

LAMPASAS INDEPENDENT  
SCHOOL DISTRICT

ANNUAL FINANCIAL AND  
COMPLIANCE REPORT

FOR THE YEAR ENDED  
AUGUST 31, 2014



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2014

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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, 2014, at a meeting of the Board of Trustees of such school district on the 1<sup>st</sup> day of DECEMBER, 2014.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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



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

Independent Auditors' Report

To the Board of Trustees of  
Lampasas Independent School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

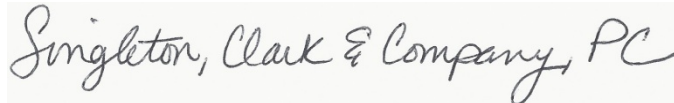
### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of Lampasas Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lampasas Independent School District's internal control over financial reporting and compliance.

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

Singleton, Clark & Company, PC  
Cedar Park, Texas

November 3, 2014

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Lampasas Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2014. Please read it in conjunction with the independent auditors' report on page 2 and the District's Basic Financial Statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position for governmental activities increased by \$2,152,313 as a result of this year's operations, to end at \$38,881,434.
- The General Fund of the District reported a fund balance decrease of \$688,639 for the year, to end at \$15,324,481.
- Total Governmental Funds of the District (the General Fund plus all Special Revenue Funds and the Debt Service Fund) reported an overall fund balance decrease of \$541,325, to end at \$16,643,854.

**USING THIS ANNUAL REPORT**

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

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

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

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



LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

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

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

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

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

In the Statement of Net Position and the Statement of Activities, school districts are divided into two kinds of activities:

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

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

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

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

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

## **The District as Trustee**

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

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Net position of the District's governmental activities increased from \$36,729,121 to \$38,881,434. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$19,975,551 at August 31, 2014. The increase in governmental net position was primarily due to investment in capital assets, specifically the HVAC project at Hanna Springs Elementary. More information regarding the increase is presented in the paragraph following Table II on the next page.

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

	Governmental Activities 2014	Governmental Activities 2013	Change
Current & other assets	\$ 19,039,652	\$ 20,140,563	\$ (1,100,911)
Capital assets	63,649,404	62,583,270	1,066,134
Deferred outflows	4,055,086	4,308,530	(253,444)
Total assets and deferred outflows	<u>86,744,142</u>	<u>87,032,363</u>	<u>(288,221)</u>
Current liabilities	1,667,414	2,211,668	(544,254)
Long-term liabilities	46,195,292	48,091,574	(1,896,282)
Total liabilities	<u>47,862,706</u>	<u>50,303,242</u>	<u>(2,440,536)</u>
Net Position:			
Net investment in capital assets	17,454,112	14,491,696	2,962,416
Restricted	1,451,771	1,324,882	126,889
Unrestricted	19,975,551	20,912,543	(936,992)
Total net position	<u>\$ 38,881,434</u>	<u>\$ 36,729,121</u>	<u>\$ 2,152,313</u>

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014**

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

	Governmental Activities 2014	Governmental Activities 2013	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 979,122	\$ 970,116	\$ 9,006
Operating grants & contr.	5,153,171	4,408,421	744,750
General Revenues:			
Maintenance & operations taxes	11,924,703	11,524,305	400,398
Debt service taxes	3,010,450	3,039,848	(29,398)
State aid - formula grants	13,383,927	12,063,034	1,320,893
Grants & contributions not rest.	-	210,292	(210,292)
Investment earnings	55,592	63,490	(7,898)
Total Revenue	34,506,965	32,279,506	2,227,459
Expenses:			
Instruction	15,865,290	15,794,657	70,633
Instructional res. & media svcs.	398,704	368,093	30,611
Curriculum and staff dev.	499,214	426,935	72,279
Instructional leadership	213,653	206,554	7,099
School leadership	1,690,314	1,643,620	46,694
Guidance/counseling svcs.	1,249,407	1,332,479	(83,072)
Social work/health services	23,226	22,752	474
Health services	261,559	265,142	(3,583)
Student transportation	1,625,925	1,520,200	105,725
Food services	1,729,253	1,712,364	16,889
Cocurricular/extracurricular act.	1,289,108	1,303,202	(14,094)
General administration	1,170,991	1,096,362	74,629
Plant maint. and operations	3,600,754	3,667,896	(67,142)
Security and monitoring svcs.	139,099	107,422	31,677
Data processing services	816,694	715,120	101,574
Community services	56,258	57,299	(1,041)
Debt service	1,589,358	2,152,314	(562,956)
Other intergovernmental chgs.	145,930	151,336	(5,406)
Total Expenses	32,364,737	32,543,747	(179,010)
Gain (Loss) on sale of assets	10,085	48,734	(38,649)
Early retirement incentive program	-	(345,686)	345,686
Change in net position	2,152,313	(561,193)	2,713,506
Net position at 9/1/13 and 9/1/12	36,729,121	37,290,314	(561,193)
Net position at 8/31/14 and 8/31/13	\$ 38,881,434	\$ 36,729,121	\$ 2,152,313

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014**

**THE DISTRICT'S FUNDS**

As the District completed this annual period, the General Fund reported a fund balance of \$15,324,481, which is \$688,639 less than last year's total of \$16,013,120. The decrease in fund balance is mainly attributable to capital project spending in the current year.

The District's other governmental funds reported a fund balance of \$1,319,373 as compared to \$1,172,059 in 2013, which is \$147,314 more than the previous year. The primary difference between fiscal year 2013 and fiscal year 2014 governmental funds was that the debt service property tax collections exceeded debt service requirements by \$162,812 during the year.

