

LAMPASAS INDEPENDENT
SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2012

Singleton, Clark & Company, PC
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LAMPASAS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2012

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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, 2012, at a meeting of the Board of Trustees of such school district on the 10th day of

Dec, 2012.


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)

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SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2012, 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, 2012, 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.

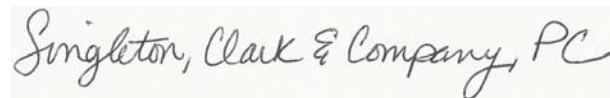
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In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, 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
Austin, Texas

October 26, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

- During the year, the General Fund reported a fund balance increase of \$814,732 to end at \$15,916,571. Of this amount, \$9,751,707 was reported as unassigned, \$6,000,000 was reported as committed for construction, capital expenditures for equipment or other purposes, and \$164,864 was reported as nonspendable.
- 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 and debt service fund, reported combined ending fund balances of \$17,651,918, an increase of \$504,480 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 \$33,395,703. Expenses for all of the District's activities, including depreciation on its assets, totaled \$32,337,264. Net assets at year end totaled \$37,623,041, an increase over the prior year of \$1,058,439.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

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, an ancillary services. Lampasas Independent School District currently has no business-type activities and no component units.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the Basic Financial Statements, in the "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 fourteen 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 twelve 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, in the "C" exhibits.

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

Compliance with the District's annual General Fund operating budget for the year ended August 31, 2012, 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, in the "E" exhibits.

Notes to the Financial Statements

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

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

Other Information

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

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 \$37,623,041 at the close of the most recent year.

Table I
Lampasas Independent School District
Net Assets
For the Years Ended August 31, 2012 and 2011

	Governmental Activities 2012	Governmental Activities 2011	Change
Current & other assets	\$ 21,882,170	\$ 23,018,468	\$ (1,136,298)
Capital assets	64,460,021	65,721,630	(1,261,609)
Total assets	<u>\$ 86,342,191</u>	<u>\$ 88,740,098</u>	<u>\$ (2,397,907)</u>
Long-term liabilities	\$ 45,504,774	\$ 47,273,609	\$ (1,768,835)
Other liabilities	3,214,376	4,790,960	(1,576,584)
Total liabilities	<u>48,719,150</u>	<u>52,064,569</u>	<u>(3,345,419)</u>
Net Assets:			
Invested in capital assets, net of related debt	18,955,247	18,448,021	507,226
Restricted	1,870,944	2,185,495	(314,551)
Unrestricted	16,796,850	16,042,013	754,837
Total net assets	<u>\$ 37,623,041</u>	<u>\$ 36,675,529</u>	<u>\$ 947,512</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

Governmental activities increased the District's net assets by \$1,058,439 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, 2012 and 2011

	Governmental Activities 2012	Governmental Activities 2011	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 799,378	\$ 859,344	\$ (59,966)
Operating grants & contributions	5,313,171	6,069,760	(756,589)
General Revenues:			
Maintenance & operations taxes	11,308,735	11,061,476	247,259
Debt service taxes	2,968,746	2,897,951	70,795
State aid - formula grants	12,703,854	13,680,015	(976,161)
Grants & contributions not restricted	64,059	298,101	(234,042)
Investment earnings	65,022	89,683	(24,661)
Miscellaneous	148,164	254,787	(106,623)
Total Revenue	<u>33,371,129</u>	<u>35,211,116</u>	<u>(1,839,987)</u>
Expenses:			
Instruction	15,816,674	16,468,313	(651,639)
Instructional resources & media services	709,009	486,521	222,488
Curriculum and staff development	401,026	395,555	5,471
Instructional leadership	227,297	286,823	(59,526)
School leadership	1,620,556	1,677,452	(56,896)
Guidance/counseling/evaluation services	1,210,767	1,315,471	(104,704)
Social work/health services	299,774	297,342	2,432
Student transportation	1,570,343	1,556,341	14,002
Food services	1,593,488	1,689,594	(96,106)
Cocurricular/extracurricular activities	1,276,403	1,393,862	(117,459)
General administration	1,071,560	1,056,253	15,307
Plant maintenance and operations	3,485,124	3,885,811	(400,687)
Security and monitoring services	65,156	62,135	3,021
Data processing services	625,443	657,473	(32,030)
Community services	51,833	79,105	(27,272)
Debt Service	2,162,941	2,528,591	(365,650)
Other intergovernmental charges	149,870	164,111	(14,241)
Total Expenses	<u>32,337,264</u>	<u>34,000,753</u>	<u>(1,663,489)</u>
Gain (Loss) on sale of assets	(6,681)	-	(6,681)
Transfers in	31,255	-	31,255
Change in net assets	<u>1,058,439</u>	<u>1,210,363</u>	<u>(151,924)</u>
Prior period adjustment	(110,927)	292,755	(403,682)
Net assets at 9/1/11 and 9/1/10	<u>36,675,529</u>	<u>35,172,411</u>	<u>1,503,118</u>
Net assets at 8/31/12 and 8/31/11	<u>\$ 37,623,041</u>	<u>\$ 36,675,529</u>	<u>\$ 947,512</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

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 \$15,916,571, of which \$164,864 was related to nonspendable inventory and prepaid items, \$2,000,000 was committed for capital expenditures, \$3,500,000 was committed for construction, \$500,000 was committed for other purposes, and \$9,751,707 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 39 percent of total General Fund expenditures. Fund balance of the District's General Fund increased by \$814,732 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 \$1,525,054, 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, 2012, amounted to \$64,460,021 (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 2012	Governmental Activities 2011	Change
Land	\$ 2,032,767	\$ 2,032,767	\$ -
Buildings	75,760,846	75,657,890	102,956
Furniture and Equipment	7,334,511	7,180,684	153,827
Total	85,128,124	84,871,341	256,783
Less Accumulated Depreciation	(20,668,103)	(19,149,711)	(1,518,392)
Capital assets, net of depreciation	\$ 64,460,021	\$ 65,721,630	\$ (1,261,609)

