

# **LAMPASAS INDEPENDENT SCHOOL DISTRICT**

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## **ANNUAL FINANCIAL AND COMPLIANCE REPORT**

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**YEAR ENDED AUGUST 31, 2016**

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2016

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CERTIFICATE OF BOARD

Lampasas Independent School District  
Name of School District

Lampasas  
County

141-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved ✓ disapproved \_\_\_\_\_ for the year ended August 31, 2016, at a meeting of the Board of Trustees of such school district on the 5<sup>th</sup> day of December, 2016.

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

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
Lampasas Independent School District

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District) as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of August 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of District Contributions on pages 4 through 12 and pages 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Dennis Kinard & Co., PC*  
Certified Public Accountants

Abilene, Texas  
November 21, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lampasas Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2016. Please read it in conjunction with the District's basic financial statements, which follow this section.

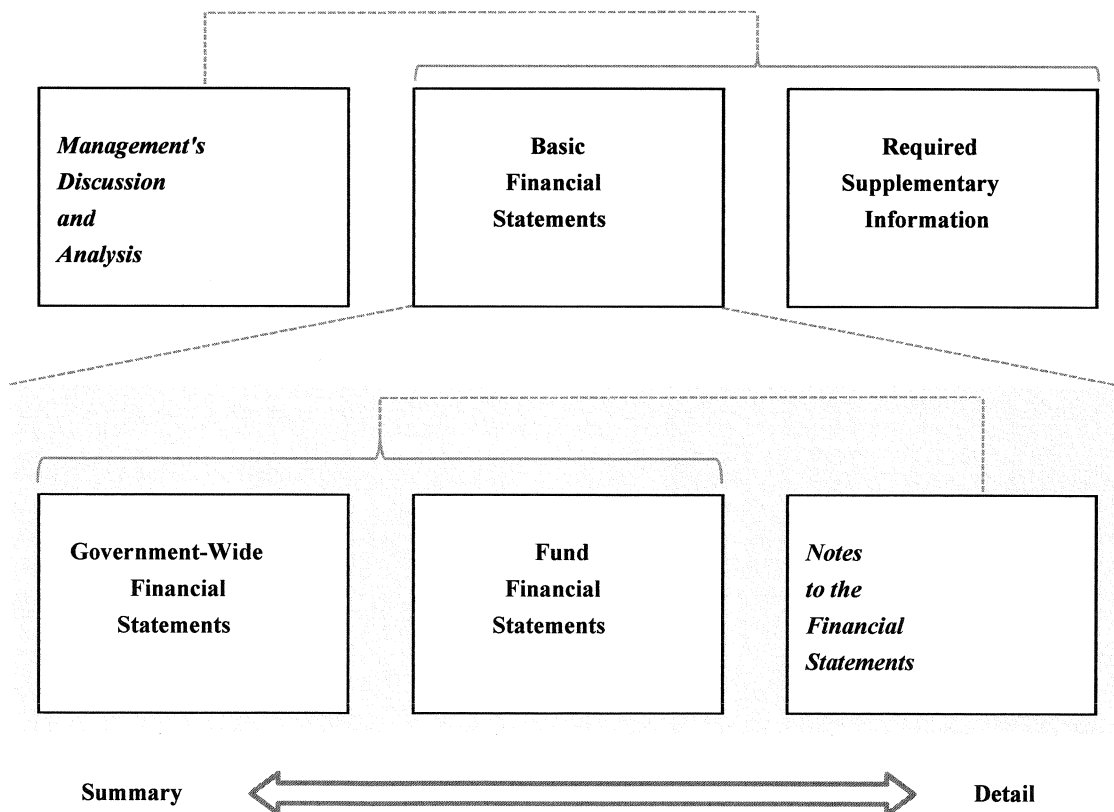
### FINANCIAL HIGHLIGHTS

- At August 31, 2016, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$38,525,987. Of this amount \$12,249,819 (unrestricted net position) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds (general, debt service, and special revenue funds) reported combined ending fund balances of \$16,894,854. Of this total amount, 53.2% or \$8,987,428 is available for spending at the District's discretion (unassigned fund balance).
- The general fund as of August 31, 2016 reflects an ending fund balance of \$15,189,430, an increase of \$270,400 compared to last fiscal year. This fund balance is 52.7% of the total general fund expenditures.
- The District paid bond principal and interest during the fiscal year in the amount of \$3,157,726.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



## OVERVIEW OF THE FINANCIAL STATEMENTS – continued

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

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

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

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

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

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



## OVERVIEW OF THE FINANCIAL STATEMENTS – continued

### Government-Wide Statements

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

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

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

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

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

### Fund Financial Statements

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS – continued

### Financial Analysis of the District as a Whole

The Districts combined net position was \$38,525,987 at August 31, 2016.

**Table I**  
**Lampasas Independent School District's Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Assets:		
Current and Other Assets	\$ 19,524,446	\$ 19,101,743
Capital Assets	63,234,018	63,990,347
Total Assets	<u>\$ 82,758,464</u>	<u>\$ 83,092,090</u>
Deferred Outflows of Resources:		
Deferred Outflows	\$ 6,472,345	\$ 4,518,106
Total Outflows of Resources	<u>\$ 6,472,345</u>	<u>\$ 4,518,106</u>
Liabilities:		
Current Liabilities	\$ 2,103,525	\$ 2,147,953
Long-term Liabilities	48,165,028	47,016,123
Total Liabilities	<u>\$ 50,268,553</u>	<u>\$ 49,164,076</u>
Deferred Inflows of Resources:		
Deferred Inflows	\$ 436,269	\$ 856,820
Total Inflows of Resources	<u>\$ 436,269</u>	<u>\$ 856,820</u>
Net Position:		
Net Investment in capital assets	\$ 24,852,232	\$ 19,775,179
Restricted for Debt Service	1,294,252	1,421,307
Restricted for Other Purposes	129,684	56,379
Unrestricted Net Position	12,249,819	16,336,435
Total Net Position	<u>\$ 38,525,987</u>	<u>\$ 37,589,300</u>

Of the District's restricted net position, \$129,684 represents proceeds for grants related to federal and state programs and \$1,294,252 represents proceeds for debt retirement. The unrestricted net position represents resources available to fund the programs of the District next year.

### Changes in Net Position

The District's total revenues were \$36,668,251, an increase of 4.5% to last year. Of this total, 41.0% comes from local property taxes. Of the remainder, 54.5% comes from state aid and federal grants, while 4.5% relates to charges for services, investment earnings, and miscellaneous. (See Table II)

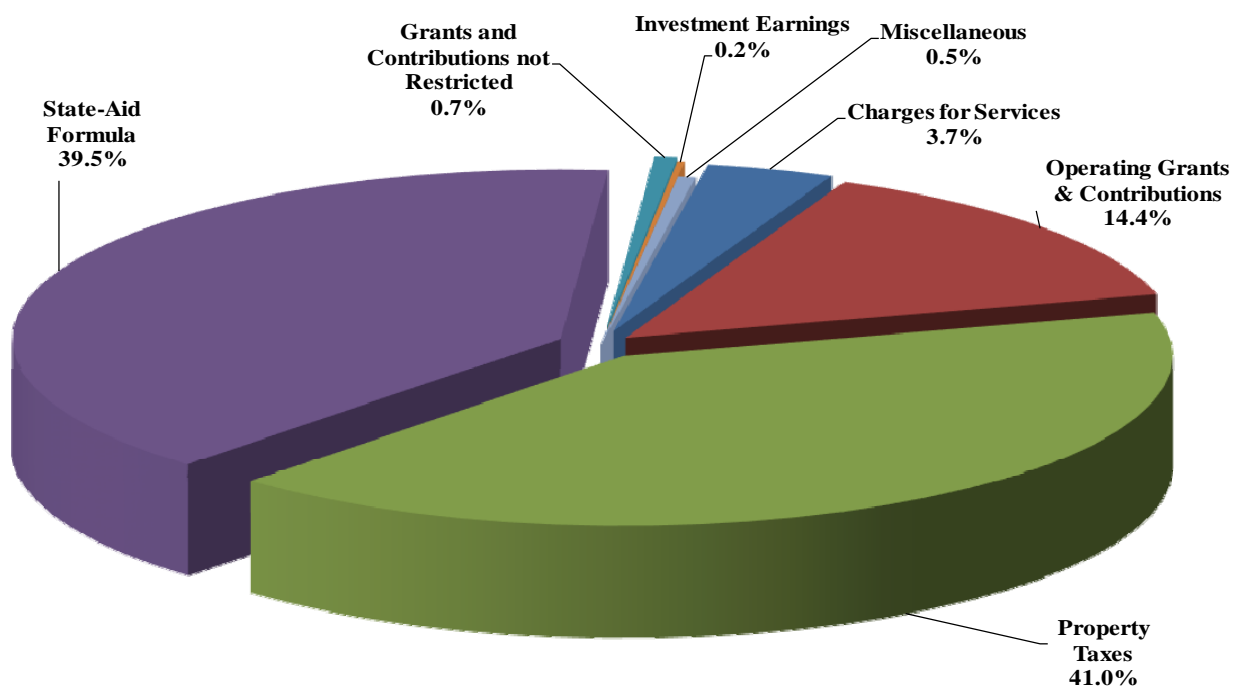
The total cost of all programs and services was \$35,948,244, an increase of 8.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