Over the course of the year, the Board of Trustees revised the District's budget several times. These amendments involved moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. Three budget amendments were Board approved throughout the year for the Hanna Springs HVAC project for a total of \$2,725,876. The other budget amendments approved were not considered significant.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of August 31, 2014, the District had \$63,649,404 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. A summary of the ending balances of capital assets by major category for both 2014 and 2013 is as follows:

	Governmental Activities 2014	Governmental Activities 2013	Change
Land	\$ 2,032,626	\$ 2,032,626	\$ -
Buildings	75,963,335	75,892,017	71,318
Furniture and Equipment	7,860,036	7,575,698	284,338
Construction in Progress	2,695,810	-	2,695,810
Total	88,551,807	85,500,341	3,051,466
Less Accumulated Depreciation	(24,902,403)	(22,917,071)	(1,985,332)
Capital assets, net of depreciation	\$ 63,649,404	\$ 62,583,270	\$ 1,066,134

**LAMPASAS INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2014**

**Debt**

At year-end, the District had \$46,195,292 in bonds and other long-term debt outstanding versus \$48,091,574 last year. The decrease is attributable to scheduled payments on debt during fiscal 2014. A summary of the ending balances of long-term debt by type for both 2014 and 2013 is as follows:

	Governmental Activities 2014	Governmental Activities 2013	Change
General Obligation Bonds	\$ 46,195,292	\$ 48,091,574	\$ (1,896,282)
Total	<u>\$ 46,195,292</u>	<u>\$ 48,091,574</u>	<u>\$ (1,896,282)</u>

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

The District's elected and appointed officials considered many factors when setting the fiscal year 2014-2015 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. A steady enrollment population, coupled with a slight increase in property values, has led to a General Fund budget of \$27.8 million for the 2014-2015 fiscal year. The budget increased from 2013-2014 to 2014-2015 by approximately \$966 thousand, a direct result from an increase in state revenue. A portion of the increase is related to the new legislative mandate for the new TRS employer contribution for which the state is providing assistance this year only.

For the 2014-2015 budget year, the District has held constant its maintenance and operations tax rate at \$1.17 per hundred of taxable value. The District adopted a debt service tax rate of \$.28 for the 2014-2015 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2014-2015 budget year is \$1.45 per hundred of taxable value.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2014

Data Control Codes	Primary Government 1 Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 9,116,838
1120 Current Investments	7,950,347
1225 Property Taxes Receivable (net)	795,824
1240 Due from Other Governments	716,630
1290 Other Receivables, net	254,784
1300 Inventories	150,888
1410 Deferred Expenditures or Expenses	26,631
Capital Assets:	
1510 Land	2,032,626
1520 Buildings and Improvements, Net	56,854,834
1530 Furniture and Equipment, Net	2,066,134
1580 Construction in Progress	2,695,810
1800 Restricted Assets	27,710
1000 Total Assets	<u>82,689,056</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1700 Deferred Outflows	4,055,086
Total Deferred Outflows of Resources	<u>4,055,086</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	303,736
2140 Interest Payable	97,997
2150 Payroll Deductions & Withholdings	45,066
2160 Accrued Wages Payable	952,932
2180 Due to Other Governments	23,223
2200 Accrued Expenses	244,460
Noncurrent Liabilities:	
2501 Bonds, Loans & Other Payable-Due Within One Year	1,710,000
2502 Bonds Payable - Due in More than One Year	38,801,765
2516 Unamortized Premium (Discount) on Bonds	5,683,527
2000 Total Liabilities	<u>47,862,706</u>
<b>NET POSITION</b>	
3200 Investments in Capital Assets, Net of Debt	17,454,112
Restricted for:	
3820 Federal & State Programs	46,617
3850 Debt Service	1,377,444
3890 Other Restricted	27,710
3900 Unrestricted	19,975,551
3000 Total Net Position	<u>\$ 38,881,434</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, 2014

		Program Revenues		Net (Expense)
				Rev. & Changes
	1	3	4	in Net Position
Data			Operating	
Control		Charges for	Grants and	Primary Gov.
Codes	Expenses	Services	Contributions	Governmental
				Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 15,865,290	\$ 229,826	\$ 3,692,296	\$ (11,943,168)
12 Instructional Resources & Media Services	398,704	-	14,886	(383,818)
13 Curriculum & Staff Development	499,214	-	484,989	(14,225)
21 Instructional Leadership	213,653	-	14,308	(199,345)
23 School Leadership	1,690,314	-	86,533	(1,603,781)
31 Guidance/Counseling/Evaluation Services	1,249,407	-	228,925	(1,020,482)
32 Social Work Services	23,226	-	74	(23,152)
33 Health Services	261,559	-	13,714	(247,845)
34 Student Transportation	1,625,925	-	260,338	(1,365,587)
35 Food Services	1,729,253	546,358	-	(1,182,895)
36 Extracurricular Activities	1,289,108	160,911	65,793	(1,062,404)
41 General Administration	1,170,991	42,027	43,846	(1,085,118)
51 Plant Maintenance and Operations	3,600,754	-	203,459	(3,397,295)
52 Security and Monitoring Services	139,099	-	-	(139,099)
53 Data Processing Services	816,694	-	26,115	(790,579)
61 Community Services	56,258	-	17,895	(38,363)
72 Interest on Long-Term Debt	1,588,397	-	-	(1,588,397)
73 Bond Issuance Cost & Fees	961	-	-	(961)
99 Other Intergovernmental Charges	145,930	-	-	(145,930)
TP TOTAL PRIMARY GOVERNMENT:	<u>\$ 32,364,737</u>	<u>\$ 979,122</u>	<u>\$ 5,153,171</u>	<u>(26,232,444)</u>
General Revenues:				
Taxes:				
MT	Property Taxes, Levied for General Purposes			11,924,703
DT	Property Taxes, Levied for Debt Service			3,010,450
SF	State Aid - Formula Grants			13,383,927
IE	Investment Earnings			55,592
S1	Gain on Sale of Capital Assets			10,085
TR	Total General Revenues and Special Items			<u>28,384,757</u>
CN	Change in Net Position			2,152,313
NB	Net Position -- Beginning			36,729,121
NE	Net Position -- Ending			<u>\$ 38,881,434</u>

