (Beginning)	13,080,708	2,613,861	104,008	15,798,577
1300 Prior Period Adjustment	292,755	-	-	292,755
3000 Fund Balance - August 31 (Ending)	<u>\$ 15,101,839</u>	<u>\$ 1,925,421</u>	<u>\$ 120,178</u>	<u>\$17,147,438</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2011

Total Net Change in Fund Balances – Governmental Funds	\$ 1,056,106
¹ Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Assets. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net assets.	560,531
² 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 Assets is a decrease in the change in net assets.	(2,160,694)
³ Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Assets. The net effect of reducing long-term debt is an increase in the change in net assets.	1,813,993
⁴ Long-term debt issued by governmental activities is treated as an inflow of financial resources but an increase in liabilities on the Statement of Net Assets. The net effect of this difference is a decrease in the change in net assets.	(103,987)
⁵ 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 (decrease) in the change in net assets.	74,221
⁶ Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Net Assets or Statement of Activities resulted in an increase (decrease) in the change in net assets.	(29,807)
¹⁹ Change in Net Assets of Governmental Activities	<u><u>\$ 1,210,363</u></u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 9,631,536	\$ 11,593,450	\$ 11,608,350	\$ 14,900
5800 State Program Revenues	14,665,878	14,699,378	14,784,536	85,158
5900 Federal Program Revenues	40,000	206,768	248,678	41,910
5020 Total Revenues	<u>24,337,414</u>	<u>26,499,596</u>	<u>26,641,564</u>	<u>141,968</u>
EXPENDITURES:				
Current:				
0011 Instruction	11,800,206	12,627,881	12,443,211	184,670
0012 Instructional Resources & Media Svcs	451,286	462,208	453,704	8,504
0013 Curriculum and Staff Development	328,680	272,133	219,469	52,664
0021 Instructional Leadership	256,604	283,053	264,312	18,741
0023 School Leadership	1,570,586	1,610,531	1,564,303	46,228
0031 Guidance/Counseling/Evaluation Svcs	1,128,829	1,143,013	1,087,564	55,449
0032 Social Work Services	21,077	24,598	23,917	681
0033 Health Services	228,624	252,406	253,368	(962)
0034 Student Transportation	1,469,674	1,802,533	1,624,582	177,951
0036 Extracurricular Activities	1,142,652	1,344,308	1,284,247	60,061
0041 General Administration	1,101,635	1,131,410	985,005	146,405
0051 Facilities Maintenance & Operations	4,160,969	4,227,788	3,717,490	510,298
0052 Security and Monitoring Services	74,150	90,950	76,409	14,541
0053 Data Processing Services	505,373	597,698	586,597	11,101
0061 Community Services	65,121	65,121	62,900	2,221
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	113,069	113,069	-
Intergovernmental:				
0099 Other Intergovernmental Charges	171,500	171,500	153,041	18,459
6030 Total Expenditures	<u>24,476,966</u>	<u>26,220,200</u>	<u>24,913,188</u>	<u>1,307,012</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(139,552)</u>	<u>279,396</u>	<u>1,728,376</u>	<u>1,448,980</u>
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(100,000)	(100,000)	-	100,000
7080 Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
1200 Net Change in Fund Balances	(239,552)	179,396	1,728,376	1,548,980
0100 Fund Balance-Sept 1 (Beginning)	13,080,708	13,080,708	13,080,708	-
1300 Prior Period Adjustment	-	-	292,755	292,755
3000 Fund Balance-August 31 (Ending)	<u>\$ 12,841,156</u>	<u>\$ 13,260,104</u>	<u>\$ 15,101,839</u>	<u>\$ 1,841,735</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2011

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 268,440
Restricted Assets	36,251	-
Total Assets	<u>\$ 36,251</u>	<u>\$ 268,440</u>
LIABILITIES		
Due to Student Groups	\$ -	\$ 268,440
Total Liabilities	<u>-</u>	<u>\$ 268,440</u>
NET ASSETS		
Restricted for Scholarships	36,251	
Total Net Assets	<u>\$ 36,251</u>	

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

	Private Purpose Trust Fund
ADDITIONS:	
Investment Income	\$ 1,614
Total Additions	<u>1,614</u>
DEDUCTIONS:	
Other Operating Costs	-
Total Deductions	<u>-</u>
Change in Net Assets	1,614
Total Net Assets - September 1 (Beginning)	<u>34,637</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 36,251</u></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
YEAR ENDED AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