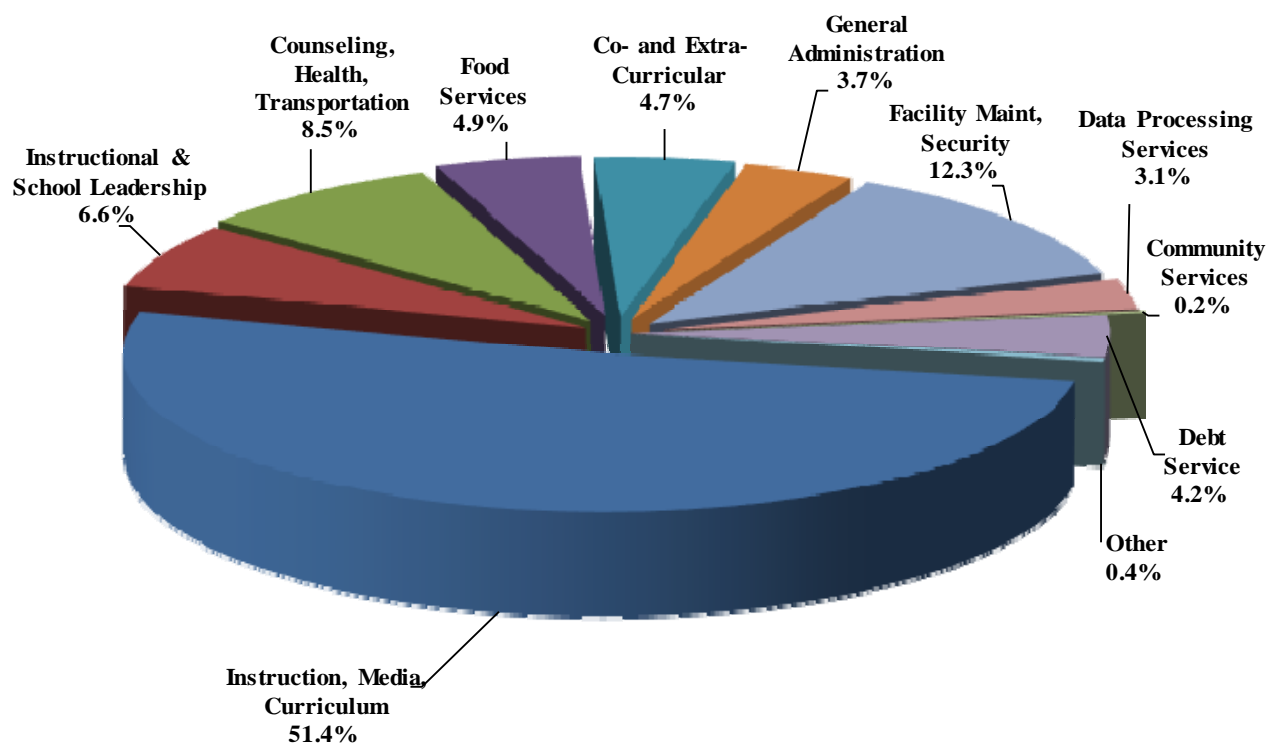
**Table II**  
**Change in Lampasas Independent School District's Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Program Revenues:		
Charges for Services	\$ 1,374,009	\$ 881,837
Operating Grants & Contributions	5,263,719	4,547,205
General Revenues:		
Property Taxes	15,026,736	15,349,186
State-Aid Formula	14,490,615	13,276,038
Grants and Contributions not Restricted	243,412	916,890
Investment Earnings	78,463	56,034
Miscellaneous	191,297	69,944
Total Revenues	<u>\$ 36,668,251</u>	<u>\$ 35,097,134</u>
Expenses:		
Instruction	\$ 17,554,024	\$ 16,041,708
Instructional Resources & Media	416,867	446,670
Curriculum and Staff Development	510,320	352,724
Instructional Leadership	510,216	235,883
School Leadership	1,865,951	1,725,129
Guidance and Counseling	1,057,393	1,209,537
Social Work Services	23,189	23,320
Health Services	282,410	244,378
Student Transportation	1,677,247	1,616,287
Food Services	1,751,223	1,798,990
Cocurricular / Extracurricular	1,695,320	1,342,337
General Administration	1,347,344	1,178,864
Facilities Maintenance & Operations	4,280,060	4,139,363
Security & Monitoring Services	148,232	139,835
Data Processing Services	1,105,729	985,540
Community Services	75,689	61,391
Debt Service	1,503,346	1,533,427
Other Governmental Charges	143,684	140,391
Total Expenses	<u>\$ 35,948,244</u>	<u>\$ 33,215,774</u>
Increase (Decrease) in Net Position	\$ 720,007	\$ 1,881,360
Net Position - Beginning	37,589,300	38,881,434
Prior period adjustment	216,680	(3,173,494)
Net Position - Ending (Aug 31)	<u>\$ 38,525,987</u>	<u>\$ 37,589,300</u>

## Government-Wide Revenues for Fiscal Year 2016



## Government-Wide Expenses for Fiscal Year 2016



## OVERVIEW OF THE FINANCIAL STATEMENTS – continued

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

The cost of all governmental activities this year was \$35,948,244. However, the amount that our taxpayers paid for these activities through local property taxes was \$15,026,736 while state aid totaled \$14,490,615. Some of the cost was paid by those who directly benefited from the programs at \$1,374,009, or by grants and contributions at \$5,507,131.

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

	Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2016	2015	% Change	2016	2015	% Change
Instruction	\$ 17,554,024	\$ 16,041,708	9.4%	\$ 14,427,605	\$ 12,598,605	14.5%
School / Instructional Leadership	2,376,167	1,961,012	21.2%	2,213,224	1,850,862	19.6%
Guidance and Counseling	1,057,393	1,209,537	(12.6%)	964,323	1,077,226	(10.5%)
Student Transportation	1,677,247	1,616,287	3.8%	1,559,372	1,537,755	1.4%
Food Services	1,751,223	1,798,990	(2.7%)	28,277	143,970	(80.4%)
Cocurricular / Extracurricular	1,695,320	1,342,337	26.3%	1,170,227	1,119,692	4.5%
General Administration	1,347,344	1,178,864	14.3%	1,280,395	1,090,703	17.4%
Facilities Maintenance & Operations	4,280,060	4,139,363	3.4%	4,058,891	3,953,370	2.7%
Data Processing Services	1,105,729	985,540	12.2%	1,065,316	954,053	11.7%
Debt Service	1,503,346	1,533,427	(2.0%)	1,226,008	1,319,617	(7.1%)

### Financial Analysis of the District's Funds

Revenues from governmental fund types totaled \$36,361,418 which is an increase of \$1,179,755 from prior year. The increase is primarily attributable to the state revenue received from the foundation school program allotment.

As the District completed this year, the General Fund reported a fund balance of \$15,189,430, which is \$270,400 more than last year's total of \$14,919,030. The increase in fund balance is mainly attributable state revenue allocation and federal e-rate revenue.

The District's other governmental funds reported a fund balance of \$1,705,424 as compared to \$1,388,151 in 2015, which is \$317,273 more than the previous year. The primary difference between fiscal year 2015 and fiscal year 2016 governmental funds was the reclassification of campus activity funds.

### General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These amendments involved moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. Budget amendments were Board approved throughout the year for the high school fieldhouse expansion for a total of \$1,001,115 and intercom systems at Kline Whitis and the Lampasas Middle School for a total \$96,100. The other budget amendments approved were not considered significant.

With all budget amendments processed, the actual expenditures were \$1,094,861 below the final budgeted amount. The positive variance was an overall saving of approximately 3.7% of the budget.