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

## FUND BASIS FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2014

Data Control Codes	10		98
	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 8,997,456	\$ 119,382	\$ 9,116,838
1120 Investments - Current	6,688,113	1,262,234	7,950,347
1220 Property Taxes - Delinquent	718,131	166,118	884,249
1230 Allowance for Uncollectible Taxes (Credit)	(71,813)	(16,612)	(88,425)
1240 Due from Other Governments	230,942	485,688	716,630
1260 Due from Other Funds	792,068	12,966	805,034
1290 Other Receivables	254,171	613	254,784
1310 Inventories	150,888	-	150,888
1410 Deferred Expenditures	13,144	13,487	26,631
1800 Restricted Assets	-	27,710	27,710
1000 Total Assets	<u>\$ 17,773,100</u>	<u>\$ 2,071,586</u>	<u>\$ 19,844,686</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 231,982	\$ 71,754	\$ 303,736
2140 Interest Payable	-	30,557	30,557
2150 Payroll Deductions and Withholdings Payable	45,066	-	45,066
2160 Accrued Wages Payable	876,775	76,157	952,932
2170 Due to Other Funds	404,018	401,016	805,034
2180 Due to Other Governments	-	23,223	23,223
2200 Accrued Expenditures	244,460	-	244,460
2000 Total Liabilities	<u>1,802,301</u>	<u>602,707</u>	<u>2,405,008</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600 Deferred Inflows	646,318	149,506	795,824
Total Deferred Inflows of Resources	<u>646,318</u>	<u>149,506</u>	<u>795,824</u>
<b>FUND BALANCES</b>			
Nonspendable:			
3410 Inventories	150,888	-	150,888
3425 Endowment Principal	-	27,710	27,710
3430 Prepaid Items	13,144	13,487	26,631
Restricted for:			
3450 Federal or State Funds Restricted	-	33,130	33,130
3480 Retirement of Long-Term Debt	-	1,227,938	1,227,938
Committed for:			
3510 Construction	3,500,000	-	3,500,000
3530 Capital Expenditures for Equipment	2,500,000	-	2,500,000
3545 Other Committed Fund Balance	-	17,108	17,108
3600 Unassigned Fund Balance	9,160,449	-	9,160,449
3000 Total Fund Balances	<u>15,324,481</u>	<u>1,319,373</u>	<u>16,643,854</u>
4000 Total Liab., Def. Inflows, and Fund Balances	<u>\$ 17,773,100</u>	<u>\$ 2,071,586</u>	<u>\$ 19,844,686</u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2014

1

<b>Total Fund Balances - Governmental Funds</b>	\$ 16,643,854
<sup>1</sup> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of recording the beginning of the year value of \$85,500,341 for capital assets and \$22,917,071 for accumulated depreciation to the Statement of Net Position was an increase in net position.	62,583,270
<sup>2</sup> Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The effect of capitalizing current expenditures for capital outlays during the year was an increase in net position.	3,099,866
<sup>3</sup> Since capital assets are not reported in governmental funds, any gain or loss on disposal of capital assets is also not reported in governmental funds. Gains or losses on disposals of capital assets in the current year resulted in a decrease in net position.	(4,840)
<sup>4</sup> Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The effect of recording depreciation expense to the Statement of Net Position is a decrease in net position.	(2,028,894)
<sup>5</sup> Long-term debt issued by governmental activities is not a current financial liability and therefore not reported in governmental funds. The effect of recording the beginning of the year value for all long-term debt outstanding is a decrease in net position.	(48,091,574)
<sup>6</sup> Long-term debt payments are expenditures in the governmental funds but are treated as reductions of long-term debt on the Statement of Net Position. The effect of reducing long-term debt is an increase in net position.	1,625,000
<sup>7</sup> Accretion on long-term debt issued by governmental activities is treated as interest expense and as an increase in long-term debt. The effect of recording accretion on long-term debt is a decrease in net position.	(103,515)
<sup>8</sup> Since long-term debt is not recorded in governmental funds, issuance premiums/discounts and related subsequent amortization is also not recorded. The net effect of recording amortization on premiums/discounts on long-term debt is an increase in net position.	374,797
<sup>9</sup> Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest is a decrease in net position.	(67,440)
<sup>10</sup> Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. The net effect of this difference in property tax revenue recognition is an increase in net position.	795,824
<sup>11</sup> Deferred losses on refunding bonds incurred by governmental activities are treated as a deferred outflow of financial resources and not reported as an asset. The effect of recording the deferred loss on refunding bonds on the Statement of Net Position is an increase in net position.	4,055,086
<b><sup>19</sup> Net Position of Governmental Activities</b>	\$ 38,881,434

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, 2014

Data Control Codes	10	98	
	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 12,401,221	\$ 3,587,813	\$ 15,989,034
5800 State Program Revenues	14,579,115	676,735	15,255,850
5900 Federal Program Revenues	388,946	2,892,302	3,281,248
5020 Total Revenues	<u>27,369,282</u>	<u>7,156,850</u>	<u>34,526,132</u>
<b>EXPENDITURES:</b>			
0011 Instruction	13,226,070	1,606,840	14,832,910
0012 Instructional Resources & Media Services	372,760	-	372,760
0013 Curriculum & Instructional Staff Development	207,340	259,389	466,729
0021 Instructional Leadership	196,594	3,156	199,750
0023 School Leadership	1,580,323	-	1,580,323
0031 Guidance, Counseling & Evaluation Services	1,071,089	97,017	1,168,106
0032 Social Work Services	21,675	40	21,715
0033 Health Services	244,539	-	244,539
0034 Student (Pupil) Transportation	1,665,610	99,065	1,764,675
0035 Food Services	-	1,629,532	1,629,532
0036 Cocurricular/Extracurricular Activities	1,195,871	17,304	1,213,175
0041 General Administration	1,094,793	-	1,094,793
0051 Plant Maintenance and Operations	3,410,182	52,936	3,463,118
0052 Security and Monitoring Services	130,048	-	130,048
0053 Data Processing Services	779,337	-	779,337
0061 Community Services	44,371	8,226	52,597
0071 Debt Service - Principal	-	1,625,000	1,625,000
0072 Debt Service - Interest	-	1,610,070	1,610,070
0073 Debt Service - Bond Issuance Costs	-	961	961
0081 Facilities Acquisition and Construction	2,695,810	-	2,695,810
0099 Other Intergovernmental Charges	136,434	-	136,434
6030 Total Expenditures	<u>28,072,846</u>	<u>7,009,536</u>	<u>35,082,382</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(703,564)</u>	<u>147,314</u>	<u>(556,250)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Property	14,925	-	14,925
7080 Total Other Financing Sources (Uses)	<u>14,925</u>	<u>-</u>	<u>14,925</u>
1200 Net Change in Fund Balance	(688,639)	147,314	(541,325)
0100 Fund Balance - Beginning	16,013,120	1,172,059	17,185,179
3000 Fund Balance - Ending	<u>\$ 15,324,481</u>	<u>\$ 1,319,373</u>	<u>\$ 16,643,854</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 BALANCE TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2014

