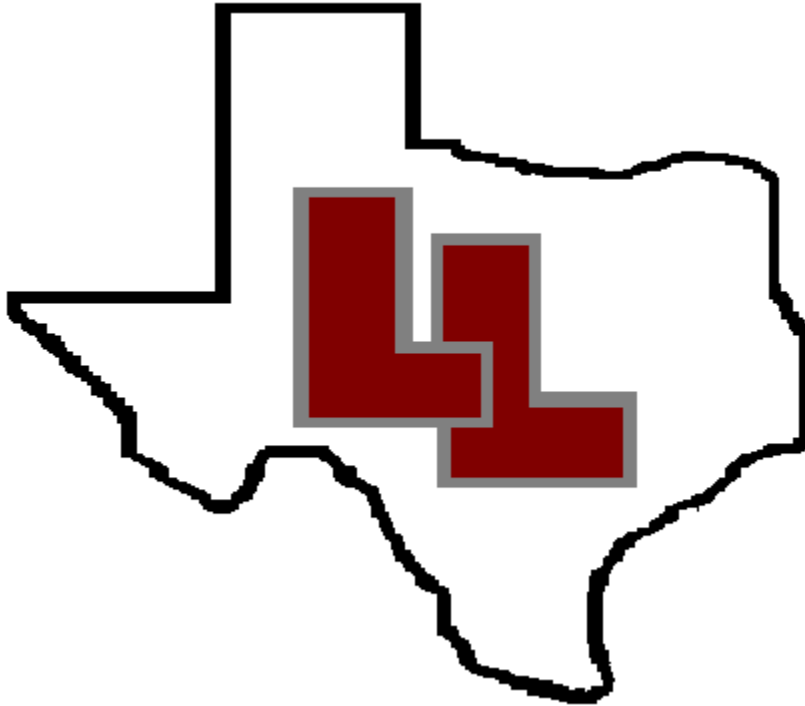


Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Lockhart Independent School District
Business & Finance Office
P.O. Box 120
Lockhart, TX 78644
Phone: 512-398-0000
Fax: 512-398-0025



Lockhart Independent School District
Comprehensive Annual Financial Report
For The Year Ended June 30, 2017

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Introductory Section



OFFICE OF BUSINESS AND FINANCE

Lockhart ISD • 105 S. Colorado St. • Lockhart, Texas 78644 • phone: 512.398.0000 • fax: 512.398.0025
www.lockhartisd.org

November 10, 2017

Board of Trustees
Lockhart Independent School District
P.O. Box 120
Lockhart, TX 78644

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Lockhart Independent School District (LISD) for the twelve months ended June 30, 2017 is hereby submitted. The District's Business Office prepared the report. This report conforms to generally accepted accounting principles and standards as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with school district management. We believe the data, as presented, are accurate in all material aspects; that it is presented in a manner designed to fairly present the financial position and the results of operations of the school district as measured by the financial activity of its various funds. Furthermore, we believe that all disclosures necessary to enable the reader to gain the full understanding of the District's financial affairs have been included in this report. Management's discussion and analysis beginning on page 15 provides further information.

The District is required to be audited under an annual single audit in conformity with the provisions of the Single Audit Act, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The Texas Education Agency also requires a Schedule of Expenditures of Federal Awards, findings and questioned costs, status of prior findings and the auditor's reports on compliance with applicable laws and regulations and the District's internal control structure. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefit likely to be acquired; and (2) the valuation of costs and benefits requires estimates and judgments by management. All areas were found to be acceptable and the auditor's opinions in this regard were unmodified. The auditor's opinion is included in this report.

The school District's independent certified public accountants, West, Davis and Company, LLP, have examined the accompanying financial statements, and their opinion is included in the financial section. The statistical section (unaudited) includes selected financial and demographic information presented on a multi-year basis.



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The Reporting Entity and Its Services

Basic Information

This report includes all of the funds and account groups of the Lockhart ISD. The District provides elementary and secondary education (Pre-Kindergarten to 12th grade) to citizens within the school district. Lockhart Independent School District is an independent school district incorporated as a political subdivision of the State of Texas. The FY 2016-2017 total enrollment was 5,661 as of the Public Education Information Management System (PEIMS) snapshot date in October 2016. The District has 348 certified teachers, 81 other professional staff, and 181 paraprofessional and other auxiliary staff.

A seven member Board of Trustees governs the District in accordance with state statutes and regulations. Members serve four-year staggered terms without compensation. Three members of the Board of Trustees are elected for at-large seats, using a cumulative voting system in which a voter may cast all three of his/her votes for a single candidate, or split his/her three votes between two candidates, or cast one vote for three different candidates. This system was dictated by the Federal Department of Justice to facilitate election of trustees from ethnic minority groups. Four other trustees are elected to represent four single-member districts.

The Board of Trustees operates as a policy making body, delegates management to the single executive head (the Superintendent), approves personnel, sets annual District goals, and evaluates policies in terms of effectiveness in attaining District goals.