Revenue available was \$22,698 above the final budgeted amount. The variance was primarily due to state funding adjustments that reflected slightly different numbers than those used in budgeting.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the District had invested \$63,234,018 in a broad range of capital assets, including land, construction in progress, furniture and equipment, and buildings.

## CAPITAL ASSETS AND DEBT ADMINISTRATION – continued

**Table IV**  
**Lampasas Independent School District's**  
**Capital Assets**

	<b>Governmental Activities</b>		<b>Change</b>
	<b>2016</b>	<b>2015</b>	
Land	\$ 2,078,317	\$ 2,032,626	\$ 45,691
Construction in Progress	802,831	-	802,831
Buildings and Improvements	80,205,952	79,981,799	224,153
Furniture and Equipment	9,211,940	9,201,675	10,265
Total at Historical Cost	92,299,040	91,216,100	1,082,940
Less Accumulated Depreciation	(29,065,022)	(27,225,753)	(1,839,269)
Net Capital Assets	<u>\$ 63,234,018</u>	<u>\$ 63,990,347</u>	<u>\$ (756,329)</u>

### Long-Term Debt

At the end of 2016, the District had \$48,165,028 in noncurrent liabilities as shown in Table V. More detailed information about the District's debt is presented in the notes to the basic financial statements.

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

	<b>Governmental Activities</b>		<b>Change</b>
	<b>2016</b>	<b>2015</b>	
General Obligation Bonds	\$ 36,969,982	\$ 38,639,982	\$ (1,670,000)
Bond Premiums	4,960,004	5,308,730	(348,726)
Capital Appreciation Accretion	372,324	266,456	105,868
Net Pension Liability	5,862,718	2,800,955	3,061,763
Total	<u>\$ 48,165,028</u>	<u>\$ 47,016,123</u>	<u>\$ 1,148,905</u>

## ECONOMIC FACTORS AND 2016-2017 BUDGETS & RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2016-17 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. A steady enrollment population, coupled with a moderate increase in property values has led to a General Fund budget of \$30.2 million for the 2016-2017 fiscal year. The budget increased from 2015-16 to 2016-17 by approximately \$1.13 million, a direct result of continued property value increases and the district's ability to maintain a very strong fund balance. The district was able to provide a 3% salary increase for the employees.

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

For 2016-17, the property tax rate for Maintenance and Operations (M&O) will remain at \$1.17 per \$100 of taxable value, same as for 2015-16. The district also will hold the debt service tax rate constant at \$.26 per \$100 of taxable value for the 2016-17 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District is \$1.43 per \$100 of taxable value for the 2016-17 budget year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions please contact the District's Business Office at Lampasas Independent School District, 207 W. 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, 2016

EXHIBIT A-1

Data Control Codes	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 9,399,325
1120 Investments - Current	8,871,210
1220 Property Taxes Receivable (Delinquent)	848,775
1230 Allowance for Uncollectible Taxes	(259,489)
1240 Due from Other Governments	262,542
1267 Due from Fiduciary Funds	30,119
1290 Other Receivables	169,962
1300 Inventories	188,185
1410 Prepaid Expenses	13,817
Capital Assets:	
1510 Land	2,078,317
1520 Buildings, Net	57,431,314
1530 Furniture and Equipment, Net	2,921,556
1580 Construction in Progress	802,831
1000 Total Assets	<u>82,758,464</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Outflows - Refunding	3,548,200
1705 Deferred Outflows - Pension	2,924,145
1700 Total Deferred Outflows of Resources	<u>6,472,345</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	533,349
2140 Interest Payable	63,219
2150 Payroll Deduction and Withholdings Payable	31,685
2160 Accrued Wages Payable	1,184,058
2180 Due to Other Governments	166,581
2200 Accrued Expenditures	124,561
2300 Unearned Revenues	72
Noncurrent Liabilities:	
2501 Due Within One Year	1,740,000
2502 Due in More Than One Year	35,602,306
2516 Unamortized Premium (Discount) on Bonds	4,960,004
2540 Net Pension Liability	5,862,718
2000 Total Liabilities	<u>50,268,553</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflows - Pension	436,269
2600 Total Deferred Inflows of Resources	<u>436,269</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	24,852,232
3820 Restricted for Federal and State Programs	129,684
3850 Restricted for Debt Service	1,294,252
3900 Unrestricted Net Position	12,249,819
3000 Total Net Position	<u>\$ 38,525,987</u>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2016

		Program Revenues		
		1	3	4
Data				Operating
Control			Charges for	Grants and
Codes	Functions/Programs	Expenses	Services	Contributions
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 17,554,024	\$ 313,262	\$ 2,813,157
12	Instructional Resources and Media Services	416,867	-	20,131
13	Curriculum and Instructional Staff Development	510,320	-	230,852
21	Instructional Leadership	510,216	-	38,457
23	School Leadership	1,865,951	-	124,486
31	Guidance, Counseling, and Evaluation Services	1,057,393	-	93,070
32	Social Work Services	23,189	-	204
33	Health Services	282,410	-	19,947
34	Student Transportation	1,677,247	-	117,875
35	Food Services	1,751,223	539,806	1,183,140
36	Extracurricular Activities	1,695,320	471,838	53,255
41	General Administration	1,347,344	-	66,949
51	Facilities Maintenance and Operations	4,280,060	49,103	172,066
52	Security and Monitoring Services	148,232	-	-
53	Data Processing Services	1,105,729	-	40,413
61	Community Services	75,689	-	12,379
72	Debt Service - Interest on Long-Term Debt	1,496,846	-	277,338
73	Debt Service - Bond Issuance Costs and Fees	6,500	-	-
99	Other Intergovernmental Charges	143,684	-	-
TP TOTAL PRIMARY GOVERNMENT		\$ 35,948,244	\$ 1,374,009	\$ 5,263,719

General Revenues:

Taxes:

MT Property Taxes, Levied for General Purposes

DT Property Taxes and Penalties, Levied for Debt Service

SF State Aid - Formula Grants

GC Grants and Contributions not restricted

IE Investment Earnings

MI Miscellaneous Earnings

TR Total General Revenues

CN Change in Net Position

NB Net Position - Beginning

PA Prior period adjustment

NE Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
5	6	8
Capital Grants	Governmental Activities	Total
\$ -	\$ (14,427,605)	\$ (14,427,605)
-	(396,736)	(396,736)
-	(279,468)	(279,468)
-	(471,759)	(471,759)
-	(1,741,465)	(1,741,465)
-	(964,323)	(964,323)
-	(22,985)	(22,985)
-	(262,463)	(262,463)
-	(1,559,372)	(1,559,372)
-	(28,277)	(28,277)
-	(1,170,227)	(1,170,227)
-	(1,280,395)	(1,280,395)
-	(4,058,891)	(4,058,891)
-	(148,232)	(148,232)
-	(1,065,316)	(1,065,316)
-	(63,310)	(63,310)
-	(1,219,508)	(1,219,508)
-	(6,500)	(6,500)
-	(143,684)	(143,684)
<u>\$ -</u>	<u>\$ (29,310,516)</u>	<u>\$ (29,310,516)</u>

\$ 12,182,059	\$ 12,182,059
2,844,677	2,844,677
14,490,615	14,490,615
243,412	243,412
78,463	78,463
191,297	191,297
<u>30,030,523</u>	<u>30,030,523</u>
720,007	720,007
37,589,300	37,589,300
<u>216,680</u>	<u>216,680</u>
<u>\$ 38,525,987</u>	<u>\$ 38,525,987</u>

# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2016

Data Control Codes		10 General Fund	Other Funds	98 Total Governmental Funds
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 8,911,693	\$ 487,632	\$ 9,399,325
1120	Investments - Current	7,539,277	1,331,933	8,871,210
1220	Property Taxes - Delinquent	683,556	165,219	848,775
1230	Allowance for Uncollectible Taxes (Credit)	(214,994)	(44,495)	(259,489)
1240	Receivables from Other Governments	208	262,334	262,542
1260	Due from Other Funds	173,288	30,796	204,084
1290	Other Receivables	169,962	-	169,962
1300	Inventories	188,185	-	188,185
1410	Prepayments	13,817	-	13,817
1000a	Total Assets	<u>17,464,992</u>	<u>2,233,419</u>	<u>19,698,411</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
1700	Deferred Outflows	-	-	-
1000a	Total Assets and Deferred Outflows	<u>\$ 17,464,992</u>	<u>\$ 2,233,419</u>	<u>\$ 19,698,411</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ 422,558	\$ 110,791	\$ 533,349
2150	Payroll Deduction and Withholdings Payable	31,685	-	31,685
2160	Accrued Wages Payable	1,069,461	114,597	1,184,058
2170	Due to Other Funds	30,796	143,169	173,965
2180	Due to Other Governments	127,939	38,642	166,581
2200	Accrued Expenditures	124,561	-	124,561
2300	Unearned Revenues	-	72	72
2000	Total Liabilities	<u>1,807,000</u>	<u>407,271</u>	<u>2,214,271</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	Unavailable Revenue - Property Taxes	<u>468,562</u>	<u>120,724</u>	<u>589,286</u>
2600	Total Deferred Inflows of Resources	<u>468,562</u>	<u>120,724</u>	<u>589,286</u>
<b>FUND BALANCE</b>				
3410	Nonspendable - Inventory	188,185	-	188,185
3430	Nonspendable - Prepaid Items	13,817	-	13,817
3450	Restricted - Federal or State Funds	-	129,684	129,684
3480	Restricted - Retirement of Long-Term Debt	-	1,294,252	1,294,252
3545	Committed - Other	6,000,000	281,488	6,281,488
3600	Unassigned Fund Balance	<u>8,987,428</u>	<u>-</u>	<u>8,987,428</u>
3000	Total Fund Balances	<u>15,189,430</u>	<u>1,705,424</u>	<u>16,894,854</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 17,464,992</u>	<u>\$ 2,233,419</u>	<u>\$ 19,698,411</u>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2016

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 16,894,854</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$91,216,100 and the accumulated depreciation was \$27,225,753. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The long-term debt beginning balance was \$44,215,168 and deferred charge on refunding was \$3,801,643. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	23,576,822
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays of \$1,802,648, debt principal payments of \$1,670,000 and accretion of capital appreciation bonds of \$105,868 is to increase net position.	3,366,780
3 Bond premiums and deferred charges on refunding are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	95,283
4 Proceeds on sale of equipment is recorded on the governmental funds for \$13,015. The government-wide financial statements recognize a loss for the difference between the proceeds received and the remaining net book value of the sold assets of \$89,948. The net effect of the activity is to decrease net position.	(89,948)
5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,469,029)
6 Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The net effect is to decrease net position.	(63,219)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability in the amount of \$5,862,718, a deferred outflow of resources of \$2,924,145, and a deferred inflow of resources of \$436,269. The net effect is to decrease net position.	(3,374,842)
8 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred tax revenue of \$589,286, other various adjustments, and eliminating interfund transactions. The net effect of these reclassifications is to increase net position.	589,286
<b>19 Net Position of Governmental Activities (See A-1)</b>	<b>\$ <u>38,525,987</u></b>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		10 General Fund	Other Funds	98 Total Governmental Funds
	REVENUES			
5700	Total Local and Intermediate Sources	\$ 12,799,249	\$ 3,750,424	\$ 16,549,673
5800	State Program Revenues	15,785,816	718,859	16,504,675
5900	Federal Program Revenues	481,156	2,812,899	3,294,055
5020	Total Revenues	<u>29,066,221</u>	<u>7,282,182</u>	<u>36,348,403</u>
	EXPENDITURES			
	Current:			
0011	Instruction	14,038,937	1,803,467	15,842,404
0012	Instructional Resources and Media Services	376,201	-	376,201
0013	Curriculum and Instructional Staff Development	245,910	220,432	466,342
0021	Instructional Leadership	471,873	5,000	476,873
0023	School Leadership	1,683,264	-	1,683,264
0031	Guidance, Counseling, and Evaluation Services	903,624	33,560	937,184
0032	Social Work Services	21,308	204	21,512
0033	Health Services	256,589	-	256,589
0034	Student (Pupil) Transportation	1,841,614	-	1,841,614
0035	Food Services	-	1,602,846	1,602,846
0036	Extracurricular Activities	1,284,256	293,403	1,577,659
0041	General Administration	1,226,402	-	1,226,402
0051	Facilities Maintenance and Operations	4,238,501	50,353	4,288,854
0052	Security and Monitoring Services	137,212	-	137,212
0053	Data Processing Services	1,088,848	-	1,088,848
0061	Community Services	61,012	8,098	69,110
	Debt Service:			
0071	Principal on Long-Term Debt	-	1,670,000	1,670,000
0072	Interest on Long-Term Debt	-	1,487,726	1,487,726
0073	Bond Issuance Cost and Fees	-	6,500	6,500
	Capital Outlay:			
0081	Facilities Acquisition and Construction	799,662	-	799,662
	Intergovernmental:			
0099	Other Intergovernmental Charges	133,623	-	133,623
6030	Total Expenditures	<u>28,808,836</u>	<u>7,181,589</u>	<u>35,990,425</u>
	Excess (Deficiency) of Revenues			
1100	Over (Under) Expenditures	<u>257,385</u>	<u>100,593</u>	<u>357,978</u>
	OTHER FINANCING SOURCES (USES):			
7912	Sale of real and personal property	13,015	-	13,015
7080	Total Other Financing Sources (Uses)	<u>13,015</u>	<u>-</u>	<u>13,015</u>
1200	Net Change in Fund Balances	270,400	100,593	370,993
0100	Fund Balance - September 1 (Beginning)	14,919,030	1,388,151	16,307,181
	Prior Period Adjustment	<u>-</u>	<u>216,680</u>	<u>216,680</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 15,189,430</u>	<u>\$ 1,705,424</u>	<u>\$ 16,894,854</u>

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2016

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 370,993</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays of \$1,802,648 and net debt principal payments of \$1,670,000, and accretion of capital appreciation bonds of \$105,868 is to increase net position.	3,366,780
Proceeds on sale of equipment is recorded on the governmental funds for \$13,015. The government-wide financial statements recognize a loss for the difference between the proceeds received and the remaining net book value of the sold assets of \$89,948. The net effect of the activity is to decrease net position.	(89,948)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,469,029)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$541,006. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate shares of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$974,556. The net effect is a decrease in net position.	(433,530)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the accrual is a decrease of \$1,465. The net effect is to increase net position.	1,465
Bond premiums and deferred charges on refunding are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	95,283
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred tax revenue of \$589,286 as revenue, removing the prior year's tax collection of \$711,293 and eliminating interfund transactions.	(122,007)
<b>Change in Net Position of Governmental Activities (See B-1)</b>	<b>\$ <u>720,007</u></b>

The accompanying notes are an integral part of this statement.



## **FIDUCIARY FUND FINANCIAL STATEMENTS**

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2016

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,082	\$ 99,588
Investments	<u>30,503</u>	<u>-</u>
Total Assets	<u>\$ 35,585</u>	<u>\$ 99,588</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 14,897
Due to General Fund	-	30,119
Due to Student Groups	-	47,525
Due to Others	<u>-</u>	<u>7,047</u>
Total Liabilities	<u>-</u>	<u>\$ 99,588</u>
<b>NET POSITION</b>		
Restricted for Other Purposes	<u>\$ 35,585</u>	
Total Net Position	<u>\$ 35,585</u>	

The accompanying notes are an integral part of this statement.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 1,617
Transfer In	<u>-</u>
Total Additions	<u>1,617</u>
DEDUCTIONS:	
Other Operating Costs	-
Transfers Out	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	1,617
Total Net Position - September 1 (Beginning)	<u>5,069</u>
Prior period adjustment	<u>28,899</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 35,585</u></u>

The accompanying notes are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

## LAMPASAS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

#### *Note 1: REPORTING ENTITY*

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

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

#### *Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

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

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

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

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

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

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

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

## LAMPASAS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

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

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

The government reports the following major governmental funds:

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

##### Deposits and Investments

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

##### Receivables and Payables

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

##### Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

## LAMPASAS INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

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

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

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

#### Long-Term Obligations

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

#### Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are separate elements of the financial statements. The District has a deferred inflow of resources for its proportionate share of the Teacher Retirement System of Texas (TRS)'s deferred inflow related to pensions as described in Note 8. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has deferred outflows of resources, for its proportionate share of TRS's deferred outflow related to pensions as described in Note 8 and for the deferred charge for refunding of bonds.

#### Pensions

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

#### Use of Estimates

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

*Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

#### Budgetary Information

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

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

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

#### Fair Value Measurements

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)*

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

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

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

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

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

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

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

Implementation of GASB Statement No. 72 did not have a significant impact on the District's financial statements for the year ended August 31, 2016.