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

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

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

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

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

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund types:

Governmental Funds:

1. Special Revenue Funds – The District accounts for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance are accounted for in a special revenue fund. Sometimes, unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

E. FUND BALANCE CLASSIFICATION

Only restrictions imposed by external sources are shown as restricted fund balance in the fund basis financial statements and as restricted net assets on the government-wide financial statements. Classification of fund balance restraints imposed by the reporting government itself, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements as committed fund balance, but not on the proprietary fund financial statements. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees, the government's highest level of decision-making authority. A formal action would also be required to modify or rescind an established commitment. Assigned fund balance amounts are intended to be used by the government for specific purposes but do not meet the criteria to be restricted or committed. Assigned fund balance represents the remaining amount that is not restricted or committed in governmental funds other than the general fund, where it is classified as unassigned. Assigned fund balance is expressed by the direction of the Board of Trustees or other individual with the authority to assign amounts to be used for specific purposes. Nonspendable fund balance represents amounts that are nonspendable such as inventories and prepaid expenditures.

F. OTHER ACCOUNTING POLICIES

1. The District reports inventories of supplies at cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as inventory when purchased and as expenditures when they are consumed.
2. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

3. 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. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. 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
YEAR ENDED AUGUST 31, 2011

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

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

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

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

5. Risk Management – The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.
6. When the District incurs an expenditure for which it may use restricted, committed, assigned, or unassigned assets, it will generally apply the expenditure first to the category of highest constraint.
7. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

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

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

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

August 31, 2011	
Fund Balance - Special Revenue Funds	
Appropriated Budget Funds - Child Nutrition	\$ 103,290
Non-Appropriated Budget Funds - Campus Activity Funds	16,888
All Special Revenue Funds	<u>\$ 120,178</u>

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District experienced no expenditures in excess of appropriations during the year that are considered significant.

C. DEFICIT FUND EQUITY

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

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

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. To insure against this risk of loss, the District's contract with its depository bank specifies that the depository bank agrees to cover by corporate surety bond or pledge of approved securities an amount that is equal to funds anticipated to be on deposit from day to day that exceeds the value of FDIC insurance coverage. During the year, and at August 31, 2011, the District's deposits were completely insured by pledged securities and FDIC insurance.
- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments are held in external investment pools which are not subject to custodial credit risk.
- c. Credit Risk – This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool Liquidity Plus Fund is AAA. The credit quality rating for TexPool Investment Pool is AAAm.
- d. Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

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

The District's investments at August 31, 2011, are shown below:

Name	Bank Balance	Book Balance
Lone Star Investment Pool	\$ 1,590,074	\$ 1,590,074
TexPool Investment	10,020,575	10,020,575
Northwestern Mutual (see note)	31,255	31,255
Total Investments	<u>\$ 11,641,904</u>	<u>\$ 11,641,904</u>

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

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers at August 31, 2011, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund:		
General Fund	\$ 264,102	\$ 264,102
Special Revenue Funds	562,364	7,795
Debt Service Fund	3,500	-
Total General Fund	<u>829,966</u>	<u>271,897</u>
Special Revenue Funds:		
General Fund	7,795	562,364
Total Special Revenue Funds	<u>7,795</u>	<u>562,364</u>
Debt Service Fund:		
General Fund	-	3,500
Total Debt Service Fund	<u>-</u>	<u>3,500</u>
Grand Total	<u><u>\$ 837,761</u></u>	<u><u>\$ 837,761</u></u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2011, were as follows:

	Property Taxes (net)	Other Governments	Due From Other Funds	Other Receivables	Total Receivables
Governmental Activities:					
General Fund	\$ 643,428	\$ 50,487	\$ 829,966	\$ 11,172	\$ 1,535,053
Debt Service Fund	156,785	-	-	-	156,785
Other Governmental Funds	-	733,094	7,795	2,811	743,700
Total-Governmental Activities	<u><u>\$ 800,213</u></u>	<u><u>\$ 783,581</u></u>	<u><u>\$ 837,761</u></u>	<u><u>\$ 13,983</u></u>	<u><u>\$ 2,435,538</u></u>

Payables at August 31, 2011, were as follows:

	Accounts Payable	Interest Payable	Salaries/ Benefits	Due To Other Funds	Due to Other Govs.	Accrued Expenditures	Total Payables
Governmental Activities:							
General Fund	\$239,047	\$ -	\$1,091,890	\$ 271,897	\$2,461,240	\$ 130,280	\$4,194,354
Debt Service Fund	-	331,218	-	3,500	142,889	-	477,607
Other Government Funds	74,887	-	140,995	562,364	436	-	778,682
Total-Governmental Activities	<u><u>\$313,934</u></u>	<u><u>\$331,218</u></u>	<u><u>\$1,232,885</u></u>	<u><u>\$ 837,761</u></u>	<u><u>\$2,604,565</u></u>	<u><u>\$ 130,280</u></u>	<u><u>\$5,450,643</u></u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2011, was as follows:

	Beginning Balance 9/1/10	Additions	Retirements	Ending Balance 8/31/11
Governmental Activities:				
Land	\$ 2,032,767	\$ -	\$ -	\$ 2,032,767
Buildings and Improvements	75,428,454	229,436	-	75,657,890
Furniture and Equipment	6,849,589	331,095	-	7,180,684
Totals at Historical Cost	84,310,810	560,531	-	84,871,341
Less Accumulated Depreciation for:				
Buildings and Improvements	(12,706,022)	(1,597,660)	-	(14,303,682)
Furniture and Equipment	(4,282,995)	(563,034)	-	(4,846,029)
Total Accumulated Depreciation	(16,989,017)	(2,160,694)	-	(19,149,711)
Governmental Activities Capital Assets, Net	\$ 67,321,793	\$ (1,600,163)	\$ -	\$ 65,721,630

Depreciation was charged to the governmental functions as follows:

Function	Depreciation Allocation
11 Instruction	\$ 1,112,084
12 Instructional Resources & Media	32,817
13 Curriculum & Staff Development	26,681
21 Instructional Leadership	19,347
23 School Leadership	113,149
31 Guidance/Counseling/Evaluation Services	88,732
32 Social Work Services	1,730
33 Health Services	18,327
34 Student Transportation	117,509
35 Food Services	113,968
36 Cocurricular/Extracurricular Activities	94,020
41 General Administration	71,247
51 Plant Maintenance and Operations	280,858
52 Security and Monitoring Services	5,527
53 Data Processing Services	48,292
61 Community Services	5,336
99 Other Intergovernmental Charges	11,070
Totals	\$ 2,160,694

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

G. BONDS AND NOTES PAYABLE

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as 15 to 25 year serial bonds with various amounts maturing each year. There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2011. General obligation bonds currently outstanding are as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Limited Tax School Building Bonds, Series 2007	4.00% - 5.00%	\$43,825,000
Limited Tax Refunding Bonds, Series 2010	2.00% - 3.00%	\$2,150,000

A summary of changes in long-term debt for the year ended August 31, 2011 is as follows:

Description	Interest Rate	Original Issue	Current Year Interest	Outstanding 9/1/2010	Additions	Deletions	Current Accretion	Outstanding 8/31/11	Due in One Year
Bond Payable									
Lim Tax Ref. Bond, Series 1998	3.30%-4.50%	\$4,774,996	\$ 10,428	\$ 2,665,000	\$ -	\$(2,665,000)	\$ -	\$ -	\$ -
Lim Tax Sch. Bldg. Series 2007	4.00-5.00%	47,850,000	2,215,538	44,965,000	-	(1,140,000)	-	43,825,000	1,200,000
Premium & OID, Series 2007	n/a	1,477,076	-	1,298,347	-	(59,016)	-	1,239,331	-
Lim Tax Ref. Bond-CIBs, Srs 2010	2.00%-3.00%	2,150,000	37,208	-	2,150,000	-	-	2,150,000	495,000
Premium on Series 2010-CIB's	n/a	74,097	-	-	74,097	(14,819)	-	59,278	-
Lim Tax Ref. Bond-CABs, Srs 2010	1.00%	30,000	-	-	30,000	(60,000)	30,000	-	-
Premium on Series 2010 -CAB's	n/a	29,890	-	-	29,890	(29,890)	-	-	-
Total Bonds Payable			<u>\$ 2,263,174</u>	<u>\$48,928,347</u>	<u>\$2,283,987</u>	<u>\$(3,968,725)</u>	<u>\$ 30,000</u>	<u>\$47,273,609</u>	<u>\$1,695,000</u>