The Superintendent and the administrative staff execute the policies of the Board, assume responsibility for the daily operation of the District, make recommendations to the Board in matters of policy and personnel, prepare the budget, and report to the Board on matters relating to the progress of the District in attaining the goals set by the Board.

The District provides a comprehensive range of school programs and services as delineated by state statute, such as career and technology education, bilingual education, special education, gifted and talented education, fine arts, athletics, voluntary alternative education, disciplinary education and numerous remedial, electives and enrichment programs provided at age-appropriate grades. Support activities include social work, student and staff daycare, after-school care, community education, student transportation, food service, administrative support, technology, maintenance and custodial services. The District does not operate any component units.



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Budgetary Control

The Board adopts the annual budget for the General Fund, School Nutrition Fund and the Debt Service Funds. To ensure budgetary compliance, the Texas Education Agency (T.E.A.) and the District have established spending regulations and policies. The District's local policies can be found at the District's website at <http://pol.tasb.org/Home/Index/245> in the Board of Trustees policy manual. For all administrators with line item or program responsibility, T.E.A regulations set the level of budgetary control at the major functional expenditure level. Budgetary control is more restrictive at the district level. District Administrators are held responsible for maintaining and managing their budgets at the program, function and object level. All requested revisions that indicate a change in function require prior approval by the Board of Trustees. In addition, the Business Office conducts annual training for all staff to ensure District-wide compliance with budgetary controls.

Economic Condition and Outlook

Local Economy

Lockhart Independent School District (ISD) is located in and around the city of Lockhart which is the county seat and principal commercial center of Caldwell County. Lockhart is located about 30 miles southeast of Austin and 60 miles northeast of San Antonio. Over the past century, Caldwell County's economy has changed from cattle to cotton to oil. Within Lockhart ISD is the City of Lockhart. The county seat and commercial center is in the City of Lockhart. Though some of Caldwell County's employment still remains in the oil and gas industry, the local economy is primarily engaged in services, local government and agriculture. Caldwell County is a prime location for business. The economic base includes minerals such as sand, oil, gravel and gas. Agricultural industries consist of nurseries, hay, eggs, cotton, broiler production and beef cattle. Lockhart is just twenty-five miles south of Austin-Bergstrom International airport.

There are several higher learning institutions within 30 miles of Lockhart, including Texas State University in San Marcos, The University of Texas at Austin, and Austin Community College. Lockhart is an easy commute for those seeking higher education.

In addition, the State Highway 130 (SH130) toll road bypass opened in 2012, which passes through Caldwell County provides a thoroughfare for NAFTA-based traffic. The county is traversed by Interstate Highway 10, U.S. Highway 183 and State Highways 21, 80 and 304.



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With land being less expensive than Austin, the county is an affordable location for industries interested in moving to the Austin area but unwilling to pay the higher costs associated with being within the city. Lockhart has a small town quality of life, two industrial parks, job training, productive labor supply, and state and local incentives. The Lockhart Chamber of Commerce and the Hispanic Chamber of Commerce have continued to work hard to bring new businesses to Lockhart.

The Board of Trustees approved a Freeport Tax Exemption in April 2009. All three taxing entities: city, county and school district, have approved the exemption, offering businesses a “Triple Freeport Exemption”, which should give Lockhart the additional tools needed to compete regionally and nationally to recruit companies to the area. The exemption gives companies the ability to store inventory in the county, tax-free, as long as it is shipped out within 175 days of the date that it is acquired.

Projections

Enrollment is currently at 5,936 in 2017-2018, an increase of 275 students from 2016-2017, a 4.86% increase. The adopted 2017-2018 General Fund budget is \$45,331,930, an increase from \$42,043,866 in 2016-2017, or \$3,288,064. The increase in revenues is attributable to higher property values, therefore, higher tax collection. The budget increase is also attributed to an increase in student enrollment, which generates higher average daily attendance that generates additional state funding. The district was able to maintain a balanced budget for 2017-2018, which provided for increases in employee compensation and benefits as well as additional staffing to serve the increase in the number of students and increased maintenance and operations budgets to support the increased student enrollment.

Long-term Financial Policies

The LISD General Fund balance has been constantly increasing over the past few years. LISD has a policy of paying cash (pay as you go) when appropriate, for capital projects. The District maintains a list of deferred capital improvement projects and when funds are available, initiates the completion of the projects. Additionally, the Administration and the Board review multi-year forecasting annually and adjust the budget to compensate for projected revenue decreases and increases. In 2016-2017, the District invested \$1.792 million in one-time capital improvement projects, using General Fund balance. In 2014, the voters approved \$63.9 million in bonds to build a new elementary school, remodel and add capacity to the current high school including adding a performing arts center, remodeling the high school stadium, and various capital improvements at the other schools in the district. As part of the bond program, the District management and



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the school board have committed \$3.0 million in the General Fund towards one-time expenses for furniture, fixtures and equipment for the building program, which was near completion at the end of the summer in 2017.