*Note 6: DETAILED NOTES ON ALL FUNDS*

Deposits and Investments

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

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

*Custodial Credit Risk – Deposits* - At August 31, 2016, the District's deposits (cash, certificates of deposit and interest bearing savings accounts including temporary investments) were entirely covered by pledged collateral held by the District's agent bank in the District's name or by federal deposit insurance.

Investments

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



# LAMPASAS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### *Note 6: DETAILED NOTES ON ALL FUNDS (continued)*

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

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

### *Note 6: DETAILED NOTES ON ALL FUNDS (continued)*

The following table presents the maturities of investments at August 31, 2016.

Investment Type	Fair Value	Weighted Average Maturity (Days)*	Rating
Lone Star	\$ 1,607,180	23	AAAm
TexPool	7,264,030	42	AAAm
Total	8,871,210		
Investments Held in Private Purpose Trust Funds:			
Life Insurance	30,503		
Total Investments	\$ 8,901,713		

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

#### *Lone Star*

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

#### *TexPool*

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

#### Property Tax

In the governmental fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid before February 1 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions), upon which the levy for the August 31, 2016 fiscal year was based, was \$1,053,066,317. Taxes are delinquent if not paid before February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 6: DETAILED NOTES ON ALL FUNDS (continued)*

Current tax collections for the year ended August 31, 2016 were 98.4% of the year-end adjusted tax levy. Allowances for uncollectible taxes are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2016, property taxes receivable, net of estimated uncollectible taxes, totaled \$589,286.

The tax rate to finance general governmental services was \$1.17 per \$100 and the tax rate to finance interest and sinking obligations was \$.26 per \$100 for the year ended August 31, 2016.

Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2016, are summarized below.

<u>Governmental Activities:</u>	Federal Grants	Total
Nonmajor Governmental Funds	\$ 262,334	\$ 262,334
General Fund	208	208
	<u>\$ 262,542</u>	<u>\$ 262,542</u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2016, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Nonmajor Governmental Funds	\$ 143,169	\$ 30,796
Fiduciary Funds	30,119	-
Nonmajor Governmental Funds:		
General Fund	30,796	143,169
Fiduciary Funds:		
General Fund	-	30,119
Totals	<u>\$ 204,084</u>	<u>\$ 204,084</u>

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

Interfund Transfers

There were not any interfund transfers as of August 31, 2016.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 6: DETAILED NOTES ON ALL FUNDS (continued)*

Capital Assets

Capital asset activity for the year ended August 31, 2016 was as follows:

	Balance 9/1/2015	Additions	Deletions	Balance 8/31/2016
<b>Governmental Activities:</b>				
Capital assets, Not Being Depreciated:				
Land	\$ 2,032,626	\$ 45,691	\$ -	\$ 2,078,317
Construction in Progress	-	802,831	-	802,831
Total Capital Assets, Not Being Depreciated	2,032,626	848,522	-	2,881,148
Capital assets, Being Depreciated				
Building and Improvements	79,981,799	224,153	-	80,205,952
Furniture and Equipment	9,201,675	729,973	(719,708)	9,211,940
Total Capital Assets, Being Depreciated	89,183,474	954,126	(719,708)	89,417,892
Less Accumulated Depreciation for:				
Building and Improvements	(20,912,010)	(1,862,628)	-	(22,774,638)
Furniture and Equipment	(6,313,743)	(606,401)	629,760	(6,290,384)
Total Accumulated Depreciation	(27,225,753)	(2,469,029)	629,760	(29,065,022)
Total Capital Assets, Being Depreciated (Net)	61,957,721	(1,514,903)	(89,948)	60,352,870
Total Capital Assets (Net)	\$ 63,990,347	\$ (666,381)	\$ (89,948)	\$ 63,234,018

Construction in progress consisted of the high school field house expansion. The estimated cost to complete construction is \$250,044.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 6: DETAILED NOTES ON ALL FUNDS (continued)*

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

Instruction	\$ 1,170,429
Instructional Resources and Media Services	32,100
Curriculum & Staff Development	26,111
Instructional Leadership	17,008
School Leadership	124,568
Guidance/Counseling/Evaluation Services	87,437
Social Work	1,677
Health Services	17,727
Student Transportation	170,789
Food Service	131,257
Cocurricular/Extracurricular Activities	97,864
General Administration	84,802
Plant Maintenance and Operations	342,974
Security and Monitoring Operations	11,020
Data Processing Services	138,893
Community Services	4,312
Other Intergovernmental Charges	<u>10,061</u>
Total Depreciation Expense	\$ <u><u>2,469,029</u></u>

Bonds and Other Long-Term Liabilities

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

A summary of changes in bonds payable for the year ended August 31, 2016 follows on the next page.

## LAMPASAS INDEPENDENT SCHOOL DISTRICT

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

	Interest Rate Payable	Amount Original Issued	Balance 9/1/2015	Debt Issued /Additions	Principal Paid /Reductions	Balance 8/31/2016	Due Within One Year
Limited Tax Sch. Building							
Series 2007	4.0-5.25%	\$ 47,850,000	\$ 1,510,000	\$ -	\$ (1,510,000)	\$ -	\$ -
Limited Tax Refunding Bonds							
Series 2012	2.0-3.0%	8,394,892	7,909,982	-	(100,000)	7,809,982	100,000
Limited Tax Refunding Bonds							
Series 2013	2.0-5.0%	29,335,000	29,220,000	-	(60,000)	29,160,000	1,640,000
Total Bonds Payable			38,639,982	-	(1,670,000)	36,969,982	1,740,000
Premium on Series 2012-CABs		1,150,114	990,376	-	(63,895)	926,481	-
Premium on Series 2012-CIBs		452,871	389,972	-	(22,940)	367,032	-
Premium on Series 2013-CIBs		4,492,891	3,928,382	-	(261,891)	3,666,491	-
Total Bond Premiums			5,308,730	-	(348,726)	4,960,004	-
Capital Appreciation Accretion			266,456	105,868	-	372,324	-
Net Pension Liability			2,800,955	3,988,522	(926,759)	5,862,718	-
Total Other Long-Term Debt			3,067,411	4,094,390	(926,759)	6,235,042	-
Grand Total Long-Term Debt			\$ 47,016,123	\$ 4,094,390	(2,945,485)	\$ 48,165,028	\$ 1,740,000

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

Year Ended August 31	Principal	Interest	Accretion	Total Requirements
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	1,945,000	1,204,839	-	3,149,839
2021	2,025,000	1,126,464	-	3,151,464
2022-2026	11,700,000	4,056,819	-	15,756,819
2027-2031	12,574,982	1,319,219	2,065,018	15,959,219
2032	3,305,000	45,660	-	3,350,660
	\$ 36,969,982	\$ 11,804,318	\$ 2,065,018	\$ 50,839,318

# LAMPASAS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### *Note 7: CONTINGENCIES*

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

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2016, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### *Note 8: DEFINED BENEFIT PENSION PLAN*

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

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

*Pension Plan Fiduciary Net Position* – Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$ 35,348,668,960</u>
Net Position as a percentage of Total Pension Liability	78.43%

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 8: DEFINED BENEFIT PENSION PLAN (continued)*

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

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

	Contribution Rates	
	2015	2016
Member	6.70%	7.20%
Non-Employer Contributing Entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
	2015	2016
Member Contributions	\$ 1,234,834	\$ 1,414,075
Employer Contributions	491,100	541,006
NECE On-Behalf Contributions	1,166,400	1,214,381

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

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

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

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 8: DEFINED BENEFIT PENSION PLAN (continued)*

*Actuarial Assumptions* – The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Level Percentage of Payroll, Open
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Inflation	2.50%
Salary Increases, including inflation	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit changes during year	None
Ad hoc post-employment benefit changes	None

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

*Discount Rate* – The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2015 are summarized on the next page:



LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 8: DEFINED BENEFIT PENSION PLAN (continued)*

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	80.0%
Emerging Markets	9.0%	5.9%	70.0%
Directional Hedge Funds	4.0%	3.2%	10.0%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	1.0%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	10.0%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	90.0%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	20.0%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	30.0%
Inflation Expectation	0.0%		2.2%
Alpha	0.0%		1.0%
Total	Total	100.0%	8.7%

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

*Discount Rate Sensitivity Analysis* – The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Total TRS net pension liability	\$ 55,384,701,778	\$ 35,348,668,960	\$ 18,659,898,872
District's proportionate share of the net pension liability:	\$ 9,185,774	\$ 5,862,718	\$ 3,094,819

# LAMPASAS INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### Note 8: DEFINED BENEFIT PENSION PLAN (continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At August 31, 2016, the District reported a liability of \$5,862,718 for its proportionate share of the TRS's net pension liability measured at August 31, 2015. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	5,862,718
State's proportionate share that is associated with the District		<u>12,150,577</u>
Total	\$	<u><u>18,013,295</u></u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was .000165854 which was an increase of .000060994 from its proportion measured as of August 31, 2014.