<b>Total Net Change in Fund Balances – Governmental Funds</b>		\$ (541,325)
1	Capital outlay transactions are expenditures in governmental funds but are capitalized as assets on the Statement of Net Position. The net effect of capitalizing current expenditures for capital outlays during the year was an increase in the change in net position.	3,099,866
2	Since capital assets are not reported in governmental funds, any gain or loss on disposal of capital assets is also not reported in governmental funds. Gains or losses on disposals of capital assets in the current year resulted in a decrease in net position.	(4,840)
3	Since capital assets are not reported in governmental funds, related depreciation expense is also not reported. The net effect of recording depreciation expense to the Statement of Net Position is a decrease in the change in net position.	(2,028,894)
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 Position. The net effect of reducing long-term debt is an increase in the change in net position.	1,625,000
5	Accretion on long-term debt issued by governmental activities is treated as interest expense and as an increase in long-term debt. The net effect of recording accretion on long-term debt is a decrease in the change in net position.	(103,515)
6	Since long-term debt is not recorded in governmental funds, issuance premiums/discounts and related subsequent amortization is also not recorded. The net effect of recording amortization on premiums/discounts on long-term debt is an increase in the change in net position.	374,797
7	Accrued interest related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds. The effect of recording accrued interest is an increase/(decrease) in the change in net position.	3,835
8	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 a decrease in the change in net position.	(19,167)
9	Deferred losses on refunding bonds incurred by governmental activities are not recognized by governmental funds but are recognized as a deferred outflow on the Statement of Net Position. The net effect of this difference is a decrease in the change in net position.	(253,444)
<b>19</b>	<b>Change in Net Position of Governmental Activities</b>	\$ 2,152,313

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
<b>REVENUES:</b>				
5700 Local & Intermediate Sources	\$ 12,225,615	\$ 12,436,946	\$ 12,401,221	\$ (35,725)
5800 State Program Revenues	14,065,800	14,160,287	14,579,115	418,828
5900 Federal Program Revenues	40,000	154,891	388,946	234,055
5020 Total Revenues	26,331,415	26,752,124	27,369,282	617,158
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	13,651,840	13,545,366	13,226,070	319,296
0012 Instructional Resources & Media Services	372,650	375,768	372,760	3,008
0013 Curriculum and Staff Development	192,952	234,054	207,340	26,714
0021 Instructional Leadership	197,044	201,994	196,594	5,400
0023 School Leadership	1,629,682	1,600,278	1,580,323	19,955
0031 Guidance/Counseling/Evaluation Services	1,101,828	1,084,678	1,071,089	13,589
0032 Social Work Services	22,135	22,135	21,675	460
0033 Health Services	266,230	255,099	244,539	10,560
0034 Student Transportation	1,817,042	1,741,697	1,665,610	76,087
0036 Extracurricular Activities	1,220,274	1,253,293	1,195,871	57,422
0041 General Administration	1,177,505	1,137,580	1,094,793	42,787
0051 Facilities Maintenance & Operations	4,134,432	3,571,704	3,410,182	161,522
0052 Security and Monitoring Services	157,580	141,829	130,048	11,781
0053 Data Processing Services	685,903	815,280	779,337	35,943
0061 Community Services	52,085	45,995	44,371	1,624
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	2,725,876	2,695,810	30,066
Intergovernmental:				
0099 Other Intergovernmental Charges	181,000	141,000	136,434	4,566
6030 Total Expenditures	26,860,182	28,893,626	28,072,846	820,780
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(528,767)	(2,141,502)	(703,564)	1,437,938
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Property	-	-	14,925	14,925
8911 Transfers Out	-	(17,000)	-	17,000
7080 Total Other Financing Sources (Uses)	-	(17,000)	14,925	31,925
1200 Net Change in Fund Balances	(528,767)	(2,158,502)	(688,639)	1,469,863
0100 Fund Balance-Sept 1 (Beginning)	16,013,120	16,013,120	16,013,120	-
3000 Fund Balance-August 31 (Ending)	\$ 15,484,353	\$ 13,854,618	\$ 15,324,481	\$ 1,469,863

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2014

Data Control Codes	Private Purpose Trust Funds	Student Activity Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ -	\$ 270,592
1800 Restricted Assets	5,056	-
1000 Total Assets	<u>5,056</u>	<u>270,592</u>
<b>LIABILITIES</b>		
2190 Due to Student Groups	-	270,592
2000 Total Liabilities	<u>-</u>	<u>\$ 270,592</u>
<b>NET POSITION</b>		
3800 Held in Trust	5,056	
3000 Total Net Position	<u>\$ 5,056</u>	

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



LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Private Purpose Trust Funds
<b>REVENUES:</b>	
5700 Local and Intermediate Sources	\$ 12
5020 Total Revenues	12
<b>EXPENSES:</b>	
6030 Total Expenses	-
1200 Change in Net Position	12
0100 Net Position - Beginning	5,044
3000 Net Position - Ending	\$ 5,056

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

## NOTES TO THE FINANCIAL STATEMENTS

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

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

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

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

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

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

**D. FUND ACCOUNTING**

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

Governmental Funds:

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

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.

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

Fiduciary Funds:

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

**E. OTHER ACCOUNTING POLICIES**

**1. Cash Equivalents**

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

**2. Inventories**

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

**3. Long-Term Debt**

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

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

**4. Vacation and Sick Leave**

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

**5. Capital Assets**

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

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

6. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

**7. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the District purchased commercial insurance to cover general liabilities. Employees of the District were covered during the year by a workers' compensation insurance plan, which is described within Section III of the Notes to the Financial Statements. There were no significant reductions in coverage in the past fiscal year, and no settlements exceeding insurance coverage for each of the past three fiscal years.

**8. Data Control Codes**

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

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

**A. BUDGETARY DATA**

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

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

1. Prior to the end of each fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to the first day of the fiscal year, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Three budget amendments were approved by the Board throughout the year for the Hanna Springs



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HVAC project for a total of \$2,725,876. No other budget amendments were considered significant.