In 2014, the bond committee made a recommendation to renovate the ML Cisneros building as an administration building, and sell two buildings located on Highway 183 to help finance the renovation, as well as two residential-size lots of land. The renovated building will consolidate administrative functions that are located in three portable buildings in addition to the two buildings on highway 183. General Fund balance as of June 30, 2017 increased due to higher enrollment than expected and increased property tax collections than anticipated. Due to the increased revenues realized in the 2016-2017 school year, the administration and the board have dedicated \$2,170,000 of general fund balance to renovate the ML Cisneros building.

Relevant Financial Policies

The 2017-2019 bank depository agreement provides for a floor of 1.0% APY in interest income and is secured by collateral. In the 2017-2019 bank depository agreement, additional terms included above average certificates of deposit interest rates.

The District prioritizes capital spending plans based on safety, security and quality of education needs. Additional financial policies include one-time spending plans for non-recurring revenue, staffing ratio analyses, debt affordability reviews, and user fee cost-recovery analysis and implementation.

Awards and Acknowledgements

Awards

The Texas Education Agency has a Financial Accountability Rating System named Schools FIRST (Financial Integrity Rating System of Texas). This rating system was required in SB 218 of the 77th Texas Legislature (2001). The primary goal of Schools FIRST is to improve the management of school District's financial resources. The rating system uses base indicators that are simple and understandable. Schools FIRST is a model for increased financial management efficiency in public schools.



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Lockhart ISD has received the Schools FIRST Superior Achievement ratings for each of the thirteen consecutive school years 2001-2002 through 2012-2013. The Superior Achievement rating was the highest that a school District could receive through 2012-2013. Due to legislative changes to the FIRST program, for the 2013-2014 school year, there was only a pass or fail rating. The District passed the FIRST accountability rating. For the 2014-2015 school year through the 2016-2017 school year, the district received a Schools FIRST Superior Achievement rating.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lockhart Independent School District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the twelfth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A GFOA Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate. This will be the thirteenth submission for Lockhart Independent School District.

Acknowledgements

We respectfully acknowledge the responsible and sincere involvement and participation of the school board, superintendent, principals, program directors, coordinators and other staff in the financial affairs of the District.

Sincere appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining and monitoring the financial records of the District. Individual recognition is directed to Michelle Wylie, Jill Hansen, CPA, Jennifer Velasquez, Tina Ramirez, Tanya Homann and Nancy Arana for their combined efforts in closing out the accounting records and assisting in preparing the various financial reports throughout the year and at year-end.



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Lockhart Independent School District publicly solicits the active involvement of all citizens and school district personnel in its financial affairs. The financial records are available on the district website for public inspection, and discussion by appointment, during normal office hours.

Respectfully submitted,

Tina Knudsen, CPA
Chief Financial Officer



Government Finance Officers Association

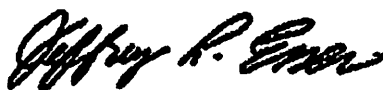
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Texas**

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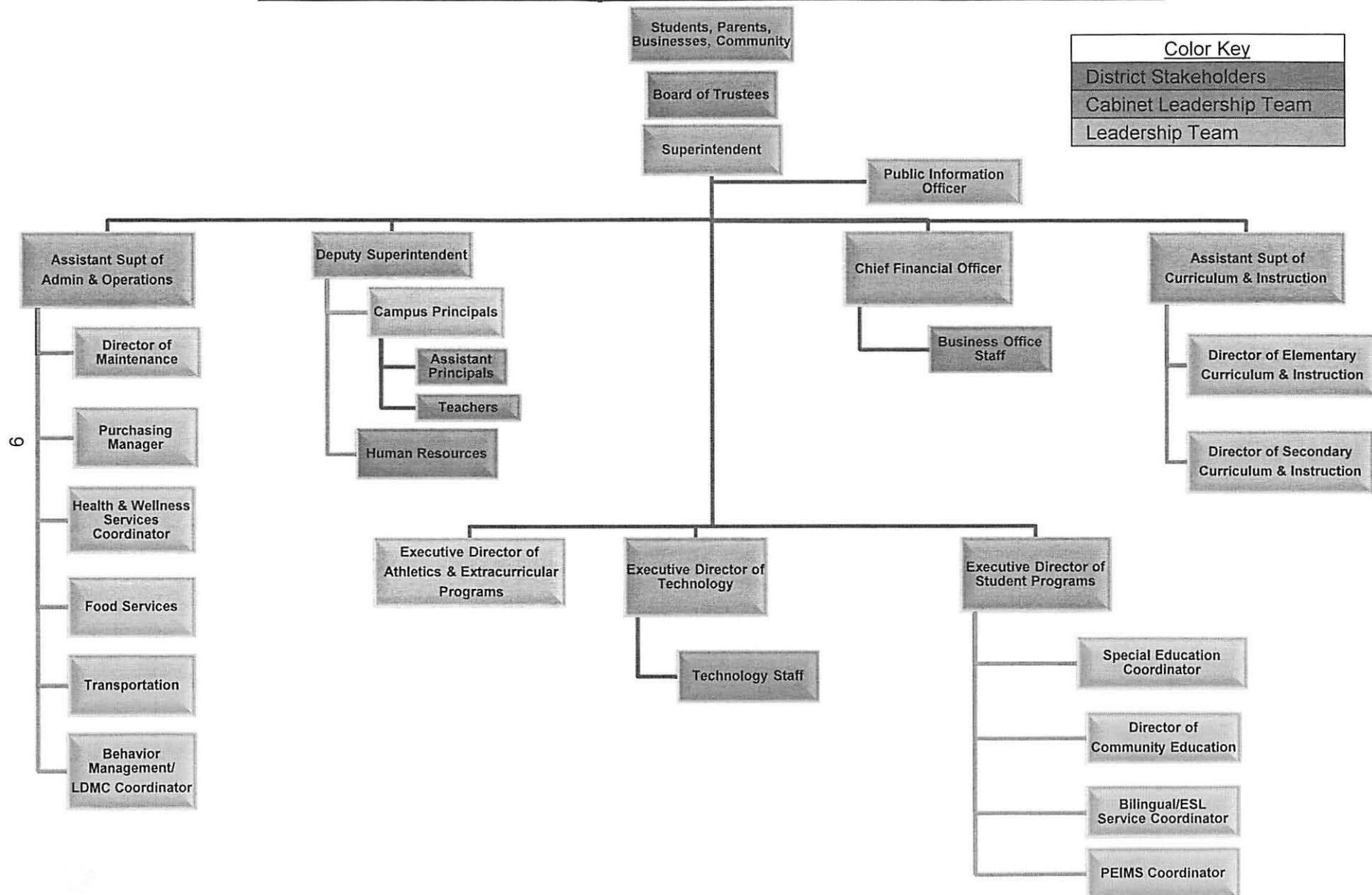
June 30, 2016