*Changes Since the Prior Actuarial Valuation* – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

#### *Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotion/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

#### *Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees and disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

#### *Other Demographic Assumptions*

7. Previously it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
8. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
9. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
10. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
11. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 8: DEFINED BENEFIT PENSION PLAN (continued)*

*Actuarial Methods and Policies*

12. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the District recognized pension expense of \$974,556. Additionally, the District recognized revenue of \$1,214,381 for support provided by the State of Texas.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 36,010	\$ 225,309
Changes in actuarial assumptions	151,351	209,156
Difference between projected and actual investment earnings	801,792	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,393,986	1,804
Contributions paid to TRS subsequent to the measurement date	541,006	-
Total	\$ <u>2,924,145</u>	\$ <u>436,269</u>

\$541,006 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2016. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Pension Expense Amount
2017	\$ 347,190
2018	347,190
2019	347,190
2020	561,211
2021	197,506
Thereafter	146,583
Total	\$ <u>1,946,870</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 9: POSTEMPLOYMENT HEALTH BENEFITS*

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

*Funding Policy* – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown for fiscal years 2016 – 2014.

Year	Contribution Rates					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	\$ 127,660	1.0%	\$ 196,399	0.55%	\$ 108,020
2015	0.65%	119,830	1.0%	184,353	0.55%	101,394
2014	0.65%	119,487	1.0%	183,827	0.55%	101,105

*Medicare Part D* – The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$75,024, \$53,178 and \$48,080 for the years ended August 31, 2016, 2015 and 2014, respectively.

*Note 10: REVENUES FROM LOCAL AND INTERMEDIATE SOURCES*

For the year ended August 31, 2016, revenues from local and intermediate sources for governmental fund types consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 12,127,196	\$ 2,822,912	\$ 14,950,108
Food service sales	-	539,798	539,798
Rent	49,103	-	49,103
Gifts and bequests	55,346	-	55,346
Investment income	68,492	9,971	78,463
Campus activity related income	-	309,367	309,367
Penalties, interest, and other tax related income	160,824	37,811	198,635
Cocurricular student activities	157,676	-	157,676
Other	180,613	30,565	211,178
Total	\$ 12,799,250	\$ 3,750,424	\$ 16,549,674

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 11: UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES*

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

	Nonmajor Governmental Funds	Total
State revenue	\$ 72	\$ 72
Total	\$ 72	\$ 72

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

	General Fund	Nonmajor Governmental Funds	Total
State revenue	\$ 127,939	\$ 38,642	\$ 166,581
Total	\$ 127,939	\$ 38,642	\$ 166,581

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

	General Fund	Nonmajor Governmental Funds	Total
State revenue	\$ 127,939	\$ 38,642	\$ 166,581
Total	\$ 127,939	\$ 38,642	\$ 166,581

*Note 12: VACATION AND SICK LEAVE*

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

*Note 13: RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

*Note 14: FUND BALANCE*

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

*Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District had fund balance reserved for nonspendable inventory and prepaid items of \$188,185 and \$13,817, respectively, at August 31, 2016.

*Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of August 31, 2016, \$129,684 was restricted for federal and state grants for food service. Fund balance restricted for the retirement of funded indebtedness totaled \$1,294,252 as of August 31, 2016.

*Committed* fund balance is established and modified by a resolution from the District's Board and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2016, \$3,500,000 was committed for construction, \$2,500,000 was committed for instructional technology, and \$281,488 was committed for campus activities.

*Assigned* fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent and the Chief Financial Officer. At August 31, 2016, the District has no assigned funds.

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

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

*Note 15: PRIOR PERIOD ADJUSTMENT*

During the fiscal year 2016, the District determined amounts previously reported as student activity funds qualified as campus activity funds. Additionally, the District determined that a scholarship fund previously reported as a permanent fund should be reported as a private purpose trust fund. A prior period adjustment of \$216,680 was made to correct beginning fund balance. A summary of the effects is as follows:

	<u>As Originally Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Governmental activities:			
Net position	\$ 37,589,300	\$ 216,680	\$ 37,805,980
Other nonmajor funds:			
Fund balance	1,388,151	216,680	1,604,831
Private purpose trust funds:			
Net pension	5,069	28,899	33,968
Agency funds:			
Due to student groups	311,413	(245,579)	65,834

## **REQUIRED SUPPLEMENTARY INFORMATION**

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final	(GAAP BASIS)	Positive or (Negative)	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,709,713	\$ 12,802,805	\$ 12,799,249	\$ (3,556 )
5800	State Program Revenues	14,994,208	15,735,508	15,785,816	50,308
5900	Federal Program Revenues	40,000	505,210	481,156	(24,054 )
5020	Total Revenues	27,743,921	29,043,523	29,066,221	22,698
EXPENDITURES:					
Current:					
0011	Instruction	14,152,019	14,149,471	14,038,937	110,534
0012	Instructional Resources and Media Services	377,703	383,808	376,201	7,607
0013	Curriculum and Instructional Staff Development	248,360	258,383	245,910	12,473
0021	Instructional Leadership	211,322	483,698	471,873	11,825
0023	School Leadership	1,684,678	1,705,228	1,683,264	21,964
0031	Guidance, Counseling, and Evaluation Services	1,182,039	920,157	903,624	16,533
0032	Social Work Services	23,881	23,881	21,308	2,573
0033	Health Services	239,829	260,549	256,589	3,960
0034	Student (Pupil) Transportation	2,247,084	1,991,084	1,841,614	149,470
0036	Extracurricular Activities	1,315,637	1,420,643	1,284,256	136,387
0041	General Administration	1,270,623	1,255,023	1,226,402	28,621
0051	Facilities Maintenance and Operations	4,487,699	4,521,747	4,238,501	283,246
0052	Security and Monitoring Services	157,280	148,370	137,212	11,158
0053	Data Processing Services	1,077,134	1,128,302	1,088,848	39,454
0061	Community Services	62,263	65,238	61,012	4,226
0081	Facilities Acquisition and Construction	-	1,047,115	799,662	247,453
Intergovernmental:					
0099	Other Intergovernmental Charges	146,000	141,000	133,623	7,377
6030	Total Expenditures	28,883,551	29,903,697	28,808,836	1,094,861
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,139,630 )	(860,174 )	257,385	1,117,559
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	-	-	13,015	13,015
8911	Transfers Out (Use)	(140,000)	-	-	-
7080	Total Other Financing Sources (Uses)	(140,000)	-	13,015	13,015
1200	Net Change in Fund Balances	(1,279,630 )	(860,174 )	270,400	1,130,574
0100	Fund Balance - September 1 (Beginning)	14,919,030	14,919,030	14,919,030	-
3000	Fund Balance - August 31 (Ending)	\$ 13,639,400	\$ 14,058,856	\$ 15,189,430	\$ 1,130,574



LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM  
AUGUST 31, 2016

	<u>2015</u>	<u>2014*</u>
District's Proportion of the Net Pension Liability (Asset)	0.016585 %	0.010486 %
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,862,718	\$ 2,800,955
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>12,150,577</u>	<u>10,562,127</u>
Total	<u>\$ 18,013,295</u>	<u>\$ 13,363,082</u>
District's Covered-Employee Payroll	\$ 18,435,320	\$ 18,382,681
District's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	31.80 %	15.24 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43 %	83.23 %

\* The amounts presented for each plan year are as of August 31: plan information was unavailable prior to 2014.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM  
AUGUST 31, 2016

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2016

*NOTE A: NET PENSION LIABILITY – TEACHERS RETIREMENT SYSTEM*

Changes of Benefit Terms

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

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

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

Changes of Assumptions

*Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotion/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

*Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees and disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

*Other Demographic Assumptions*

7. Previously it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore this 10% is no longer being counted as active members.
8. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
9. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
10. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
11. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

*Actuarial Methods and Policies*

12. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.