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 nonappropriated budget special revenue funds is as follows:

Fund Balance - Special Revenue Funds	
Appropriated Budget Funds - Child Nutrition	\$ 31,764
Non-Appropriated Budget Funds - Summer Feeding Program	14,853
Non-Appropriated Budget Funds - Campus Activity Funds	17,108
Non-Appropriated Budget Funds - Permanent Scholarship Fund	27,710
All Special Revenue Funds	<u>\$ 91,435</u>

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

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

**C. DEFICIT FUND EQUITY**

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

**III. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

District Policies and Legal and Contractual Provisions Governing Deposits

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

At August 31, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$9,390,986 and the bank balance was \$9,727,255. The District's combined deposits were fully insured at all times by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: First State Bank of Central Texas
- b. The fair market value of collateral pledged to the District, as of the date of the highest combined balance on deposit was \$11,075,846.
- c. The largest combined balances of cash, savings, and time deposit accounts amounted to \$10,018,562. These balances occurred during the month of May 2014.

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- d. The total amount of FDIC coverage at the time of the largest combined balance was \$349,401.
- e. The amount of unsecured deposits was \$-0-.

*Custodial Credit Risk for Deposits*

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

*Foreign Currency Risk for Deposits*

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

*District Policies and Legal and Contractual Provisions Governing Investments*

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

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

As of August 31, 2014, Lampasas Independent School District had the following investments.

Investment Name	Investment Type	Maturity in Years				Recording Fund
		Less than 1	1-5	6-10	More Than 10	
Lone Star Investment Pool	Investment Pools	\$ 1,598,688	\$ -	\$ -	\$ -	199, 599
TexPool Investment Pool	Investment Pools	6,351,659	-	-	-	199, 240, 599
Northwestern Mutual*	Mutual Funds	29,210	-	-	-	479
Total Investments		<u>\$ 7,979,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Additional policies and contractual provisions governing investments for Lampasas Independent School District are specified on the following page:

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

*Credit Risk*

To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in the U.S. Government or the State of Texas or its agencies and instrumentalities, commercial paper, corporate bonds, and mutual bond funds to only ones with quality ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2014, the district's investments in TexPool were rated AAAm by Standard & Poor's and the district's investments in LoneStar were rated AAA by Standard & Poor's.

*Custodial Credit Risk for Investments*

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

*Concentration of Credit Risk*

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

*Interest Rate Risk*

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

*Foreign Currency Risk for Investments*

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

**B. PROPERTY TAXES**

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

**C. DELINQUENT TAXES RECEIVABLE**

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**D. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at August 31, 2014, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund:		
General Fund	\$ 391,051	\$ 391,051
Special Revenue Funds	401,017	12,966
Total General Fund	<u>792,068</u>	<u>404,017</u>
Special Revenue Funds:		
General Fund	12,966	401,017
Total Special Revenue Funds	<u>12,966</u>	<u>401,017</u>
Grand Total	<u>\$ 805,034</u>	<u>\$ 805,034</u>

The District did not make any interfund transfers for the year ended August 31, 2014.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2014, were as follows:

	Property Taxes (net)	Other Governments	Other Receivables	Total Receivables
Governmental Activities:				
General Fund	\$ 646,318	\$ 230,942	\$ 254,171	\$ 1,131,431
Other Governmental Funds	149,506	485,688	613	635,807
Total-Governmental Activities	<u>\$ 795,824</u>	<u>\$ 716,630</u>	<u>\$ 254,784</u>	<u>\$ 1,767,238</u>

Payables at August 31, 2014, were as follows:

	Accounts Payable	Interest Payable	Salaries/ Benefits	Due to Other Govs.	Accrued Expenditures	Total Payables
Governmental Activities:						
General Fund	\$ 231,982	\$ -	\$ 921,841	\$ -	\$ 244,460	\$1,398,283
Other Governmental Funds	71,754	30,557	76,157	23,223	-	201,691
Total-Governmental Activities	<u>\$ 303,736</u>	<u>\$ 30,557</u>	<u>\$ 997,998</u>	<u>\$ 23,223</u>	<u>\$ 244,460</u>	<u>\$1,599,974</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
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FOR THE YEAR ENDED AUGUST 31, 2014

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2014, was as follows:

	Beginning Balance 9/1/13	Additions	Retirements	Ending Balance 8/31/14
Governmental Activities:				
Land	\$ 2,032,626	\$ -	\$ -	\$ 2,032,626
Buildings and Improvements	75,892,017	71,318	-	75,963,335
Furniture and Equipment	7,575,698	332,738	(48,400)	7,860,036
Construction in Progress	-	2,695,810	-	2,695,810
Totals at Historical Cost	85,500,341	3,099,866	(48,400)	88,551,807
Less Accumulated Depreciation for:				
Buildings and Improvements	(17,487,362)	(1,621,139)	-	(19,108,501)
Furniture and Equipment	(5,429,709)	(407,753)	43,560	(5,793,902)
Total Accumulated Depreciation	(22,917,071)	(2,028,892)	43,560	(24,902,403)
Governmental Activities Capital Assets, Net	\$ 62,583,270	\$ 1,070,974	\$ (4,840)	\$ 63,649,404

Depreciation expense was charged to governmental functions as follows:

Function	Depreciation Allocation
11 Instruction	\$ 1,032,380
12 Instructional Resources & Media	25,944
13 Curriculum & Staff Development	32,485
21 Instructional Leadership	13,903
23 School Leadership	109,991
31 Guidance/Counseling/Evaluation Services	81,301
32 Social Work Services	1,511
33 Health Services	17,020
34 Student Transportation	122,822
35 Food Services	113,416
36 Cocurricular/Extracurricular Activities	84,438
41 General Administration	76,198
51 Plant Maintenance and Operations	241,035
52 Security and Monitoring Services	9,051
53 Data Processing Services	54,242
61 Community Services	3,661
99 Other Intergovernmental Charges	9,496
Totals	\$ 2,028,894

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

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

A summary of changes in general long-term debt for the year ended August 31, 2014 is as follows:

Description	Interest Rate	Original Issue	Current Year Interest	Outstanding 9/1/13	Additions	Deletions	Current Accretion	Outstanding 8/31/14	Due in One Year
Bonds Payable - Principal									
Limited Tax Building Bonds, Series 2007	4.0-5.25%	\$ 47,850,000	\$ 122,206	\$ 3,385,000	\$ -	\$ (905,000)	\$ -	\$ 2,480,000	\$ 970,000
Limited Tax Refunding Bonds - CIB, Series 2010	2.0-3.0%	2,150,000	25,875	1,145,000	-	(565,000)	-	580,000	580,000
Limited Tax Refunding Bonds, Series 2012	2.0-3.0%	8,394,982	219,520	8,168,250	-	(100,000)	103,515	8,171,765	100,000
Limited Tax Refunding Bonds, Series 2013	2.0-5.0%	29,335,000	1,242,469	29,335,000	-	(55,000)	-	29,280,000	60,000
Total Bonds Payable			1,610,070	42,033,250	-	(1,625,000)	103,515	40,511,765	1,710,000
Bonds Payable Premium and Discounts									
Premium on Series 2010 - CIBs		74,097		29,639	-	(14,819)	-	14,820	-
Premium on Series 2012 - CABs		1,150,114		1,118,166	-	(63,895)	-	1,054,271	-
Premium on Series 2012 - CIBs		452,871		440,291	-	(25,160)	-	415,131	-
Premium on Series 2013 - CIBs		4,492,891		4,470,228	-	(270,923)	-	4,199,305	-
Total Bond Premium and Discounts				6,058,324	-	(374,797)	-	5,683,527	-
Total Bonds Payable				48,091,574	-	(1,999,797)	103,515	46,195,292	1,710,000
Grand Total Long-Term Debt			\$ 1,610,070	\$ 48,091,574	\$ -	\$ (1,999,797)	\$ 103,515	\$ 46,195,292	\$ 1,710,000

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2014.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

Debt service requirements for bonds are as follows:

Year Ended August 31,	General Obligations			Total Requirements
	Principal	Accumulated Accretion	Interest	
2015	\$ 1,710,000	\$ -	\$ 1,551,114	\$ 3,261,114
2016	1,670,000	-	1,487,727	3,157,727
2017	1,740,000	-	1,420,239	3,160,239
2018	1,805,000	-	1,351,339	3,156,339
2019	1,875,000	-	1,279,739	3,154,739
2020-2024	10,645,000	-	5,110,795	15,755,795
2025-2029	13,435,000	-	2,323,445	15,758,445
2030-2034	7,469,982	161,783	212,438	7,844,203
Totals	<u>\$ 40,349,982</u>	<u>\$ 161,783</u>	<u>\$ 14,736,836</u>	<u>\$ 55,248,601</u>

**I. DEFINED BENEFIT PENSION PLAN**

*Plan Description*

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

*Funding Policy*

State law provides for fiscal years 2012, 2013 and 2014 a state contribution rate of 6.0%, 6.4%, and 6.8%, respectively, and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the state's contribution percentage. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

Fiscal Year	Employee Contributions	State Contributions	District
		Made to TRS On-Behalf of Employees	Contributions Related to Above Statutory Minimum Salaries
2014	\$ 1,176,175	\$ 1,141,569	\$ 137,912
2013	1,149,890	1,101,324	112,809
2012	1,168,549	1,030,540	116,608

**J. EMPLOYEE HEALTH CARE COVERAGE**

For the year ended August 31, 2014, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$165 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas while Medco Health was assigned the prescription drug plan.

**K. RETIREE HEALTH CARE PLANS**

1. TRS-Care

*Plan Description*

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

*Funding Policy*

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payrolls set at 0.55% for fiscal years 2014, 2013, and 2012.



LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

2. Medicare Part-D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part-D. One of the provisions of Medicare Part-D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

A summary of the subsidy payments received by TRS-Care on behalf of the District for the last three fiscal years is as follows:

<u>Medicare Part-D</u>	
Fiscal Year	Medicare Part-D State On-Behalf Payments
2014	\$ 48,080
2013	46,748
2012	46,892

3. Early Retiree Reinsurance Program (ERRP)

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

<u>Early Retiree Reinsurance Program State</u>	
Fiscal Year	On-Behalf Payments
2014	\$ -
2013	-
2012	44,344

**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, 2014, 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 except \$19,826 which was received directly from the Department of Education and \$108,723 which was received directly from the Department of Agriculture.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2014

Fund	State Entitlements	Federal Grants	Total
General Fund	\$ 230,942	\$ -	\$ 230,942
Non-Major Governmental Funds	-	485,688	485,688
Total	\$ 230,942	\$ 485,688	\$ 716,630

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

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

Type	General Fund	Non-Major Governmental Funds	Trust Funds	Total
Property Taxes	\$ 11,938,839	\$ 3,015,481	\$ -	\$ 14,954,320
Investment Income	52,452	3,143	12	55,607
Rent	42,027	-	-	42,027
Gifts	48,913	-	-	48,913
Food Sales	-	546,358	-	546,358
Athletics	142,625	-	-	142,625
Enterprising Revenues	-	18,286	-	18,286
Miscellaneous Local Revenue	176,365	4,545	-	180,910
Total	\$ 12,401,221	\$ 3,587,813	\$ 12	\$ 15,989,046

**N. LITIGATION**

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

**O. SUBSEQUENT EVENTS**

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

**P. COMMITMENTS AND CONTINGENCIES**

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

## COMBINING SCHEDULES

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

	211	224	225	240	242
Data				National	Summer
Control	ESEA, Title I,	IDEA-Part B,	IDEA-Part B,	Breakfast and	Feeding
Codes	Part A	Formula	Preschool	Lunch	Program,
				Program	TDA
<b>ASSETS</b>					
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 66,175	\$ 14,853
1120 Investments - Current	-	-	-	262	-
1220 Property Taxes - Delinquent	-	-	-	-	-
1230 Allow. for Uncollectible Taxes (Credit)	-	-	-	-	-
1240 Due from Other Governments	224,290	185,126	3,835	25,221	-
1260 Due from Other Funds	-	-	-	12,966	-
1290 Other Receivables	-	-	-	613	-
1410 Deferred Expenditures	-	-	-	13,487	-
1800 Restricted Assets	-	-	-	-	-
1000A Total Assets	<u>\$ 224,290</u>	<u>\$ 185,126</u>	<u>\$ 3,835</u>	<u>\$ 118,724</u>	<u>\$ 14,853</u>
<b>LIABILITIES</b>					
2110 Accounts Payable	\$ 108	\$ 279	\$ -	\$ 71,367	\$ -
2140 Interest Payable	-	-	-	-	-
2160 Accrued Wages Payable	45,431	29,252	621	-	-
2170 Due to Other Funds	178,751	155,595	3,214	15,593	-
2180 Due to Other Governments	-	-	-	-	-
2000 Total Liabilities	<u>224,290</u>	<u>185,126</u>	<u>3,835</u>	<u>86,960</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2600 Unavailable Revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable:					
3425 Endowment Principal	-	-	-	-	-
3430 Prepaid Items	-	-	-	13,487	-
Restricted for:					
3450 Federal or State Funds Restricted	-	-	-	18,277	14,853
3480 Retirement of Long-Term Debt	-	-	-	-	-
Committed for:					
3545 Other Committed Fund Balance	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,764</u>	<u>14,853</u>
4000 Total Liabilities, Def. Inflows, and Fund Balances	<u>\$ 224,290</u>	<u>\$ 185,126</u>	<u>\$ 3,835</u>	<u>\$ 118,724</u>	<u>\$ 14,853</u>