The District issued \$2,180,000 of Limited Tax Refunding Bonds, Series 2010 to provide resources for the defeasance and subsequent redemption during the year of \$2,180,000 of Limited Tax Refunding Bonds, Series 1998. As a result, the refunded bonds have been removed from the Statement of Net Assets. The advance refunding was undertaken to reduce total debt service payments over the next five years by \$105,200 and resulted in a net economic gain to the District of \$100,097.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

H. DEBT SERVICE REQUIREMENTS - BONDS AND NOTES PAYABLE

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

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2012	\$ 1,695,000	\$ 2,216,738	\$ 3,911,738
2013	1,765,000	2,149,813	3,914,813
2014	1,470,000	2,085,631	3,555,631
2015	1,550,000	2,029,825	3,579,825
2016	1,510,000	1,969,638	3,479,638
2017-2021	8,775,000	8,634,625	17,409,625
2022-2026	11,275,000	6,140,875	17,415,875
2027-2031	14,540,000	2,875,831	17,415,831
2032	3,395,000	89,119	3,484,119
	<u>\$ 45,975,000</u>	<u>\$ 28,192,095</u>	<u>\$ 74,167,095</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, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2009, 2010, and 2011 a state contribution rate of 6.58%, 6.58%, and 6.644%, respectively, and a member contribution rate of 6.4%. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

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

Fiscal Year	Employee Contributions	District Above Stat. Min. Contributions	On-Behalf Payments	
			State	Medicare Part-D
2009	\$ 1,085,329	\$ 123,028	\$ 1,010,642	\$ 39,093
2010	1,144,178	124,250	1,042,570	43,696
2011	1,168,538	135,829	1,108,287	48,209

J. HEALTH CARE COVERAGE

During the year ended August 31, 2011, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$240 per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependants. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contact between the district and the insurer is renewable September 1, 2011 and terms of coverage and premium costs are included in the contractual provisions.

K. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Type	General Fund	Debt Service Fund	Other Funds	Total
Net Tax Revenue	\$ 643,429	\$ 156,785	\$ -	\$ 800,214
State Grants	-	-	80,376	80,376
Total Deferred Revenue	\$ 643,429	\$ 156,785	\$ 80,376	\$ 880,590

L. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2011, 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	Total
General Fund	\$ 50,487	\$ -	\$ 50,487
Other Funds	46,994	686,100	733,094
Total	\$ 97,481	\$ 686,100	\$ 783,581

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Debt Service Fund	Other Funds	Total
Property Taxes	\$ 10,969,801	\$ 2,915,404	\$ -	\$ 13,885,205
Investment Income	78,563	10,098	2,637	91,297
Rent	34,514	-	-	34,514
Gifts	45,781	-	-	45,781
Food Sales	-	-	579,983	579,983
Enterprising Revenues	-	-	16,793	16,793
Athletics	228,054	-	-	228,054
Other	251,639	255	2,892	254,787
Total	<u>\$ 11,608,350</u>	<u>\$ 2,925,757</u>	<u>\$ 602,305</u>	<u>\$ 15,136,412</u>

N. LITIGATION

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

O. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

P. COMMITMENTS AND CONTINGENCIES

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

Q. PRIOR PERIOD ADJUSTMENT

During the year, analysis of the District's reserves for Workers' Compensation liability claims indicated that over the course of several years actual claims have been far less than the annual budgeted amounts each year. As a result, the recorded liability for outstanding Workers' Compensation claims became excessive when compared to the estimated liability as reported by the actuary. To correct the beginning of the year effect of this condition, a prior period adjustment increasing beginning fund balance in the amount of \$911,039 was recorded.

In addition, the District has elected to discontinue the accrual of a percentage of the new school year State Foundation Revenue Allotment for the student days that occur each August prior to the end of the District's fiscal year. The effect of this change as of the beginning of the year results in a decrease in beginning fund balance of \$618,284.