Executive Director/CEO

Lockhart Independent School District

2016-2017



LOCKHART INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2017

Elected Officials

<u>Name</u>	<u>Office</u>
Brenda Spillmann	President
Steve Johnson	Vice-President
Tom Guyton	Secretary
Carl Cisneros	Trustee
Warren Burnett	Trustee
Michael Wright	Trustee
Becky Lockhart	Trustee

Appointed Officials

<u>Name</u>	<u>Position</u>
Susan Bohn	Superintendent
Kim Brents	Deputy Superintendent Curriculum and instruction
Adam Galvan	Assistant Superintendent Administration and Operations
Tina Knudsen	Chief Financial Officer
Monica Parks	Executive Director of Special Programs

CERTIFICATE OF BOARD

Lockhart Independent School District
Name of School District

Caldwell
County

028-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved _____disapproved for the year ended June 30, 2017, at a meeting of the board of trustees of such school district on the 21 day of NOVEMBER, 2017.



Signature of Board Secretary



Signature of Board President

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

Financial Section

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report

To the Board of Trustees
Lockhart Independent School District
Lockhart, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lockhart Independent School District ("the District") as of and for the year ended June 30, 2017, 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.

Auditors' 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 District'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 District'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, the business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lockhart Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017 on our consideration of Lockhart Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements

and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lockhart Independent School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "West, Davis & Company". The script is fluid and cursive, with the company name written in a single line.

West, Davis & Company, LLP

Austin, Texas
November 14, 2017

Lockhart Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Lockhart Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended June 30, 2017. Please read it in conjunction with the independent auditors' report on page 12, and the District's Basic Financial Statements, which begin on page 21. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 21 through 22). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. Fund financial statements (starting on page 24) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 35) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled TEA (Texas Education Agency) Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 21. Its primary purpose is to show whether the District is better off or worse off as a result of this year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. The District's revenues are divided into those provided by outside parties, who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist

children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. All liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall financial health of the District, however, nonfinancial factors as well should be considered, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we classify the District's activities as Governmental activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 24 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains seven Community Education proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 33 and 34. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I below) and changes in net position (Table II below) of the District's governmental and business-type activities.

Net position of the District's governmental activities decreased from \$21.1 million to \$20.9 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$740 thousand at June 30, 2017. The decrease in governmental net position was primarily due moving capital expenditures from construction-in-progress to a capitalized asset with depreciation expense. More information is presented in the paragraph following Table II on the next page.