## **OTHER SUPPLEMENTARY INFORMATION**

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2016

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
	ASSETS		
1110	Cash and Cash Equivalents	\$ -	\$ -
1120	Investments	-	-
1220	Property Taxes - Delinquent	-	-
1230	Allowance for Uncollectible Taxes	-	-
1240	Receivables from Other Governments	111,500	93,549
1260	Due from Other Funds	-	-
		<hr/>	<hr/>
1000	Total Assets	111,500	93,549
	DEFERRED OUTFLOWS OF RESOURCES		
1700	Deferred Outflows	-	-
		<hr/>	<hr/>
	Total Assets and Deferred Outflows	\$ 111,500	\$ 93,549
		<hr/>	<hr/>
	LIABILITIES		
2110	Accounts Payable	\$ 964	\$ -
2160	Accrued Wages Payable	58,110	43,465
2170	Due to Other Funds	52,426	50,084
2180	Due to Other Governments	-	-
2300	Unearned Revenues	-	-
		<hr/>	<hr/>
2000	Total Liabilities	111,500	93,549
		<hr/>	<hr/>
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - Property taxes	-	-
		<hr/>	<hr/>
	Total Deferred Inflows of Resources	-	-
		<hr/>	<hr/>
	FUND BALANCES		
3450	Restricted - Federal or State Funds Grant	-	-
3480	Restricted - Retirement of Long-Term Debt	-	-
3545	Committed - Other	-	-
		<hr/>	<hr/>
3000	Total Fund Balances	-	-
		<hr/>	<hr/>
4000	Total Liabilities, Deferred Inflows and Fund Balances	\$ 111,500	\$ 93,549
		<hr/>	<hr/>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting
\$ -	\$ 145,852	\$ 17,655	\$ -	\$ -
-	262	-	-	-
-	-	-	-	-
-	-	-	-	-
1,410	41,118	-	1,882	12,875
-	30,796	-	-	-
1,410	218,028	17,655	1,882	12,875
-	-	-	-	-
<u>\$ 1,410</u>	<u>\$ 218,028</u>	<u>\$ 17,655</u>	<u>\$ 1,882</u>	<u>\$ 12,875</u>
\$ -	\$ 83,775	\$ -	\$ -	\$ -
721	10,321	-	-	1,980
689	11,903	-	1,882	10,895
-	-	-	-	-
-	-	-	-	-
1,410	105,999	-	1,882	12,875
-	-	-	-	-
-	-	-	-	-
-	112,029	17,655	-	-
-	-	-	-	-
-	-	-	-	-
-	112,029	17,655	-	-
<u>\$ 1,410</u>	<u>\$ 218,028</u>	<u>\$ 17,655</u>	<u>\$ 1,882</u>	<u>\$ 12,875</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2016

Data Control Codes		397 Advanced Placement Incentives	410 Instructional Materials Allotment
	ASSETS		
1110	Cash and Cash Equivalents	\$ 72	\$ 22,068
1120	Investments	-	-
1220	Property Taxes - Delinquent	-	-
1230	Allowance for Uncollectible Taxes	-	-
1240	Receivables from Other Governments	-	-
1260	Due from Other Funds	-	-
		<hr/>	<hr/>
1000	Total Assets	72	22,068
	DEFERRED OUTFLOWS OF RESOURCES		
1700	Deferred Outflows	-	-
		<hr/>	<hr/>
	Total Assets and Deferred Outflows	\$ <u>72</u>	\$ <u>22,068</u>
	LIABILITIES		
2110	Accounts Payable	\$ -	\$ 21,832
2160	Accrued Wages Payable	-	-
2170	Due to Other Funds	-	-
2180	Due to Other Governments	-	236
2300	Unearned Revenues	72	-
		<hr/>	<hr/>
2000	Total Liabilities	72	22,068
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - Property taxes	-	-
		<hr/>	<hr/>
	Total Deferred Inflows of Resources	-	-
	FUND BALANCES		
3450	Restricted - Federal or State Funds Grant	-	-
3480	Restricted - Retirement of Long-Term Debt	-	-
3545	Committed - Other	-	-
		<hr/>	<hr/>
3000	Total Fund Balances	-	-
		<hr/>	<hr/>
4000	Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>72</u>	\$ <u>22,068</u>



461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 300,998	\$ 486,645	\$ 987	\$ 487,632
-	262	1,331,671	1,331,933
-	-	165,219	165,219
-	-	(44,495)	(44,495)
-	262,334	-	262,334
-	30,796	-	30,796
300,998	780,037	1,453,382	2,233,419
-	-	-	-
<u>\$ 300,998</u>	<u>\$ 780,037</u>	<u>\$ 1,453,382</u>	<u>\$ 2,233,419</u>
\$ 4,220	\$ 110,791	\$ -	\$ 110,791
-	114,597	-	114,597
15,290	143,169	-	143,169
-	236	38,406	38,642
-	72	-	72
19,510	368,865	38,406	407,271
-	-	120,724	120,724
-	-	120,724	120,724
-	129,684	-	129,684
-	-	1,294,252	1,294,252
281,488	281,488	-	281,488
281,488	411,172	1,294,252	1,705,424
<u>\$ 300,998</u>	<u>\$ 780,037</u>	<u>\$ 1,453,382</u>	<u>\$ 2,233,419</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES			
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	<u>697,824</u>	<u>738,117</u>	<u>9,076</u>
5020	Total Revenues	<u>697,824</u>	<u>738,117</u>	<u>9,076</u>
	EXPENDITURES			
	Current:			
0011	Instruction	618,125	727,467	9,076
0012	Instructional Resources and Media		-	-
0013	Curriculum and Instructional Staff Development	66,397	-	-
0021	Instructional Leadership	5,000	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	10,650	-
0032	Social Work Services	204	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	8,098	-	-
	Debt Service:			
0071	Principal on Long-Term Debt	-	-	-
0072	Interest on Long-Term Debt	-	-	-
0073	Other Debt Service Costs	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total Expenditures	<u>697,824</u>	<u>738,117</u>	<u>9,076</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
	Prior Period Adjustment	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	397 Advanced Placement Incentives
\$ 539,593	\$ 585	\$ -	\$ -	\$ -
9,175	-	-	-	3,528
1,144,955	29,010	40,932	152,985	-
1,693,723	29,595	40,932	152,985	3,528
-	-	18,022	-	3,528
-	-	-	-	-
-	-	-	152,985	-
-	-	-	-	-
-	-	-	-	-
-	-	22,910	-	-
-	-	-	-	-
-	-	-	-	-
1,588,270	14,576	-	-	-
-	-	-	-	-
50,353	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,638,623	14,576	40,932	152,985	3,528
55,100	15,019	-	-	-
55,100	15,019	-	-	-
56,929	2,636	-	-	-
-	-	-	-	-
\$ 112,029	\$ 17,655	\$ -	\$ -	\$ -

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

		410 Instructional Materials Allotment	429 APIB Campus Awards	461 Campus Activity Revenue Funds
<b>REVENUES</b>				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ 313,643
5800	State Program Revenues	427,249	1,050	519
5900	Federal Program Revenues	-	-	-
5020	Total Revenues	427,249	1,050	314,162
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	427,249	-	-
0012	Instructional Resources and Media	-	-	-
0013	Curriculum and Instructional Staff Development	-	1,050	-
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	293,403
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-
Debt Service:				
0071	Principal on Long-Term Debt	-	-	-
0072	Interest on Long-Term Debt	-	-	-
0073	Other Debt Service Costs	-	-	-
6030	Total Expenditures	427,249	1,050	293,403
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	20,759
1200	Net Change in Fund Balance	-	-	20,759
0100	Fund Balance - September 1 (Beginning)	-	-	15,150
	Prior Period Adjustment	-	-	245,579
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 281,488

479	Total	599	Total
Permanent	Nonmajor	Debt	Nonmajor
Fund	Special Revenue	Service	Governmental
Funds	Funds	Fund	Funds
\$	\$	\$	\$
	853,821	2,896,603	3,750,424
-	441,521	277,338	718,859
-	2,812,899	-	2,812,899
-	4,108,241	3,173,941	7,282,182
-	1,803,467	-	1,803,467
-	-	-	-
-	220,432	-	220,432
-	5,000	-	5,000
-	-	-	-
-	33,560	-	33,560
-	204	-	204
-	-	-	-
-	1,602,846	-	1,602,846
-	293,403	-	293,403
-	50,353	-	50,353
-	-	-	-
-	8,098	-	8,098
-	-	1,670,000	1,670,000
-	-	1,487,726	1,487,726
-	-	6,500	6,500
-	4,017,363	3,164,226	7,181,589
-	90,878	9,715	100,593
-	90,878	9,715	100,593
28,899	103,614	1,284,537	1,388,151
(28,899)	216,680	-	216,680
\$	\$	\$	\$
-	411,172	1,294,252	1,705,424