244	255	410	461	479	599	Total
Career and Technical- Basic Grant	ESEA, Title II, Part A	State Textbook Fund	Campus Activity Funds	Permanent Fund	Debt Service Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ 11,462	\$ 17,108	\$ 1,500	\$ 8,284	\$ 119,382
-	-	-	-	-	1,261,972	1,262,234
-	-	-	-	-	166,118	166,118
-	-	-	-	-	(16,612)	(16,612)
4,004	43,212	-	-	-	-	485,688
-	-	-	-	-	-	12,966
-	-	-	-	-	-	613
-	-	-	-	-	-	13,487
-	-	-	-	27,710	-	27,710
<u>\$ 4,004</u>	<u>\$ 43,212</u>	<u>\$ 11,462</u>	<u>\$ 17,108</u>	<u>\$ 29,210</u>	<u>\$ 1,419,762</u>	<u>\$ 2,071,586</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,754
-	-	-	-	-	30,557	30,557
853	-	-	-	-	-	76,157
3,151	43,212	-	-	1,500	-	401,016
-	-	11,462	-	-	11,761	23,223
<u>4,004</u>	<u>43,212</u>	<u>11,462</u>	<u>-</u>	<u>1,500</u>	<u>42,318</u>	<u>602,707</u>
-	-	-	-	-	149,506	149,506
-	-	-	-	-	149,506	149,506
-	-	-	-	27,710	-	27,710
-	-	-	-	-	-	13,487
-	-	-	-	-	-	33,130
-	-	-	-	-	1,227,938	1,227,938
-	-	-	17,108	-	-	17,108
<u>-</u>	<u>-</u>	<u>-</u>	<u>17,108</u>	<u>27,710</u>	<u>1,227,938</u>	<u>1,319,373</u>
<u>\$ 4,004</u>	<u>\$ 43,212</u>	<u>\$ 11,462</u>	<u>\$ 17,108</u>	<u>\$ 29,210</u>	<u>\$ 1,419,762</u>	<u>\$ 2,071,586</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

	211	224	225	240	242
Data Control Codes	ESEA, Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	National Breakfast and Lunch Program	Summer Feeding Program, TDA
REVENUES:					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 551,010	\$ 508
5800 State Program Revenues	-	-	-	9,347	-
5900 Federal Program Revenues	807,043	767,587	12,778	1,076,586	27,348
5020 Total Revenues	807,043	767,587	12,778	1,636,943	27,856
EXPENDITURES:					
0011 Instruction	659,061	637,288	12,778	-	-
0013 Curriculum & Instructional Staff Dev.	96,133	-	-	-	-
0021 Instructional Leadership	-	3,156	-	-	-
0031 Guidance, Counseling & Evaluation Svcs.	43,583	28,078	-	-	-
0032 Social Work Services	40	-	-	-	-
0034 Student (Pupil) Transportation	-	99,065	-	-	-
0035 Food Services	-	-	-	1,604,829	24,703
0036 Cocurricular/Extracurricular Activities	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	52,936	-
0061 Community Services	8,226	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
6030 Total Expenditures	807,043	767,587	12,778	1,657,765	24,703
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(20,822)	3,153
0100 Fund Balance - Beginning	-	-	-	52,586	11,700
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ 31,764	\$ 14,853

244	255	410	461	479	599	Total
Career and Technical- Basic Grant	ESEA, Title II, Part A	State Textbook Fund	Campus Activity Funds	Permanent Fund	Debt Service Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 18,286	\$ 1,189	\$ 3,016,820	\$ 3,587,813
-	-	285,365	-	-	382,023	676,735
37,704	163,256	-	-	-	-	2,892,302
37,704	163,256	285,365	18,286	1,189	3,398,843	7,156,850
12,348	-	285,365	-	-	-	1,606,840
-	163,256	-	-	-	-	259,389
-	-	-	-	-	-	3,156
25,356	-	-	-	-	-	97,017
-	-	-	-	-	-	40
-	-	-	-	-	-	99,065
-	-	-	-	-	-	1,629,532
-	-	-	17,304	-	-	17,304
-	-	-	-	-	-	52,936
-	-	-	-	-	-	8,226
-	-	-	-	-	1,625,000	1,625,000
-	-	-	-	-	1,610,070	1,610,070
-	-	-	-	-	961	961
37,704	163,256	285,365	17,304	-	3,236,031	7,009,536
-	-	-	982	1,189	162,812	147,314
-	-	-	16,126	26,521	1,065,126	1,172,059
\$ -	\$ -	\$ -	\$ 17,108	\$ 27,710	\$ 1,227,938	\$ 1,319,373

## TEA REQUIRED SCHEDULES



LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2014

		1	2	3
Last 10 Years Ended		Tax Rates		Assessed/Appraised
August 31,		Maintenance	Debt Service	Value for School
				Tax Purposes
2005	and prior years	Various	Various	Various
2006		1.45000	0.05000	\$ 660,965,845
2007		1.32180	0.05000	756,811,455
2008		1.04000	0.46000	840,746,558
2009		1.04000	0.46000	907,492,067
2010		1.04000	0.46000	929,047,467
2011		1.17000	0.29000	941,965,510
2012		1.17000	0.29000	963,919,347
2013		1.17000	0.29000	986,530,595
2014	(School year under audit)	1.17000	0.28000	1,024,415,586
TOTALS				