MANAGEMENT'S DISCUSSION AND ANALYSIS
LAMPASAS INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2012

Long-Term Debt. At the end of the current year, the District had total long-term debt outstanding of \$45,504,774. 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 2012	Governmental Activities 2011	Change
General Obligation Bonds	\$ 45,504,774	\$ 47,273,609	\$ (1,768,835)
Total	<u>\$ 45,504,774</u>	<u>\$ 47,273,609</u>	<u>\$ (1,768,835)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's budgeted expenditures for the 2012-2013 school year total \$31,712,547 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.

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GOVERNMENT-WIDE STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

Data Control Codes	<u>Primary Government</u> 1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 9,606,551
1120 Current Investments	10,653,189
1220 Property Taxes Receivable (Delinquent)	855,173
1230 Allowance for Uncollectible Taxes	(76,966)
1240 Due from Other Governments	292,500
1290 Other Receivables, net	17,156
1300 Inventories	150,209
1410 Prepaid Items	22,334
1420 Capital Bond & Other Issuance Costs	332,728
1800 Restricted Assets	29,296
Capital Assets:	
1510 Land	2,032,767
1520 Buildings and Improvements, Net	59,891,901
1530 Furniture and Equipment, Net	2,535,353
1000 Total Assets	<u><u>\$ 86,342,191</u></u>
LIABILITIES	
2110 Accounts Payable	\$ 664,675
2140 Interest Payable	400,630
2150 Payroll Deductions & Withholdings	13,784
2160 Accrued Wages Payable	935,061
2180 Due to Other Governments	1,063,956
2200 Accrued Expenses	136,270
Noncurrent Liabilities:	
2501 Due Within One Year	1,765,000
2502 Due in More Than One Year	42,515,000
2516 Premium & Discount on Issuance of Bonds	1,224,774
2000 Total Liabilities	<u><u>48,719,150</u></u>
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	18,955,247
3820 Restricted for Federal and State Programs	164,917
3850 Restricted for Debt Service	1,676,731
3890 Restricted for Other Purposes	29,296
3900 Unrestricted Net Assets	16,796,850
3000 Total Net Assets	<u><u>\$ 37,623,041</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, 2012

Data Control Codes	1	Program Revenues		Net (Expense) Rev. & Changes in Net Assets
		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Govt. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 15,816,674	\$ -	\$ 2,889,882	\$(12,926,792)
12 Instructional Resources & Media Services	709,009	-	20,167	(688,842)
13 Curriculum & Staff Development	401,026	-	248,702	(152,324)
21 Instructional Leadership	227,297	-	14,115	(213,182)
23 School Leadership	1,620,556	-	89,746	(1,530,810)
31 Guidance/Counseling/Evaluation Services	1,210,767	-	171,474	(1,039,293)
32 Social Work Services	22,614	-	81	(22,533)
33 Health Services	277,160	-	15,426	(261,734)
34 Student Transportation	1,570,343	-	83,618	(1,486,725)
35 Food Services	1,593,488	588,997	977,556	(26,935)
36 Extracurricular Activities	1,276,403	172,292	38,295	(1,065,816)
41 General Administration	1,071,560	38,089	100	(1,033,371)
51 Plant Maintenance and Operations	3,485,124	-	144,379	(3,340,745)
52 Security and Monitoring Services	65,156	-	-	(65,156)
53 Data Processing Services	625,443	-	100,375	(525,068)
61 Community Services	51,833	-	13,392	(38,441)
72 Interest on Long Term Debt	2,114,611	-	505,056	(1,609,555)
73 Bond Issuance Cost & Fees	48,330	-	807	(47,523)
99 Other Intergovernmental Charges	149,870	-	-	(149,870)
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 32,337,264</u>	<u>\$ 799,378</u>	<u>\$ 5,313,171</u>	<u>\$(26,224,715)</u>
General Revenues:				
Taxes:				
MT Property Taxes, Levied for General Purposes				11,308,735
DT Property Taxes, Levied for Debt Service				2,968,746
SF State Aid - Formula Grants				12,703,854
GC Grants and Contributions not Restricted				64,059
IE Investment Earnings				65,022
S1 Gain on Sale of Fixed Assets				1,186
MI Miscellaneous Local and Intermediate Revenue				148,164
S2 Loss on Disposition of Fixed Assets				(7,867)
FR Transfers In / (Out)				31,255
TR Total General Revenues				<u>27,283,154</u>
CN Change in Net Assets				1,058,439
PA Prior Period Adjustment				(110,927)
NB Net Assets -- Beginning				36,675,529
NE Net Assets -- Ending				<u>\$ 37,623,041</u>