Table I
Lockhart Independent School District

NET POSITION
in thousands

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	37,561	56,084	81	75	37,642	56,159
Capital assets	82,218	63,231	-	-	82,218	63,231
Total Assets	119,779	119,315	81	75	119,860	119,390
Deferred Outflow Related to Pensions	4,235	4,631	-	-	4,235	4,631
Long-term Liabilities	91,222	93,397	-	-	91,222	93,397
Other liabilities	11,262	8,690	81	75	11,343	8,765
Total liabilities	102,484	102,087	81	75	102,565	102,162
Deferred Inflow Related to Pensions	627	770	-	-	627	770
Net Position:						
Net investment in capital assets	14,095	14,345	-	-	14,095	14,345
Restricted	6,067	5,521	-	-	6,067	5,521
Unrestricted	740	1,223	-	-	740	1,223
Total net position	20,902	21,089	-	-	20,902	21,089

Table II
Lockhart Independent School District

CHANGES IN NET POSITION
in thousands

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	562	602	-	-	562	602
Operating grants and contributions	7,853	7,301	-	-	7,853	7,301
General Revenues:						
Maintenance and operations taxes	11,865	11,016	-	-	11,865	11,016
Debt Service taxes	3,260	3,056	-	-	3,260	3,056
Grants and Contributions not restricted to specific functions	33,387	32,321	90	89	33,477	32,410
Investment Earnings	278	385	-	-	278	385
Miscellaneous	1,373	1,665	809	810	2,182	2,475
Total Revenue	<u>58,578</u>	<u>56,346</u>	<u>899</u>	<u>899</u>	<u>59,477</u>	<u>57,245</u>
Expenses:						
Instruction, curriculum and media services	32,772	30,290	-	-	32,772	30,290
Instructional and school leadership	4,066	3,986	-	-	4,066	3,986
Student support services	4,800	4,452	-	-	4,800	4,452
Child Nutrition	3,532	3,220	-	-	3,532	3,220
Co-curricular activities	1,647	1,452	-	-	1,647	1,452
General administration	2,062	2,057	-	-	2,062	2,057
Plant maintenance, security and data processing	5,674	5,640	-	-	5,674	5,640
Community services	59	27	-	-	59	27
Debt services	2,922	2,971	-	-	2,922	2,971
Payments related to SSA	785	848	-	-	785	848
Intergovernmental Charges	319	328	-	-	319	328
Business-type activities	-	-	899	810	899	810
Total Expenses	<u>58,638</u>	<u>55,271</u>	<u>899</u>	<u>810</u>	<u>59,537</u>	<u>56,081</u>
Change in net position before transfers	(60)	1,075	-	89	(60)	1,164
Transfers	(127)	(77)	127	77	-	-
Change in Net Position	<u>(187)</u>	<u>998</u>	<u>127</u>	<u>166</u>	<u>(60)</u>	<u>1,164</u>

NET PENSION LIABILITY (GASB 68)

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System. The District's net pension liability at year end totaled \$10.9 million.

THE DISTRICT'S FUNDS

As the District completed this annual period, its General funds (as presented in the balance sheet on page 24) reported a fund balance of \$15.0 million, which is \$0.2 million more than last years' total of \$14.8 million. The increase in fund balance is mainly attributable to planned one-time expenditures of furniture, fixtures and equipment related to the District's bond program and savings in budgeted expenses.

The District's Bond Program fund reported a fund balance of \$5.6 million. The Bond Program fund balance was \$21.6 million less at June 30, 2017, as compared to last years' total of \$27.2 million, due to planned capital expenditures during the fiscal year. The purpose of the Bond Program Fund is to account for financial resources and expenditures relating to the District's Bonds. The major projects covered in the bond include new construction and renovations to Lockhart High School, building one new elementary school, and various renovations at all of the remaining campuses.

The District's other governmental funds reported a fund balance of \$1.4 million as compared to \$5.9 million in 2016, which is approximately \$4.5 million less than the previous year. In 2016, the debt service fund of \$4.6 million was included in the other governmental funds. In 2017 the District's debt service fund is a major fund and shown separately. The other governmental funds of \$1.4 million in 2017 as compared to \$1.3 million in 2016, is a \$0.1 million increase primarily attributable to increased debt service tax collections.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts estimated in June 2016). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2017, the District had \$82 million (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The \$82 million (net of accumulated depreciation) as compared to the previous years' \$63 million, recorded an increase of \$19 million. The increase was due to planned capital expenditures related to the bond program.

The District's fiscal year 2016-2017 General Fund capital budget provided no funds for expenditures for new instructional facilities and did not budget for capital expenditures. However, as part of the bond program, the district spent \$1.8 million of general fund balance for one-time expenses of furniture, fixtures and equipment for the high school, a new elementary school and other capital projects at the schools. More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$80.3 million in bonds outstanding, maintenance tax notes and accumulated accretion on CAB's versus \$83.1 million last year. The decrease of \$2.8 million is attributable to payments made on the bond debt during fiscal 2017.

More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2017-2018 budget and tax rates. Those factors include property values, increases in enrollment, the economy, projections of future budget years, and legislative mandates.

A steadily increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$45.3 million for the 2017-2018 fiscal year. The budget increased from 2016-2017 to 2017-2018 by \$3.3 million. The district budgeted for a 2% increase in student enrollment in 2017-2018, but as of September 2017 has experienced a 3.96 % increase in student enrollment from 2016-2017. The district has also experienced rising property values which equates to projected higher tax collections. The 2017-2018 adopted budget included a competitive pay and benefits plan, as well as \$317K for capital expenditures.