10	20	31	32	40	50
Beginning Balance 9/1/13	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/14
\$ 92,023	\$ -	\$ 1,730	\$ 60	\$ (2,156)	\$ 88,077
20,353	-	1,415	49	(847)	18,042
25,135	-	2,195	83	(1,277)	21,580
33,585	-	2,862	1,266	(1,525)	27,932
44,948	-	3,798	1,680	(2,895)	36,575
77,640	-	13,737	6,076	(1,160)	56,667
99,583	-	23,495	5,823	(864)	69,401
196,410	-	48,195	11,946	(202)	136,067
315,868	-	101,251	25,096	(43,873)	145,648
-	14,854,026	11,686,001	2,796,650	(87,115)	284,260
<u>\$ 905,545</u>	<u>\$ 14,854,026</u>	<u>\$ 11,884,679</u>	<u>\$ 2,848,729</u>	<u>\$ (141,914)</u>	<u>\$ 884,249</u>

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, 2014

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final	Amounts (GAAP BASIS)	
REVENUES:					
5700	Local & Intermediate Sources	\$ 569,500	\$ 544,479	\$ 551,010	\$ 6,531
5800	State Program Revenues	10,000	9,350	9,347	(3)
5900	Federal Program Revenues	1,052,500	1,064,200	1,076,586	12,386
5020	Total Revenues	1,632,000	1,618,029	1,636,943	18,914
EXPENDITURES:					
0035	Food Services	1,629,600	1,628,065	1,604,829	23,236
0051	Facilities Maint. & Operations	62,400	59,550	52,936	6,614
6030	Total Expenditures	1,692,000	1,687,615	1,657,765	29,850
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(69,586)	(20,822)	48,764
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	17,000	-	(17,000)
7080	Total Other Finance Sources (Uses)	-	17,000	-	(17,000)
1200	Net Change in Fund Balances	(60,000)	(52,586)	(20,822)	31,764
0100	Fund Balance-September 1 (Beginning)	52,586	52,586	52,586	-
3000	Fund Balance-August 31 (Ending)	\$ (7,414)	\$ -	\$ 31,764	\$ 31,764

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, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget
REVENUES:				
5700 Local & Intermediate Sources	\$ 2,902,340	\$ 3,021,245	\$ 3,016,820	\$ (4,425)
5800 State Program Revenues	324,713	324,713	382,023	57,310
5020 Total Revenues	3,227,053	3,345,958	3,398,843	52,885
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	1,625,000	1,625,000	1,625,000	-
0072 Interest on Long Term Debt	1,610,071	1,610,071	1,610,070	1
0073 Bond Issuance Cost and Fees	2,000	2,000	961	1,039
6030 Total Expenditures	3,237,071	3,237,071	3,236,031	1,040
1200 Net Change in Fund Balances	(10,018)	108,887	162,812	53,925
0100 Fund Balance-September 1 (Beginning)	1,065,126	1,065,126	1,065,126	-
3000 Fund Balance-August 31 (Ending)	\$ 1,055,108	\$ 1,174,013	\$ 1,227,938	\$ 53,925

## FEDERAL AWARDS SECTION



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

To the Board of Trustees of  
Lampasas Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Lampasas Independent School District's basic financial statements, and have issued our report thereon dated November 3, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Singleton, Clark & Company, PC  
Cedar Park, Texas

November 3, 2014



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

Independent Auditors' Report

To the Board of Trustees of  
Lampasas Independent School District

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

We have audited Lampasas Independent School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Lampasas Independent School District's major federal programs for the year ended August 31, 2014. Lampasas Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Lampasas Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

**Report on Internal Control Over Compliance**

Management of Lampasas Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lampasas Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lampasas Independent School District's internal control over compliance.



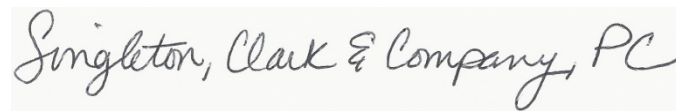
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of Lampasas Independent School District as of and for the year ended August 31, 2014, and have issued our report thereon dated November 3, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Singleton, Clark & Company, PC  
Cedar Park, Texas

November 3, 2014

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2014

	1	2a	3
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs:</u>			
ESEA, Title VIII - Impact Aid	84.041B	14-141901	\$ 19,826
Total Direct Programs			<u>19,826</u>
<u>Passed Through State Department of Education:</u>			
ESEA-Title I, Part A	84.010A	14-610101141901	807,043
IDEA-Part B, Formula*	84.027A	14-6600011419016000	767,587
IDEA-Part B, Preschool*	84.173A	14-6610011419016000	12,778
Career and Technical-Basic Grant	84.048A	14-420006141901	37,704
Title II, Part A, Improving Teacher Quality	84.367A	14-694501141901	163,256
Total Passed Through State Dept of Education			<u>1,788,368</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>1,808,194</u></u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through State Department of Education:</u>			
School Breakfast Program*	10.553	71401401	204,435
National School Lunch Program - Cash Assistance*	10.555	71301401	763,428
Summer Feeding Program*	10.555	71301401	27,348
Total Passed Through State Department of Education			<u>995,211</u>
<u>Passed Through the Texas Department of Agriculture:</u>			
Non-Cash Assistance - Food Distribution Program*	10.555	14-141901	104,223
Team Nutrition Grant - Healthy School Challenge	10.574	14-141901	4,500
Total Passed Through Texas Department of Agriculture			<u>108,723</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u><u>1,103,934</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 2,912,128</u></u>
School Health and Related Services (SHARS) Revenue - <i>Not considered Federal Financial Assistance</i>			\$ 144,870
E-rate - <i>Not considered Federal Financial Assistance</i>			<u>224,250</u>
Total - <i>Not considered Federal Financial Assistance</i>			<u><u>369,120</u></u>
<b>TOTAL FEDERAL REVENUE PER THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE</b>			<u><u>\$ 3,281,248</u></u>

\* Clustered programs as defined in OMB Compliance Supplement 2014.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2014

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

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

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2014

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

**FEDERAL AWARDS**

Internal control over major programs:

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

Type of auditors’ report issued on compliance for major programs:

IDEA – Part B, Formula & Preschool	Unmodified
------------------------------------	------------

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

☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A; 84.173A	IDEA – Part B

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
FOR THE YEAR ENDED AUGUST 31, 2014

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2014 and 2013.

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

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

No findings or questioned costs required to be reported in accordance with Section 510(c) of OMB Circular A-133 for the years ended August 31, 2014 and 2013.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1 Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 161,783