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

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FUND BASIS STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	98 Other Funds	98 Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 9,401,379	\$ 7,654	\$ 197,517	\$ 9,606,550
1120 Investments - Current	8,923,605	1,729,322	262	10,653,189
1220 Property Taxes - Delinquent	688,495	166,678	-	855,173
1230 Allow. for Uncollectible Taxes(Credit)	(61,965)	(15,001)	-	(76,966)
1240 Due from Other Governments	24,916	-	267,585	292,501
1260 Due from Other Funds	576,497	145,860	18,835	741,192
1290 Other Receivables	16,570	-	586	17,156
1300 Inventories	150,209	-	-	150,209
1410 Deferred Expenses	14,655	-	7,679	22,334
1800 Restricted Assets	-	-	29,296	29,296
1000 Total Assets	<u>\$ 19,734,361</u>	<u>\$ 2,034,513</u>	<u>\$ 521,760</u>	<u>\$ 22,290,634</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 591,785	\$ 2,500	\$ 70,386	\$ 664,671
2140 Interest Payable	-	305,574	-	305,574
2150 Payroll Deductions & Withholdings	13,784	-	-	13,784
2160 Accrued Wages Payable	855,536	-	79,525	935,061
2170 Due to Other Funds	579,636	-	161,556	741,192
2180 Due to Other Governments	1,014,248	49,708	-	1,063,956
2200 Accrued Expenditures	136,270	-	-	136,270
2300 Deferred Revenues	626,531	151,677	-	778,208
2000 Total Liabilities	<u>3,817,790</u>	<u>509,459</u>	<u>311,467</u>	<u>4,638,716</u>
Fund Balances:				
Nonspendable:				
3410 Investments in Inventory	150,209	-	-	150,209
3420 Endowment Principal	-	-	25,000	25,000
3430 Prepaid Items	14,655	-	-	14,655
Restricted For:				
3480 Retirement of Long Term Debt	-	1,525,054	-	1,525,054
3450 Federal & State Grants	-	-	164,917	164,917
Committed For:				
3510 Construction	3,500,000	-	-	3,500,000
3530 Capital Expenditures for Equipment	2,000,000	-	-	2,000,000
3590 Other Purposes	500,000	-	20,376	520,376
Unassigned Fund Balance:				
3600 Reported in the General Fund	9,751,707	-	-	9,751,707
3000 Total Fund Balances	<u>15,916,571</u>	<u>1,525,054</u>	<u>210,293</u>	<u>17,651,918</u>
4000 Total Liabilities and Fund Balances	<u>\$ 19,734,361</u>	<u>\$ 2,034,513</u>	<u>\$ 521,760</u>	<u>\$ 22,290,634</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, 2012

Total Fund Balances - Governmental Funds	\$ 17,651,918
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 \$84,871,341 for capital assets and \$19,149,711 for accumulated depreciation to the Statement of Net Assets was an increase in net assets.	65,721,630
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.	1,041,910
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.	(2,176,081)
⁴ Since capital assets are not reported in governmental funds, related capital asset deletions are also not reported. The net effect of recording the loss on the disposition of capital assets to the Statement of Net Assets is a decrease in net assets.	(127,438)
⁵ 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.	(47,273,609)
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.	1,768,835
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.	778,207
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.	237,670
¹⁹ Net Assets of Governmental Activities	\$ 37,623,041

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, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	98 Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 11,783,209	\$ 2,983,364	\$ 599,422	\$15,365,995
5800 State Program Revenues	13,818,954	505,863	263,540	14,588,357
5900 Federal Program Revenues	177,807	-	3,260,978	3,438,785
5020 Total Revenues	<u>25,779,970</u>	<u>3,489,227</u>	<u>4,123,940</u>	<u>33,393,137</u>
EXPENDITURES:				
Current:				
0011 Instruction	12,725,269	-	2,057,324	14,782,593
0012 Instructional Resources & Media Services	659,584	-	-	659,584
0013 Curriculum and Staff Development	126,743	-	246,327	373,070
0021 Instructional Leadership	208,457	-	2,995	211,452
0023 School Leadership	1,507,587	-	-	1,507,587
0031 Guidance/Counseling/Evaluation Services	1,013,960	-	112,404	1,126,364
0032 Social Work Services	20,957	-	81	21,038
0033 Health Services	257,839	-	-	257,839
0034 Student Transportation	1,619,036	-	1,165	1,620,201
0035 Food Services	-	-	1,494,557	1,494,557
0036 Extracurricular Activities	1,190,697	-	14,646	1,205,343
0041 General Administration	996,761	-	100	996,861
0051 Facilities Maintenance & Operations	3,299,978	-	46,343	3,346,321
0052 Security and Monitoring Services	105,904	-	-	105,904
0053 Data Processing Services	565,313	-	75,837	641,150
0061 Community Services	37,918	-	10,301	48,219
Debt Service:				
0071 Principal on Long Term Debt	-	1,695,000	-	1,695,000
0072 Interest on Long Term Debt	-	2,191,094	-	2,191,094
0073 Bond Issuance Cost and Fees	-	3,500	-	3,500
Capital Outlay:				
0081 Facilities Acquisition and Construction	502,643	-	-	502,643
Intergovernmental:				
0099 Other Intergovernmental Charges	136,422	-	3,000	139,422
6030 Total Expenditures	<u>24,975,068</u>	<u>3,889,594</u>	<u>4,065,080</u>	<u>32,929,742</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>804,902</u>	<u>(400,367)</u>	<u>58,860</u>	<u>463,395</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	9,830	-	-	9,830
7915 Transfers In	-	-	31,255	31,255
7080 Total Other Financing Sources (Uses)	<u>9,830</u>	<u>-</u>	<u>31,255</u>	<u>41,085</u>
1200 Net Change in Fund Balances	814,732	(400,367)	90,115	504,480
0100 Fund Balance - Sept 1 (Beginning)	15,101,839	1,925,421	120,178	17,147,438
3000 Fund Balance - August 31 (Ending)	<u>\$ 15,916,571</u>	<u>\$ 1,525,054</u>	<u>\$ 210,293</u>	<u>\$17,651,918</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, 2012