Future enrollments are forecasted to have moderate growth and property values are forecast to gradually increase, which will continue to produce revenues that will support projected expenditures in the near future. For the 2017-2018 budget year, the District has held constant its maintenance and operations tax rate to \$1.04 per hundred of taxable value, due to legislative maintenance and operations tax rate restrictions. The District has the capability to call a tax ratification election which could authorize up to 13 additional cents for maintenance and operations. The District has no current plans to call a tax ratification election.

Subsequent to fiscal year end, the district experienced \$131K in property damage as a result of Hurricane Harvey. The district has insurance coverage which covered all of the loss with the exception of the \$10K deductible. The district is located in Caldwell County which has been declared a designated disaster county. The district has filed a claim with FEMA (Federal Emergency Management Agency) for the deductible, which should cover a majority of the deductible.

Also subsequent to fiscal year end, the district entered into a maintenance tax note for \$3.7 million to fund the renovation of the ML Cisneros Administration building and to purchase school buses. The net interest cost is 2.14% over a 10 year period. Both the General Fund for \$2.9 million, and 2014 bond funds for \$1.0 million, were also utilized to pay for the ML Cisneros campus. The total cost of the projects is \$7.6 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Lockhart Independent School District, P. O. Box 120, Lockhart, Texas 78644, or by calling 512-398-0000.

Basic Financial Statements

LOCKHART INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

JUNE 30, 2017

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 6,571,216	\$ 74,303	\$ 6,645,519
1120 <i>Current Investments</i>	26,850,764	--	26,850,764
1225 <i>Property Taxes Receivable (Net)</i>	661,905	--	661,905
1240 <i>Due from Other Governments</i>	2,102,071	--	2,102,071
1250 <i>Accrued Interest</i>	34,752	--	34,752
1260 <i>Internal Balances</i>	822	(822)	--
1290 <i>Other Receivables (Net)</i>	1,173,432	7,602	1,181,034
1410 <i>Unrealized Expenses</i>	166,641	118	166,759
Capital Assets:			
1510 <i>Land</i>	2,736,296	--	2,736,296
1520 <i>Buildings and Improvements, Net</i>	30,352,899	--	30,352,899
1530 <i>Furniture and Equipment, Net</i>	3,522,608	--	3,522,608
1580 <i>Construction in Progress</i>	45,605,971	--	45,605,971
1000 Total Assets	<u>119,779,377</u>	<u>81,201</u>	<u>119,860,578</u>
DEFERRED OUTFLOWS OF RESOURCES:			
1705 <i>Deferred Outflow Related to Pensions</i>	4,234,562	--	4,234,562
1700 Total Deferred Outflows of Resources	<u>4,234,562</u>	<u>--</u>	<u>4,234,562</u>
LIABILITIES:			
2110 <i>Accounts Payable</i>	2,433,212	4,653	2,437,865
2140 <i>Interest Payable</i>	1,352,466	--	1,352,466
2165 <i>Accrued Liabilities</i>	4,411,527	65,404	4,476,931
2180 <i>Due to Other Governments</i>	785,919	--	785,919
2300 <i>Unearned Revenue</i>	182,593	11,144	193,737
2400 <i>Payable from Restricted Assets</i>	2,096,808	--	2,096,808
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	2,360,000	--	2,360,000
2502 <i>Due in More Than One Year</i>	77,980,786	--	77,980,786
2540 <i>Net Pension Liability</i>	10,881,118	--	10,881,118
2000 Total Liabilities	<u>102,484,429</u>	<u>81,201</u>	<u>102,565,630</u>
DEFERRED INFLOWS OF RESOURCES:			
2605 <i>Deferred Inflow Related to Pensions</i>	627,433	--	627,433
2600 Total Deferred Inflows of Resources	<u>627,433</u>	<u>--</u>	<u>627,433</u>
NET POSITION:			
3200 Net Investment in Capital Assets	14,094,517	--	14,094,517
Restricted For:			
3820 <i>Federal and State Programs</i>	847,719	--	847,719
3850 <i>Debt Service</i>	5,088,140	--	5,088,140
3870 <i>Campus Activities</i>	131,209	--	131,209
3900 <i>Unrestricted</i>	740,492	--	740,492
3000 Total Net Position	<u>\$ 20,902,077</u>	<u>\$ --</u>	<u>\$ 20,902,077</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	1	3	4
		Program Revenues	
Data Control Codes	Functions/Programs	Charges for Services	Operating Grants and Contributions
	Expenses		
	Governmental Activities:		
11	Instruction	\$ --	\$ 3,645,017
12	Instructional Resources and Media Services	--	27,802
13	Curriculum and Staff Development	--	75,947
21	Instructional Leadership	--	30,956
23	School Leadership	--	151,703
31	Guidance, Counseling, & Evaluation Services	--	324,672
32	Social Work Services	--	2,400
33	Health Services	--	120,790
34	Student Transportation	--	15,324
35	Food Service	398,290	3,159,174
36	Cocurricular/Extracurricular Activities	120,502	45,878
41	General Administration	--	75,903
51	Facilities Maintenance and Operations	42,752	149,251
52	Security and Monitoring Services	--	3,056
53	Data Processing Services	--	15,952
61	Community Services	--	9,185
72	Interest on Long-term Debt	--	--
73	Bond Issuance Costs and Fees	--	--
93	Payments Related to Shared Services Arrangements	--	--
99	Other Intergovernmental Charges	--	--
TG	Total Governmental Activities	561,544	7,853,010
	Business-type Activities:		
01	Summer Recreation	--	--
02	After School Program	--	--
03	Cubhouse Students	--	--
04	GED Adult Ed.	--	--
06	Cubhouse Employees	--	--
07	Community Ed. Adm.	--	--
TB	Total Business-type Activities	--	--
TP	Total Primary Government	\$ 561,544	\$ 7,853,010
	General Revenues:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
IE	Investment Earnings		
GC	Grants and Contributions Not Restricted to Specific Programs		
MI	Miscellaneous		
FR	Transfers		
TR	Total General Revenues and Transfers		
CN	Change in Net Position		
NB	Net Position - Beginning		
NE	Net Position - Ending		