The adjustment to fund balance and net asset amounts reported as of August 31, 2010 is summarized as follows:

	General Fund Fund Balance	Governmental Activities Net Assets
Amounts as previously reported at August 31, 2010	\$ 13,080,708	\$ 35,172,411
Increase in fund balance/net assets as a result of Workers' Compensation reserves reduction.	911,039	911,039
Decrease in fund balance/net assets to discontinue the accrual of a percentage of the new school year state Foundation Revenue Allotment for student days that occur each August prior to the end of the District's fiscal year.	(618,284)	(618,284)
Amounts as restated 8/31/2010	<u>\$ 13,373,463</u>	<u>\$ 35,465,166</u>

COMBINING SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data	203	211	224	225
Control	Title XX	Title I, A	IDEA	IDEA
Codes	Child Care	Improving	Part B	Part B
	Development	Basic Programs	Formula	Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Due from Other Governments	-	181,252	127,070	2,903
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 181,252</u>	<u>\$ 127,070</u>	<u>\$ 2,903</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 1,063	\$ -
2160 Accrued Wages Payable	-	41,498	34,366	929
2170 Due to Other Funds	-	139,754	91,641	1,974
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>181,252</u>	<u>127,070</u>	<u>2,903</u>
Fund Balances:				
Restricted For:				
3450 Federal & State Grants	-	-	-	-
Committed For:				
3590 Other Purposes	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities & Fund Balances	<u>\$ -</u>	<u>\$ 181,252</u>	<u>\$ 127,070</u>	<u>\$ 2,903</u>

240	244	255	266	279	283	285
National Breakfast and Lunch Program	Vocational Ed Basic Grant	Title II, A Training and Recruiting	Title XIV ARRA State Stabilization	Title II, D ARRA - Ed. Technology	IDEA-Part B Formula ARRA	Title I, A Improve Basic Programs-ARRA
\$ 137,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
262	-	-	-	-	-	-
40,438	4,508	55,215	169,002	-	26,354	32,603
7,795	-	-	-	-	-	-
2,660	-	151	-	-	-	-
<u>\$ 188,729</u>	<u>\$ 4,508</u>	<u>\$ 55,366</u>	<u>\$ 169,002</u>	<u>\$ -</u>	<u>\$ 26,354</u>	<u>\$ 32,603</u>
\$ 70,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,450
11,191	-	-	-	-	-	-
3,874	4,508	55,366	169,002	-	26,354	29,153
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>85,439</u>	<u>4,508</u>	<u>55,366</u>	<u>169,002</u>	<u>-</u>	<u>26,354</u>	<u>32,603</u>
103,290	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>103,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 188,729</u>	<u>\$ 4,508</u>	<u>\$ 55,366</u>	<u>\$ 169,002</u>	<u>\$ -</u>	<u>\$ 26,354</u>	<u>\$ 32,603</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2011

	287	397	404	410
Data		Advanced	Student	
Control	Education	Placement	Success	Text
Codes	Jobs	Incentives	Initiative	Books
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 4,975	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Due from Other Governments	46,755	-	4,619	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 46,755</u>	<u>\$ 4,975</u>	<u>\$ 4,619</u>	<u>\$ -</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	46,755	-	-	-
2170 Due to Other Funds	-	-	4,619	-
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	4,975	-	-
2000 Total Liabilities	<u>46,755</u>	<u>4,975</u>	<u>4,619</u>	<u>-</u>
Fund Balances:				
Restricted For:				
3450 Federal & State Grants	-	-	-	-
Committed For:				
3590 Other Purposes	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities & Fund Balances	<u>\$ 46,755</u>	<u>\$ 4,975</u>	<u>\$ 4,619</u>	<u>\$ -</u>

EXHIBIT H-1 (CONT'D)