Total Net Change in Fund Balances – Governmental Funds	\$ 504,480
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.	1,041,910
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.	(2,176,081)
³ Since capital assets are not reported in governmental funds, related capital asset deletions are also not reported. The net effect of recording the loss on the disposition of capital assets to the Statement of Net Assets is a decrease in net assets.	(16,511)
⁴ 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.	1,768,835
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.	(22,007)
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.	(42,186)
¹⁹ Change in Net Assets of Governmental Activities	<u><u>\$ 1,058,439</u></u>

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

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 11,190,360	\$ 11,687,622	\$ 11,783,209	\$ 95,587
5800 State Program Revenues	14,256,716	13,701,340	13,818,954	117,614
5900 Federal Program Revenues	40,000	177,809	177,807	(2)
5020 Total Revenues	25,487,076	25,566,771	25,779,970	213,199
EXPENDITURES:				
Current:				
0011 Instruction	13,066,184	13,267,550	12,725,269	542,281
0012 Instructional Resources & Media Services	453,827	690,522	659,584	30,938
0013 Curriculum and Staff Development	122,631	143,076	126,743	16,333
0021 Instructional Leadership	225,821	223,082	208,457	14,625
0023 School Leadership	1,557,400	1,562,250	1,507,587	54,663
0031 Guidance/Counseling/Evaluation Services	1,033,897	1,047,432	1,013,960	33,472
0032 Social Work Services	21,622	22,122	20,957	1,165
0033 Health Services	260,407	271,507	257,839	13,668
0034 Student Transportation	1,838,411	1,843,160	1,619,036	224,124
0036 Extracurricular Activities	1,158,898	1,268,874	1,190,697	78,177
0041 General Administration	1,131,027	1,097,653	996,761	100,892
0051 Facilities Maintenance & Operations	4,358,565	3,873,325	3,299,978	573,347
0052 Security and Monitoring Services	124,650	122,150	105,904	16,246
0053 Data Processing Services	499,516	573,692	565,313	8,379
0061 Community Services	40,260	41,760	37,918	3,842
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	502,643	502,643	-
Intergovernmental:				
0099 Other Intergovernmental Charges	181,000	181,000	136,422	44,578
6030 Total Expenditures	26,074,116	26,731,798	24,975,068	1,756,730
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(587,040)	(1,165,027)	804,902	1,969,929
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	9,800	9,830	30
8911 Transfers Out (Use)	(50,000)	-	-	-
7080 Total Other Financing Sources (Uses)	(50,000)	9,800	9,830	30
1200 Net Change in Fund Balances	(637,040)	(1,155,227)	814,732	1,969,959
0100 Fund Balance-Sept 1 (Beginning)	15,101,839	15,101,839	15,101,839	-
3000 Fund Balance-August 31 (Ending)	\$ 14,464,799	\$ 13,946,612	\$ 15,916,571	\$ 1,969,959

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, 2012

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 283,185
Restricted Assets	5,028	-
Total Assets	<u>\$ 5,028</u>	<u>\$ 283,185</u>
LIABILITIES		
Due to Student Groups	\$ -	\$ 283,185
Total Liabilities	<u>-</u>	<u>\$ 283,185</u>
NET ASSETS		
Restricted for Scholarships	5,028	
Total Net Assets	<u>\$ 5,028</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, 2012

	Private Purpose Trust Fund
ADDITIONS:	
Investment Income	\$ 32
Total Additions	<u>32</u>
TRANSFERS:	
Transfers Out	<u>(31,255)</u>
Total Transfers	<u>(31,255)</u>
Change in Net Assets	(31,223)
Total Net Assets - September 1 (Beginning)	<u>36,251</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 5,028</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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, 2012

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, 2012

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.
2. Permanent Scholarship Fund – The District accounts for donations for which the donor has stipulated that the principal must be invested to earn income and the income may only be used for the purpose of granting scholarships to students in a permanent scholarship fund.

Fiduciary Funds:

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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 straight-line 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, 2012

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	30-50
Building Improvements	7-20
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5-6

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 the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with the 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, 2012

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, 2012	
Fund Balance - Special Revenue Funds	
Appropriated Budget Funds - Child Nutrition	\$ 164,917
Non-Appropriated Budget Funds - Campus Activity Funds	16,080
Non-Appropriated Budget Funds - Permanent Scholarship Fund	29,296
All Special Revenue Funds	<u>\$ 210,293</u>

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

C. DEFICIT FUND EQUITY

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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, 2012, 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 AAAm. 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, 2012

- 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, 2012, are shown below:

Name	Bank Balance	Book Balance
Lone Star Investment Pool	\$ 1,593,776	\$ 1,593,776
TexPool Investment	9,059,413	9,059,413
Northwestern Mutual (see note)	29,296	29,296
Total Investments	<u>\$ 10,682,485</u>	<u>\$ 10,682,485</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, 2012

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers at August 31, 2012, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund:		
General Fund	\$ 414,941	\$ 414,941
Debt Service Fund	-	145,860
Special Revenue Funds	161,556	18,835
Total General Fund	<u>576,497</u>	<u>579,636</u>
Special Revenue Funds:		
General Fund	18,835	161,556
Total Special Revenue Funds	<u>18,835</u>	<u>161,556</u>
Debt Service Fund:		
General Fund	145,860	-
Total Debt Service Fund	<u>145,860</u>	<u>-</u>
Grand Total	<u><u>\$ 741,192</u></u>	<u><u>\$ 741,192</u></u>