The accompanying notes are an integral part of this statement.

6

7

8

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (27,668,266)		\$ (27,668,266)
(762,356)		(762,356)
(592,015)		(592,015)
(674,214)		(674,214)
(3,208,534)		(3,208,534)
(1,563,335)		(1,563,335)
(165,029)		(165,029)
(351,890)		(351,890)
(2,256,279)		(2,256,279)
24,969		24,969
(1,480,580)		(1,480,580)
(1,985,309)		(1,985,309)
(4,847,889)		(4,847,889)
(183,257)		(183,257)
(432,107)		(432,107)
(50,243)		(50,243)
(2,916,359)		(2,916,359)
(6,050)		(6,050)
(784,554)		(784,554)
(319,083)		(319,083)
<u>(50,222,380)</u>		<u>(50,222,380)</u>
--	\$ (58,180)	(58,180)
--	(228,517)	(228,517)
--	(186,061)	(186,061)
--	(64,673)	(64,673)
--	(182,290)	(182,290)
--	(179,925)	(179,925)
--	<u>(899,646)</u>	<u>(899,646)</u>
<u>(50,222,380)</u>	<u>(899,646)</u>	<u>(51,122,026)</u>
11,864,875	--	11,864,875
3,259,897	--	3,259,897
278,137	--	278,137
33,387,200	90,363	33,477,563
1,372,948	681,768	2,054,716
(127,515)	127,515	--
<u>50,035,542</u>	<u>899,646</u>	<u>50,935,188</u>
<u>(186,838)</u>	<u>--</u>	<u>(186,838)</u>
21,088,915	--	21,088,915
<u>\$ 20,902,077</u>	<u>\$ --</u>	<u>\$ 20,902,077</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

Data Control Codes		10 General Fund	50 Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 3,611,308	\$ 354,465
1120	Current Investments	15,061,933	4,437,994
1225	Taxes Receivable, Net	519,864	142,041
1240	Due from Other Governments	1,438,033	170,903
1250	Accrued Interest	--	--
1260	Due from Other Funds	906,984	--
1290	Other Receivables	550,264	11,396
1410	Unrealized Expenditures	166,083	--
1000	Total Assets	<u>22,254,469</u>	<u>5,116,799</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 1,457,413	\$ --
2150	Payroll Deductions & Withholdings	556,483	--
2160	Accrued Wages Payable	3,387,370	--
2170	Due to Other Funds	468,900	--
2180	Due to Other Governments	738,710	--
2300	Unearned Revenue	569,306	142,041
2400	Payable from Restricted Assets	29,191	--
2000	Total Liabilities	<u>7,207,373</u>	<u>142,041</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3470	Capital Acquisitions & Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	4,974,758
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	2,876,509	--
3545	Other Committed Fund Balance	884,602	--
3600	Unassigned	11,285,985	--
3000	Total Fund Balances	<u>15,047,096</u>	<u>4,974,758</u>
4000	Total Liabilities and Fund Balances	<u>\$ 22,254,469</u>	<u>\$ 5,116,799</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60		98
Bond Program	Other Governmental Funds	Total Governmental Funds
\$ 1,233,036	\$ 1,372,407	\$ 6,571,216
6,732,802	618,035	26,850,764
--	--	661,905
--	493,135	2,102,071
34,752	--	34,752
444,905	84,522	1,436,411
--	611,772	1,173,432
--	558	166,641
<u>8,445,495</u>	<u>3,180,429</u>	<u>38,997,192</u>
\$ 786,135	\$ 167,831	\$ 2,411,379
--	55,495	611,978
--	412,179	3,799,549
--	988,523	1,457,423
--	47,209	785,919
--	133,150	844,497
2,067,617	--	2,096,808
<u>2,853,752</u>	<u>1,804,387</u>	<u>12,007,553</u>
--	847,719	847,719
5,591,743	--	5,591,743
--	153,400	5,128,158
--	131,209	131,209
--	--	2,876,509
--	243,714	1,128,316
--	--	11,285,985
<u>5,591,743</u>	<u>1,376,042</u>	<u>26,989,639</u>
\$ <u>8,445,495</u>	\$ <u>3,180,429</u>	\$ <u>38,997,192</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2017*