411	415	461	Total
Technology Allotment	Kindergarten and Pre-K Grants	Campus Activity Funds	Nonmajor Governmental Funds
\$ 75,837	\$ -	\$ 16,888	\$ 235,274
-	-	-	262
-	42,375	-	733,094
-	-	-	7,795
-	-	-	2,811
<u>\$ 75,837</u>	<u>\$ 42,375</u>	<u>\$ 16,888</u>	<u>\$ 979,236</u>
\$ -	\$ -	\$ -	\$ 74,887
-	6,256	-	140,995
-	36,119	-	562,364
436	-	-	436
75,401	-	-	80,376
<u>75,837</u>	<u>42,375</u>	<u>-</u>	<u>859,058</u>
-	-	-	103,290
-	-	16,888	16,888
-	-	16,888	120,178
<u>\$ 75,837</u>	<u>\$ 42,375</u>	<u>\$ 16,888</u>	<u>\$ 979,236</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data	203	211	224	225
Control	Title XX	Title I, A	IDEA	IDEA
Codes	Child Care Development	Impoving Basic Programs	Part B Formula	Part B Preschool
REVENUES:				
5700 Total Local & Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	8,000	887,259	496,868	11,941
5020 Total Revenues	8,000	887,259	496,868	11,941
EXPENDITURES:				
Current:				
0011 Instruction	8,000	842,667	461,266	11,941
0013 Curriculum and Staff Development	-	29,875	-	-
0021 Instrucational Leadership	-	-	3,164	-
0031 Guidance/Counseling/Evaluation Srvcs	-	4,228	32,058	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance & Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	10,489	380	-
6030 Total Expenditures	8,000	887,259	496,868	11,941
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
0100 Fund Balance-Sept 1 (Beginning)	-	-	-	-
3000 Fund Balance-August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 Title II, A Training and Recruiting	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology	283 IDEA-Part B Formula ARRA	285 Title I, A Improve Basic Programs-ARRA
\$ 583,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,781	-	-	-	-	-	-
1,049,281	52,328	210,173	985,238	458	224,393	131,054
1,642,960	52,328	210,173	985,238	458	224,393	131,054
-	22,446	165,407	910,933	-	154,232	131,054
-	-	44,766	74,305	458	-	-
-	-	-	-	-	-	-
-	29,882	-	-	-	70,161	-
1,575,626	-	-	-	-	-	-
-	-	-	-	-	-	-
52,362	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,627,988	52,328	210,173	985,238	458	224,393	131,054
14,972	-	-	-	-	-	-
88,318	-	-	-	-	-	-
\$ 103,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	287	397	404	410
	Education Jobs	Advanced Placement Incentives	Student Success Initiative	Text Books
REVENUES:				
5700 Total Local & Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	2,847	44,220	33,927
5900 Federal Program Revenues	46,755	-	-	-
5020 Total Revenues	<u>46,755</u>	<u>2,847</u>	<u>44,220</u>	<u>33,927</u>
EXPENDITURES:				
Current:				
0011 Instruction	46,755	-	44,220	33,927
0013 Curriculum and Staff Development	-	-	-	-
0021 Instrucational Leadership	-	-	-	-
0031 Guidance/Counseling/Evaluation Srvcs	-	2,847	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance & Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>46,755</u>	<u>2,847</u>	<u>44,220</u>	<u>33,927</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
0100 Fund Balance-Sept 1 (Beginning)	-	-	-	-
3000 Fund Balance-August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

411	415	461	Total
Technology Allotment	Kindergarten and Pre-K Grants	Campus Activity Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ 16,793	\$ 600,691
81,055	98,710	-	270,540
-	-	-	4,103,748
81,055	98,710	16,793	4,974,979
-	98,710	-	2,931,558
-	-	-	149,404
-	-	-	3,164
-	-	-	139,176
-	-	-	1,575,626
-	-	15,595	15,595
-	-	-	52,362
81,055	-	-	81,055
-	-	-	10,869
81,055	98,710	15,595	4,958,809
-	-	1,198	16,170
-	-	15,690	104,008
\$ -	\$ -	\$ 16,888	\$ 120,178

TEA REQUIRED SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2011

		1	2	3
Last 10 Years Ended		Tax Rates		Assessed/Appraised
August 31		Maintenance	Debt Service	Value for School
				Tax Purposes
2002	and prior years	Various	Various	\$ Various
2003		1.400300	0.049700	549,773,169
2004		1.450000	0.050000	582,317,491
2005		1.470000	0.030000	622,302,781
2006		1.450000	0.050000	660,965,845
2007		1.321800	0.050000	756,811,455
2008		1.040000	0.460000	840,746,558
2009		1.040000	0.460000	907,492,067
2010		1.040000	0.460000	929,047,467
2011	(School year under audit)	1.170000	0.290000	941,965,510
TOTALS				

10	20	31	32	40	50
Beginning Balance 9/1/10	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/11
\$ 61,088	\$ -	\$ 4,256	\$ 159	\$ (1,975)	\$ 54,698
19,432	-	1,649	62	53	17,774
23,233	-	3,692	127	126	19,540
30,151	-	3,691	126	(358)	25,976
35,972	-	6,759	140	120	29,194
52,200	-	15,709	594	187	36,084
98,754	-	35,907	1,726	1,734	62,855
146,637	-	34,274	15,160	(1,674)	95,529
330,330	-	103,728	45,880	(11,157)	169,565
-	13,752,696	10,679,777	2,647,124	(57,655)	368,140
<u>\$ 797,797</u>	<u>\$ 13,752,696</u>	<u>\$ 10,889,443</u>	<u>\$ 2,711,097</u>	<u>\$ (70,598)</u>	<u>\$ 879,355</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2012 - 2013
GENERAL AND SPECIAL REVENUE FUNDS
AUGUST 31, 2011