During the year, the Private Purpose Trust Fund transferred \$31,255 to the Permanent Scholarship Fund.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2012, were as follows:

	Property Taxes (net)	Other Governments	Due From Other Funds	Other Receivables	Total Receivables
Governmental Activities:					
General Fund	\$ 626,530	\$ 24,916	\$ 576,497	\$ 16,570	\$ 1,244,513
Debt Service Fund	151,677	-	145,860	-	297,537
Other Governmental Funds	-	267,585	18,835	586	287,006
Total-Governmental Activities	<u><u>\$ 778,207</u></u>	<u><u>\$ 292,501</u></u>	<u><u>\$ 741,192</u></u>	<u><u>\$ 17,156</u></u>	<u><u>\$ 1,829,056</u></u>

Payables at August 31, 2012, 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	\$591,785	\$ -	\$ 869,320	\$ 579,636	\$1,014,248	\$ 136,270	\$3,191,259
Debt Service Fund	2,500	305,574	-	-	49,708	-	357,782
Other Government Funds	70,386	-	79,525	161,556	-	-	311,467
Total-Governmental Activities	<u><u>\$664,671</u></u>	<u><u>\$305,574</u></u>	<u><u>\$ 948,845</u></u>	<u><u>\$ 741,192</u></u>	<u><u>\$1,063,956</u></u>	<u><u>\$ 136,270</u></u>	<u><u>\$3,860,508</u></u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2012, was as follows:

	Beginning Balance 9/1/11	Additions	Retirements	Adjustments	Ending Balance 8/31/12
Governmental Activities:					
Land	\$ 2,032,767	\$ -	\$ -	\$ -	\$ 2,032,767
Buildings and Improvements	75,657,890	149,613	-	(46,657)	75,760,846
Furniture and Equipment	7,180,684	892,297	(165,117)	(573,353)	7,334,511
Totals at Historical Cost	84,871,341	1,041,910	(165,117)	(620,010)	85,128,124
Less Accumulated Depreciation for:					
Buildings and Improvements	(14,303,682)	(1,603,391)	-	38,128	(15,868,945)
Furniture and Equipment	(4,846,029)	(572,690)	148,606	470,955	(4,799,158)
Total Accumulated Depreciation	(19,149,711)	(2,176,081)	148,606	509,083	(20,668,103)
Governmental Activities Capital Assets, Net	\$ 65,721,630	\$ (1,134,171)	\$ (16,511)	\$ (110,927)	\$ 64,460,021

Depreciation was charged to the governmental functions as follows:

Function	Depreciation Allocation
11 Instruction	\$ 1,107,714
12 Instructional Resources & Media	49,425
13 Curriculum & Staff Development	27,955
21 Instructional Leadership	15,845
23 School Leadership	112,969
31 Guidance/Counseling/Evaluation Services	84,402
32 Social Work Services	1,576
33 Health Services	19,321
34 Student Transportation	121,407
35 Food Services	111,992
36 Cocurricular/Extracurricular Activities	90,321
41 General Administration	74,698
51 Plant Maintenance and Operations	288,416
52 Security and Monitoring Services	7,936
53 Data Processing Services	48,044
61 Community Services	3,613
99 Other Intergovernmental Charges	10,447
Totals	\$ 2,176,081

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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, 2012. 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%	\$42,625,000
Limited Tax Refunding Bonds, Series 2010	2.00% - 3.00%	\$1,655,000

A summary of changes in long-term debt for the year ended August 31, 2012 is as follows:

Description	Interest Rate	Original Issue	Current Year Interest	Outstanding 9/1/2011	Additions	Deletions	Current Accretion	Outstanding 8/31/12	Due in One Year
Bond Payable									
Lim Tax Sch. Bldg. Series 2007	4.00-5.00%	\$ 47,850,000	\$ 2,167,238	\$43,825,000	\$ -	\$(1,200,000)	\$ -	\$42,625,000	\$1,255,000
Premium & OID, Series 2007	n/a	1,477,076	-	1,239,331	-	(59,016)	-	1,180,315	-
Lim Tax Ref. Bond-CIBs, Srs 2010	2.00%-3.00%	2,150,000	49,500	2,150,000	-	(495,000)	-	1,655,000	510,000
Premium on Series 2010-CIB's	n/a	74,097	-	59,278	-	(14,819)	-	44,459	-
Total Bonds Payable			\$ 2,216,738	\$47,273,609	\$ -	\$(1,768,835)	\$ -	\$45,504,774	\$1,765,000

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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	
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	1,585,000	1,897,925	3,482,925
2018-2022	9,225,000	8,184,625	17,409,625
2023-2027	11,855,000	5,562,625	17,417,625
2028-2032	15,320,000	2,095,275	17,415,275
	<u>\$ 44,280,000</u>	<u>\$ 25,975,357</u>	<u>\$ 70,255,357</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 2010 and 2011, a state contribution rate of 6.644% and for fiscal year 2012 a state contribution of 6.0% with a member contribution rate of 6.4% for all three years. 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, 2012

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		On-Behalf Payments	
		Above Stat. Min. Contributions	State	Medicare Part-D	ERRP
2010	\$ 1,144,178	\$ 124,250	\$ 1,042,570	\$ 44,193	\$ -
2011	1,168,538	135,829	1,108,287	42,029	-
2012	1,168,549	116,608	1,030,540	40,216	44,344

J. HEALTH CARE COVERAGE

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$240 per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependants. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the district and the insurer is renewable September 1, 2012 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	Total
Net Tax Revenue	\$ 626,531	\$ 151,677	\$ 778,208
Total Deferred Revenue	\$ 626,531	\$ 151,677	\$ 778,208