## **REQUIRED TEA SCHEDULES**

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2016

Last Ten Years Ended August 31	1		2		3
	Tax Rates				Assessed/ Appraised Value for School Tax Purposes
	Maintenance		Debt Service		
2007 (and prior years)	\$	Various	\$	Various	Various
2008		1.040000		0.460000	840,746,558
2009		1.040000		0.460000	907,492,067
2010		1.040000		0.460000	929,047,467
2011		1.170000		0.290000	941,965,510
2012		1.170000		0.290000	963,919,347
2013		1.170000		0.290000	986,530,595
2014		1.170000		0.280000	1,024,415,583
2015		1.170000		0.280000	1,051,797,793
2016 (school year under audit)		1.170000		0.260000	1,053,066,317
1000 TOTALS					



10	20	31	32	40	50
Beginning Balance September 1, 2015	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2015
\$ 70,597	\$ -	\$ 16,725	\$ 183	\$ 22,579	\$ 76,268
21,682	-	5,234	2,962	4,506	17,992
23,888	-	6,606	2,315	4,194	19,161
35,156	-	8,048	3,659	5,475	28,924
43,881	-	16,954	4,223	4,005	26,709
91,201	-	40,705	10,001	24,935	65,430
90,003	-	32,349	8,194	18,505	67,965
153,528	-	51,546	12,705	25,666	114,943
260,390	-	124,834	30,261	47,340	152,635
-	15,058,848	12,016,098	2,794,550	30,548	278,748
\$ <u>790,326</u>	\$ <u>15,058,848</u>	\$ <u>12,319,099</u>	\$ <u>2,869,053</u>	\$ <u>187,753</u>	\$ <u>848,775</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 543,500	\$ 528,270	\$ 539,593	\$ 11,323
5800	State Program Revenues	10,000	9,180	9,175	(5)
5900	Federal Program Revenues	<u>1,084,000</u>	<u>1,125,850</u>	<u>1,144,955</u>	<u>19,105</u>
5020	Total Revenues	<u>1,637,500</u>	<u>1,663,300</u>	<u>1,693,723</u>	<u>30,423</u>
	EXPENDITURES:				
	Current:				
0035	Food Service	1,716,600	1,646,760	1,588,270	58,490
051	Plant Maintenance	<u>60,900</u>	<u>54,900</u>	<u>50,353</u>	<u>4,547</u>
6030	Total Expenditures	<u>1,777,500</u>	<u>1,701,660</u>	<u>1,638,623</u>	<u>63,037</u>
1100	Excess (Deficiency) of Revenue Over (Under) Expenditures	(140,000)	(38,360)	55,100	93,460
	OTHER FINANCING SOURCES (USES):				
7961	Transfers Out (Use)	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080	Total Other Financing Sources (Uses)	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Change in Fund Balance	-	(38,360)	55,100	93,460
0100	Fund Balance - September 1 (Beginning)	<u>56,929</u>	<u>56,929</u>	<u>56,929</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	\$ <u>56,929</u>	\$ <u>18,569</u>	\$ <u>112,029</u>	\$ <u>93,460</u>

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,893,340	\$ 2,902,640	\$ 2,896,603	\$ (6,037)
5800	State Program Revenues	<u>118,359</u>	<u>277,859</u>	<u>277,338</u>	<u>(521)</u>
5020	Total Revenues	<u>3,011,699</u>	<u>3,180,499</u>	<u>3,173,941</u>	<u>(6,558)</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	1,670,000	1,670,000	1,670,000	-
0072	Interest on Long-Term Debt	1,487,727	1,487,727	1,487,726	1
0073	Bond Issuance Cost and Fees	<u>7,500</u>	<u>7,500</u>	<u>6,500</u>	<u>1,000</u>
6030	Total Expenditures	<u>3,165,227</u>	<u>3,165,227</u>	<u>3,164,226</u>	<u>1,001</u>
1200	Change in Fund Balance	(153,528)	15,272	9,715	(5,557)
0100	Fund Balance - September 1 (Beginning)	<u>1,284,537</u>	<u>1,284,537</u>	<u>1,284,537</u>	-
3000	Fund Balance - August 31 (Ending)	\$ <u>1,131,009</u>	\$ <u>1,299,809</u>	\$ <u>1,294,252</u>	\$ <u>(5,557)</u>

## **FEDERAL AWARDS SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas Independent School District (the District), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Dennis Kinard & Co., PC*

Certified Public Accountants

Abilene, Texas  
November 21, 2016

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

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

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

We have audited Lampasas Independent School District's (District's) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

**Report on Internal Control over Compliance**

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

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

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

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

*Dan Kinaud & Co., PC*  
Certified Public Accountants

Abilene, Texas  
November 21, 2016



LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2016

**A. Summary of Auditor's Results**

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

Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Feeding	10.559
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Low risk auditee: Yes

**B. Findings Related to the Financial Statements**

The audit disclosed no findings required to be reported.

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

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED AUGUST 31, 2016

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

Finding 2015-001:	Budgetary Compliance
Criteria or Specific Requirement:	Each year, the District's Board of Trustees adopts an appropriations budget limiting the amount of expenditures that can be made by management within specific functional areas.
Condition Found:	As of the year ended August 31, 2015, expenditure amounts in Function 21, 51 and 61 in the General Fund exceeded final amended budget by \$11,840, \$97,417 and \$1,013, respectively.
Cause:	Budget amendments were not made prior to year end for anticipated spending in excess of appropriations for these line items.
Effect:	These variances from the final amended budget resulted in a technical noncompliance.
Recommendation:	The auditor recommended that the Business Office closely monitor expenditures during the year to ensure actual expenditures remain within budget.
Corrective Action Plan:	The District Business Office will monitor the budget to actual expenditure amounts more closely and bring the necessary budget amendments to the Board of Trustees to ensure this is corrected in the next year.
Contact Representative:	Shane Jones, Chief Financial Officer 207 W 8th St, Lampasas, TX 76550
Current Status:	The recommendation was adopted in fiscal year 2016. The District monitored expenditures more closely to ensure that the actual expenditures remained within budget.

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2016

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Direct Program:			
Impact Aid - ESEA Title VIII	84.041B		\$ 40,299
Passed through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101141901	638,880
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101141901	58,944
Total CFDA Number 84.010A			697,824
Special Education Cluster:			
IDEA - Part B, Formula *	84.027A	166600011419016000	694,652
IDEA - Part B, Formula *	84.027A	176600011419016000	43,465
Total CFDA Number 84.027A			738,117
IDEA - Part B Preschool *	84.173A	166610011419016610	8,356
IDEA - Part B Preschool *	84.173A	176610011419016610	720
Total CFDA Number 84.173A			9,076
Total Special Education Cluster			747,193
Career and Technical - Basic Grant	84.048A	16420006141901	37,138
Career and Technical - Basic Grant	84.048A	17420006141901	3,794
Total CFDA Number 84.048			40,932
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	16694501141901	140,119
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	17694501141901	12,866
Total CFDA Number 84.367A			152,985
Total passed through Texas Education Agency			1,638,934
TOTAL DEPARTMENT OF EDUCATION			1,679,233
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through Texas Education Agency			
Child Nutrition Cluster:			
School Breakfast Program *	10.553	71401601	244,087
National School Lunch Program - cash assistance *	10.555	71301601	789,313
Summer Feeding*	10.559	71301601	29,010
Total passed through Texas Education Agency			1,062,410
Passed through Texas Department of Agriculture			
Non-Cash Assistance - Food Distribution Program*	10.555	16-141901	111,555
Total passed through Texas Department of Agriculture			
Total Child Nutrition Cluster			1,173,965
TOTAL DEPARTMENT OF AGRICULTURE			1,173,965
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,853,198

\* Clustered Programs as required by 2 CFR Part 200, Appendix XI, Compliance Supplement, June 2016

LAMPASAS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

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

The modified accrual basis of accounting is used for the Governmental Fund Types in the fund financial statements. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly when such funds are received they are recorded as unearned revenue until earned.

Note 3: The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in 2 CFR Part 200, Part 3, Section H, Period of Performance.

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

Federal Awards per Schedule of Expenditures of Federal Awards	\$ 2,853,198
E-rate	147,767
Medicaid Reimbursements	<u>293,090</u>
Federal program revenues - Exhibit C-2	\$ <u><u>3,294,055</u></u>

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

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2016

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the District make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the District not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end.	\$ 372,324
SF11	Net Pension Assets (1920) at fiscal year-end	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end	\$ 5,862,718
SF13	Pension Expense (6147) at fiscal year-end	\$ 433,530