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	\$ 123	\$ -	\$ 185,827	\$ 542,976	\$ -	\$ -	\$ 728,926
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave for Separating Employees not in Fn 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	14,841	-	-	-	-	-	14,841
6212	Audit Services	-	-	-	18,108	-	-	18,108
6213	Appraisal in Fn 99	-	255,864	-	-	-	-	255,864
621X	Other Professional Services	-	-	-	3,362	-	-	3,362
6220	Tuition & Transfer Pymts	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. And Repair	-	-	-	-	466	-	466
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	24,213	-	-	24,213
6290	Miscellaneous Contr.	676	-	-	27,944	-	-	28,620
6320	Textbooks and Reading	-	-	401	-	-	-	401
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	620	-	-	18,526	-	-	19,146
6410	Travel, Subsist., Stipends	3,258	-	2,102	6,583	-	-	11,943
6420	Ins. And Bonding Costs	-	500	-	-	-	-	500
6430	Election Costs	6,030	-	-	-	-	-	6,030
6490	Miscellaneous Operating	2,017	-	1,000	22,611	-	-	25,627
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 27,565	\$ 256,364	\$ 189,329	\$ 664,322	\$ 466	\$ -	\$ 1,138,046

Total expenditures/expenses for General and Special Revenue Funds: 9 \$29,871,997

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	10	\$ 560,531
Total Debt & Lease (6500)	11	-
Plant Maintenance (Function 51, 6100-6400)	12	3,604,952
Food (Function 35, 6341 and 6499)	13	698,878
Stipends (6413)	14	-
Column 4 (above) - Total Indirect Cost		664,322

Subtotal:

5,528,683

Net Allowed Direct Cost

\$24,343,314

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	15	\$75,657,890
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	7,180,684
Historical Cost of Furniture & Equipment over 16 years old	19	1,161,093
Amount of Federal Money in Furniture & Equipment (Net of #19))	20	-

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

\$153,041 Function 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, 2011

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (GAAP BASIS)	Final Budget
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 627,636	\$ 555,506	\$ 583,898	\$ 28,392
5800 State Program Revenues	8,500	9,780	9,781	1
5900 Federal Program Revenues	993,937	1,064,787	1,049,281	(15,506)
5020 Total Revenues	1,630,073	1,630,073	1,642,960	12,887
EXPENDITURES:				
0035 Food Services	1,692,573	1,693,463	1,575,626	117,837
0051 Facilities Maintenance & Operations	37,500	57,496	52,362	5,134
6030 Total Expenditures	1,730,073	1,750,959	1,627,988	122,971
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(120,886)	14,972	135,858
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	100,000	100,000	-	(100,000)
7080 Total Other Finance Sources (Uses)	100,000	100,000	-	(100,000)
1200 Net Change in Fund Balances	-	(20,886)	14,972	35,858
0100 Fund Balance-Sept 1 (Beginning)	88,318	88,318	88,318	-
3000 Fund Balance-August 31 (Ending)	\$ 88,318	\$ 67,432	\$ 103,290	\$ 35,858

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, 2011

Data		Budgeted Amounts		Actual	Variance With Final Budget
Control Codes		Original	Final	Amounts (GAAP BASIS)	
REVENUES:					
5700	Total Local & Intermediate Sources	\$ 2,811,050	\$ 2,922,505	\$ 2,925,757	\$ 3,252
5800	State Program Revenues	800,000	681,646	666,461	(15,185)
5020	Total Revenues	3,611,050	3,604,151	3,592,218	(11,933)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	1,625,000	1,685,000	1,685,000	-
0072	Interest on Long Term Debt	2,321,165	2,601,835	2,594,390	7,445
0073	Bond Issuance Cost and Fees	4,721	67,318	66,118	1,200
6030	Total Expenditures	3,950,886	4,354,153	4,345,508	8,645
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(339,836)	(750,002)	(753,290)	(3,288)
OTHER FINANCING SOURCES (USES):					
7915	Other Sources	-	2,180,000	2,180,000	-
7916	Premium (Discount) on Issuance of Bonds	-	103,988	103,988	-
8949	Refunding of Bonds	-	(2,219,138)	(2,219,138)	-
7080	Total Other Finance Sources (Uses)	-	64,850	64,850	-
1200	Net Change in Fund Balances	(339,836)	(685,152)	(688,440)	(3,288)
0100	Fund Balance-Sept 1 (Beginning)	2,613,861	2,613,861	2,613,861	-
3000	Fund Balance-August 31 (Ending)	\$ 2,274,025	\$ 1,928,709	\$ 1,925,421	\$ (3,288)