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, 2012, 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	\$ 24,916	\$ -	\$ 24,916
Other Funds	1,048	266,537	267,585
Total	\$ 25,964	\$ 266,537	\$ 292,501

LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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	\$ 11,319,706	\$ 2,979,782	\$ -	\$ 14,299,488
Investment Income	59,393	3,581	2,080	65,054
Rent	38,089	-	-	38,089
Gifts	64,059	-	-	64,059
Food Sales	-	-	578,881	578,881
Enterprising Revenues	-	-	13,838	13,838
Athletics	158,454	-	-	158,454
Other	143,508	-	4,656	148,164
Total	<u>\$ 11,783,209</u>	<u>\$ 2,983,363</u>	<u>\$ 599,455</u>	<u>\$ 15,366,027</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 2012, 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.

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

Q. PRIOR PERIOD ADJUSTMENT

During the year, analysis of the District's capital asset listing indicated that over the course of several years some assets had been disposed of and not taken off of the listing and some assets had been acquired by the District but not been included as additions to capital assets. As a result, the District capital assets were overstated at the beginning of the year. To correct the beginning of the year effect of this condition, a prior period adjustment decreasing beginning net assets in the amount of \$110,927 was recorded.

The adjustment to net asset amounts reported as of August 31, 2011 is summarized as follows:

	Governmental Activities Net Assets
Amounts as previously reported at August 31, 2011	\$ 36,675,529
Decrease in net assets to properly state capital assets since certain additions and deletions in prior years were not properly recorded.	(110,927)
Amounts as restated August 31, 2011	<u>\$ 36,564,602</u>

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COMBINING SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data	211	224	225	240
Control	Title I, A	IDEA	IDEA	National
Codes	Improving	Part B	Part B	Breakfast and
	Basic Programs	Formula	Preschool	Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 181,437
1120 Investments - Current	-	-	-	262
1240 Due from Other Governments	110,110	83,847	1,755	25,055
1260 Due from Other Funds	-	-	-	18,835
1290 Other Receivables	-	-	-	586
1410 Deferred Expenses	-	-	-	7,679
1810 Restricted Assets	-	-	-	-
1000 Total Assets	<u>\$ 110,110</u>	<u>\$ 83,847</u>	<u>\$ 1,755</u>	<u>\$ 233,854</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 497	\$ 493	\$ -	\$ 68,606
2160 Accrued Wages Payable	48,726	29,976	823	-
2170 Due to Other Funds	60,887	53,378	932	331
2000 Total Liabilities	<u>110,110</u>	<u>83,847</u>	<u>1,755</u>	<u>68,937</u>
Fund Balances:				
Nonspendable:				
3420 Endowment Principal	-	-	-	-
Restricted For:				
3450 Federal & State Grants	-	-	-	164,917
Committed For:				
3590 Other Purposes	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,917</u>
4000 Total Liabilities & Fund Balances	<u>\$ 110,110</u>	<u>\$ 83,847</u>	<u>\$ 1,755</u>	<u>\$ 233,854</u>

EXHIBIT H-1

244	255	287	397	410	411	461
Vocational Ed Basic Grant	Title II, A Training and Recruiting	Education Jobs	Advanced Placement Incentives	Text Books	Technology Allotment	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,080
-	-	-	-	-	-	-
3,127	20,730	21,913	-	1,048	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,127</u>	<u>\$ 20,730</u>	<u>\$ 21,913</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ -</u>	<u>\$ 16,080</u>
\$ 790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,337	20,730	21,913	-	1,048	-	-
<u>3,127</u>	<u>20,730</u>	<u>21,913</u>	<u>-</u>	<u>1,048</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	16,080
-	-	-	-	-	-	16,080
<u>\$ 3,127</u>	<u>\$ 20,730</u>	<u>\$ 21,913</u>	<u>\$ -</u>	<u>\$ 1,048</u>	<u>\$ -</u>	<u>\$ 16,080</u>

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Data Control Codes		479	Total
		Permanent	Nonmajor
		Scholarship	Governmental
		Fund	Funds
ASSETS			
1110	Cash and Cash Equivalents	\$ -	\$ 197,517
1120	Investments - Current	-	262
1240	Due from Other Governments	-	267,585
1260	Due from Other Funds	-	18,835
1290	Other Receivables	-	586
1410	Deferred Expenses	-	7,679
1810	Restricted Assets	29,296	29,296
1000	Total Assets	<u>\$ 29,296</u>	<u>\$ 521,760</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
2110	Accounts Payable	\$ -	\$ 70,386
2160	Accrued Wages Payable	-	79,525
2170	Due to Other Funds	-	161,556
2000	Total Liabilities	<u>-</u>	<u>311,467</u>
Fund Balances:			
Nonspendable:			
3420	Endowment Principal	25,000	25,000
Restricted For:			
3450	Federal & State Grants	-	164,917
Committed For:			
3590	Other Purposes	4,296	20,376
3000	Total Fund Balances	<u>29,296</u>	<u>210,293</u>
4000	Total Liabilities & Fund Balances	<u>\$ 29,296</u>	<u>\$ 521,760</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211 Title I, A Improving Basic Programs	224 IDEA Part B Formula	225 IDEA Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local & Intermediate Sources	\$ -	\$ -	\$ -	\$ 584,543
5800 State Program Revenues	-	-	-	10,116
5900 Federal Program Revenues	863,883	642,945	11,830	1,007,868
5020 Total Revenues	863,883	642,945	11,830	1,602,527
EXPENDITURES:				
Current:				
0011 Instruction	695,995	612,673	11,830	-
0013 Curriculum and Staff Development	106,974	-	-	-
0021 Instrucational Leadership	-	2,995	-	-
0031 Guidance/Counseling/Evaluation Services	50,771	25,873	-	-
0032 Social Work Services	81	-	-	-
0034 Student Transportation	-	1,165	-	-
0035 Food Services	-	-	-	1,494,557
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance & Operations	-	-	-	46,343
0053 Data Processing Services	-	-	-	-
0061 Community Services	10,062	239	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	-	-	-	-
6030 Total Expenditures	863,883	642,945	11,830	1,540,900
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	61,627
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	61,627
0100 Fund Balance-Sept 1 (Beginning)	-	-	-	103,290
3000 Fund Balance-August 31 (Ending)	\$ -	\$ -	\$ -	\$ 164,917

244 Vocational Ed Basic Grant	255 Title II, A Training and Recruiting	287 Education Jobs	397 Advanced Placement Incentives	410 Text Books	411 Technology Allotment	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,838
-	-	-	10,855	166,732	75,837	-
48,724	145,763	539,965	-	-	-	-
48,724	145,763	539,965	10,855	166,732	75,837	13,838
22,088	8,041	539,965	-	166,732	-	-
1,731	137,622	-	-	-	-	-
-	-	-	-	-	-	-
24,905	-	-	10,855	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	14,646
-	100	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	75,837	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,724	145,763	539,965	10,855	166,732	75,837	14,646
-	-	-	-	-	-	(808)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(808)
-	-	-	-	-	-	16,888
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,080

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

		479	Total
Data		Permanent	Nonmajor
Control		Scholarship	Governmental
Codes		Fund	Funds
REVENUES:			
5700	Total Local & Intermediate Sources	\$ 1,041	\$ 599,422
5800	State Program Revenues	-	263,540
5900	Federal Program Revenues	-	3,260,978
5020	Total Revenues	1,041	4,123,940
EXPENDITURES:			
Current:			
0011	Instruction	-	2,057,324
0013	Curriculum and Staff Development	-	246,327
0021	Instrucational Leadership	-	2,995
0031	Guidance/Counseling/Evaluation Services	-	112,404
0032	Social Work Services	-	81
0034	Student Transportation	-	1,165
0035	Food Services	-	1,494,557
0036	Extracurricular Activities	-	14,646
0041	General Administration	-	100
0051	Facilities Maintenance & Operations	-	46,343
0053	Data Processing Services	-	75,837
0061	Community Services	-	10,301
Intergovernmental:			
0099	Other Intergovernmental Charges	3,000	3,000
6030	Total Expenditures	3,000	4,065,080
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,959)	58,860
OTHER FINANCING SOURCES (USES):			
7915	Transfers In	31,255	31,255
7080	Total Other Financing Sources (Uses)	31,255	31,255
1200	Net Change in Fund Balance	29,296	90,115
0100	Fund Balance-Sept 1 (Beginning)	-	120,178
3000	Fund Balance-August 31 (Ending)	\$ 29,296	\$ 210,293

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TEA REQUIRED SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2012

		1	2	3
Last 10 Years Ended		Tax Rates		Assessed/Appraised
August 31		Maintenance	Debt Service	Value for School
				Tax Purposes
2003	and prior years	Various	Various	\$ Various
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		1.170000	0.290000	941,965,510
2012	(School year under audit)	1.170000	0.290000	963,919,347
TOTALS				

10	20	31	32	40	50
Beginning Balance 9/1/11	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/12
\$ 72,472	\$ -	\$ 1,948	\$ 67	\$ (4,035)	\$ 66,422
19,540	-	2,011	69	(120)	17,340
25,976	-	4,438	151	(119)	21,268
29,194	-	4,791	99	(113)	24,191
36,084	-	5,983	226	(472)	29,403
62,855	-	16,526	795	(4,285)	41,249
95,529	-	23,270	10,293	(3,186)	58,780
169,565	-	35,606	15,749	(5,726)	112,484
368,140	-	164,702	40,823	(13,127)	149,488
-	14,073,222	11,009,760	2,728,914	-	334,548
<u>\$ 879,355</u>	<u>\$ 14,073,222</u>	<u>\$ 11,269,035</u>	<u>\$ 2,797,186</u>	<u>\$ (31,183)</u>	<u>\$ 855,173</u>

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
GENERAL AND SPECIAL REVENUE FUNDS
AUGUST 31, 2012

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	\$ -	\$ -	\$ 187,008	\$ 537,949	\$ -	\$ -	\$ 724,957
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave for Separating Employees not in Fn 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	26,482	-	-	-	-	-	26,482
6212	Audit Services	-	-	-	19,610	-	-	19,610
6213	Appraisal in Fn 99	-	246,844	-	-	-	-	246,844
621X	Other Professional Services	-	-	-	2,030	-	-	2,030
6220	Tuition & Transfer Pymts	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	1,105	-	-	1,105
6240	Contr. Maint. And Repair	-	-	-	-	462	-	462
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	22,231	-	-	22,231
6290	Miscellaneous Contr.	1,075	-	-	12,418	-	-	13,493
6320	Textbooks and Reading	-	-	401	-	-	-	401
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	510	-	190	18,158	-	-	18,858
6410	Travel, Subst., Stipends	4,083	-	2,371	5,863	-	-	12,317
6420	Ins. And Bonding Costs	-	500	-	13,257	-	-	13,757
6430	Election Costs	494	-	-	-	-	-	494
6490	Miscellaneous Operating	867	-	1,150	28,226	-	-	30,244
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 33,511	\$ 247,344	\$ 191,120	\$ 660,847	\$ 462	\$ -	\$ 1,133,284

Total expenditures/expenses for General and Special Revenue Funds:

9 \$29,040,148

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)

10 \$1,041,910

Total Debt & Lease (6500)

11 -

Plant Maintenance (Function 51, 6100-6400)

12 3,196,708

Food (Function 35, 6341 and 6499)

13 673,279

Stipends (6413)

14 -

Column 4 (above) - Total Indirect Cost

660,847

Subtotal:

5,572,744

Net Allowed Direct Cost

\$23,467,404

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)

15 \$75,760,846

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 7,334,511

Historical Cost of Furniture & Equipment over 16 years old

19 943,331

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.