FEDERAL AWARDS SECTION



SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District) as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Singleton, Clark & Company, PC
Cedar Park, Texas

November 15, 2011



SINGLETON, CLARK
& COMPANY, P C
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Members of the Board:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance


The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Singleton, Clark & Company, PC
Cedar Park, Texas

November 15, 2011

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2011

2a		1	3
Pass-Through Entity Identifying Number	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Federal Expenditures
U.S DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
11-610101141901	ESEA, Title I, Part A - Improving Basic Programs*	84.010A	\$ 887,259
10-551001141901	ESEA, Title I, A-ARRA-Improving Basic Programs*	84.389A	131,054
11-6600011419016600	IDEA - Part B, Formula*	84.027A	496,868
11-6610011419016610	IDEA - Part B, Preschool*	84.173A	11,941
11-6600011419016600	IDEA, Part B, Formula - ARRA*	84.391A	224,393
11-420006141901	Career and Technical - Basic Grant	84.048A	52,328
10-553001141901	Title II D Enhancing Ed. Through Technology-ARRA*	84.386A	458
11-694501141901	ESEA, Title II, Part A, Teacher/Principal Training	84.367A	210,173
11-557001141901	Title XIV, State Fiscal Stabilization Fund - ARRA	84.394A	985,238
11-550101141901	Education Jobs Fund	84.410A	46,755
Total Passed Through State Dept of Education			3,046,467
ESEA, Title VIII - Impact Aid			70,599
TOTAL DEPARTMENT OF EDUCATION			\$ 3,117,066
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through State Department of Education</u>			
11-610101227912	Child Care Development Block Grant	93.575	\$ 8,000
Total Passed Through State Dept of Education			8,000
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 8,000
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
71401001	School Breakfast Program*	10.553	\$ 224,557
71301001	National School Lunch Program - Cash Assistance*	10.555	744,013
71301001	National School Lunch Program-Non-Cash Assistance*	10.555	80,711
Total CFDA Number 10.555			824,724
Total Passed Through the State Dept of Agriculture			1,049,281
TOTAL DEPARTMENT OF AGRICULTURE			\$ 1,049,281
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,174,347
School Health and Related Services			\$ 178,079
TOTAL FEDERAL REVENUE PER SCHEDULE C-3			\$ 4,352,426

*Cluster Programs as required by Compliance Supplement 2011.

The accompanying notes are an integral part of this schedule.

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2011

SECTION I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Basic Financial Statements – Expenditures of federal awards are reported in the District’s basic financial statement in the 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
YEAR ENDED AUGUST 31, 2011

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unqualified

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 auditors’ report issued on compliance for major programs:

ESEA, Title I, Part A – Cluster	Unqualified
IDEA – Part B Cluster	Unqualified
Title XIV, Stabilization Fund - ARRA	Unqualified
Child Nutrition Cluster	Unqualified

Any audit findings disclosed that are required to be Reported with section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

CFDA Numbers(s)	Name of Federal Program or Cluster
84.010A, 84.389A	ESEA Title I, Part A Cluster
87.027A, 84.173A, 84.391A	IDEA-B Cluster
84.394A	State Fiscal Stabilization Fund, Recovery Act
	USDA Nutrition Cluster
10.553, 10.555	National School Lunch Program
	School Breakfast Program
	Food Distribution Program

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which Are Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards.

No findings or questioned costs required to be reported in accordance with *Generally Accepted Government Auditing Standards* for the years ended August 31, 2011 and 2010.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards, Section 510(a) of OMB Circular A-133:

No findings or questioned costs required to be reported in accordance with *Generally Accepted Government Auditing Standards* for the years ended August 31, 2011 and 2010.