\$136,422 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, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 592,080	\$ 580,380	\$ 584,543	\$ 4,163
5800 State Program Revenues	9,000	10,200	10,116	(84)
5900 Federal Program Revenues	1,088,028	1,013,028	1,007,868	(5,160)
5020 Total Revenues	1,689,108	1,603,608	1,602,527	(1,081)
EXPENDITURES:				
0035 Food Services	1,678,483	1,612,483	1,494,557	117,926
0051 Facilities Maintenance & Operations	60,625	60,625	46,343	14,282
6030 Total Expenditures	1,739,108	1,673,108	1,540,900	132,208
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(69,500)	61,627	131,127
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	50,000	-	-	-
7080 Total Other Finance Sources (Uses)	50,000	-	-	-
1200 Net Change in Fund Balances	-	(69,500)	61,627	131,127
0100 Fund Balance-Sept 1 (Beginning)	103,290	103,290	103,290	-
3000 Fund Balance-August 31 (Ending)	\$ 103,290	\$ 33,790	\$ 164,917	\$ 131,127

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, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
REVENUES:				
5700 Total Local & Intermediate Sources	\$ 2,898,040	\$ 2,992,540	\$ 2,983,364	\$ (9,176)
5800 State Program Revenues	600,000	215,000	505,863	290,863
5020 Total Revenues	3,498,040	3,207,540	3,489,227	281,687
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	1,695,000	1,695,000	1,695,000	-
0072 Interest on Long Term Debt	2,216,738	2,216,738	2,191,094	25,644
0073 Bond Issuance Cost and Fees	5,400	5,400	3,500	1,900
6030 Total Expenditures	3,917,138	3,917,138	3,889,594	27,544
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(419,098)	(709,598)	(400,367)	309,231
1200 Net Change in Fund Balances	(419,098)	(709,598)	(400,367)	309,231
0100 Fund Balance-Sept 1 (Beginning)	1,925,421	1,925,421	1,925,421	-
3000 Fund Balance-August 31 (Ending)	\$ 1,506,323	\$ 1,215,823	\$ 1,525,054	\$ 309,231

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FEDERAL AWARDS SECTION

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SINGLETON, CLARK
& COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

9442 Capital of Texas Highway North – Arboretum Plaza One, Suite 500
Austin, Texas 78759 Phone (512) 310-5600 www.singletonclark.com

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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 26, 2012. 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.

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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.

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Singleton, Clark & Company, PC
Austin, Texas

October 26, 2012

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**SINGLETON, CLARK
& COMPANY, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

9442 Capital of Texas Highway North – Arboretum Plaza One, Suite 500
Austin, Texas 78759 Phone (512) 310-5600 www.singletonclark.com

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, 2012. 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, 2012.

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.

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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
Austin, Texas

October 26, 2012

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

2a Pass-Through Entity Identifying Number	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal CFDA Number	3 Federal Expenditures
U.S DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
12-610101141901	ESEA, Title I, Part A - Improving Basic Programs	84.010A	\$ 863,883
12-6600011419016600	IDEA - Part B, Formula*	84.027A	642,945
12-6610011419016610	IDEA - Part B, Preschool*	84.173A	11,830
12-420006141901	Career and Technical - Basic Grant	84.048A	48,724
12-694501141901	ESEA, Title II, Part A, Teacher/Principal Training	84.367A	145,763
11-550101141901	Education Jobs Fund	84.410A	539,965
	Total Passed Through State Dept of Education		<u>2,253,110</u>
	ESEA, Title VIII - Impact Aid	84.041B	<u>44,277</u>
	TOTAL DEPARTMENT OF EDUCATION		<u><u>\$ 2,297,387</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
71401201	School Breakfast Program*	10.553	\$ 202,973
71301201	National School Lunch Program - Cash Assistance*	10.555	716,385
71301201	National School Lunch Program-Non-Cash Assistance*	10.555	88,511
	Total CFDA Number 10.555		<u>804,896</u>
	Total Passed Through the State Dept of Agriculture		<u>1,007,868</u>
	TOTAL DEPARTMENT OF AGRICULTURE		<u><u>\$ 1,007,868</u></u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 3,305,255</u></u>
12-141901	School Health and Related Services	93.778	\$ 133,530
	TOTAL FEDERAL REVENUE PER SCHEDULE C-3		<u><u>\$ 3,438,785</u></u>

*Cluster Programs as required by Compliance Supplement 2012

The accompanying notes are an integral part of this schedule.

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LAMPASAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

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, 2012

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	Unqualified
Education Jobs Fund	Unqualified
ESEA, Title II, Part A – Teacher/Principal Training	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	ESEA Title I, Part A
84.410A	Education Jobs Fund
84.367A	ESEA, Title II, Part A – Teacher/Principal Training

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, 2012

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, 2012 and 2011.

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, 2012 and 2011.