Total fund balances - governmental funds balance sheet	\$ 26,989,639
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	82,217,775
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	661,904
Payables for bond principal which are not due in the current period are not reported in the funds.	(73,715,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,151,322)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,352,466)
Bond premiums are recorded in the SNP but not in the funds.	(5,474,464)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(10,881,118)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(627,433)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	4,234,562
Net position of governmental activities - Statement of Net Position	\$ <u>20,902,077</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		10 General Fund	50 Debt Service Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ 12,521,830	\$ 3,329,109
5800	State Program Revenues	31,642,672	2,236,370
5900	Federal Program Revenues	434,219	--
5020	Total Revenues	<u>44,598,721</u>	<u>5,565,479</u>
EXPENDITURES:			
Current:			
0011	Instruction	24,896,419	--
0012	Instructional Resources and Media Services	686,890	--
0013	Curriculum and Staff Development	536,456	--
0021	Instructional Leadership	449,880	--
0023	School Leadership	3,000,637	--
0031	Guidance, Counseling, & Evaluation Services	1,234,822	--
0032	Social Work Services	152,474	--
0033	Health Services	331,767	--
0034	Student Transportation	1,976,932	--
0035	Food Service	51,891	--
0036	Cocurricular/Extracurricular Activities	1,504,370	--
0041	General Administration	1,848,480	--
0051	Facilities Maintenance and Operations	4,448,915	--
0052	Security and Monitoring Services	353,073	--
0053	Data Processing Services	405,229	--
0061	Community Services	35,437	--
0071	Principal on Long-term Debt	--	1,945,000
0072	Interest on Long-term Debt	--	3,229,766
0073	Bond Issuance Costs and Fees	--	6,050
0081	Capital Outlay	831,089	--
0093	Payments to Shared Service Arrangements	707,851	--
0099	Other Intergovernmental Charges	319,083	--
6030	Total Expenditures	<u>43,771,695</u>	<u>5,180,816</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>827,026</u>	<u>384,663</u>
Other Financing Sources and (Uses):			
7912	Sale of Real or Personal Property	4,432	--
7915	Transfers In	--	--
8911	Transfers Out	(588,357)	--
7080	Total Other Financing Sources and (Uses)	<u>(583,925)</u>	<u>--</u>
1200	Net Change in Fund Balances	243,101	384,663
0100	Fund Balances - Beginning	14,803,995	4,590,095
3000	Fund Balances - Ending	<u>\$ 15,047,096</u>	<u>\$ 4,974,758</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60		98
Bond Program	Other Governmental Funds	Total Governmental Funds
\$ 81,627	\$ 1,556,606	\$ 17,489,172
--	612,621	34,491,663
--	6,019,288	6,453,507
<u>81,627</u>	<u>8,188,515</u>	<u>58,434,342</u>
--	3,448,728	28,345,147
--	46,120	733,010
--	70,557	607,013
--	195,863	645,743
--	2,695	3,003,332
--	486,862	1,721,684
--	--	152,474
--	96,779	428,546
--	110,353	2,087,285
--	3,441,138	3,493,029
--	46,171	1,550,541
--	3,559	1,852,039
--	123,231	4,572,146
--	4,000	357,073
--	--	405,229
--	9,136	44,573
--	415,000	2,360,000
--	47,750	3,277,516
--	--	6,050
21,679,606	--	22,510,695
--	76,703	784,554
--	--	319,083
<u>21,679,606</u>	<u>8,624,645</u>	<u>79,256,762</u>
<u>(21,597,979)</u>	<u>(436,130)</u>	<u>(20,822,420)</u>
--	--	4,432
--	460,843	460,843
--	--	(588,357)
--	460,843	(123,082)
<u>(21,597,979)</u>	<u>24,713</u>	<u>(20,945,502)</u>
27,189,722	1,351,329	47,935,141
<u>\$ 5,591,743</u>	<u>\$ 1,376,042</u>	<u>\$ 26,989,639</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017*

Net change in fund balances - total governmental funds \$ (20,945,502)

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	22,905,509
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,894,285)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(23,957)
To reverse fund level accrual of Teacher Retirement System on-behalf contributions.	1,452,129
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(155,205)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,360,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	(66,900)
(Increase) decrease in accrued interest from beginning of period to end of period.	5,511
To record State's total proportionate share of collective pension expense that is associated with the District.	(1,746,170)
The fund level accrual of Teacher Retirement System on-behalf contributions are reversed.	(1,452,129)
To increase (decrease) the State's proportionate share of pension expense.	1,746,170
Reverse contributions made after the prior year measurement date and before the end of the prior year.	(775,927)
Deferred Outflows for contributions made after the current measurement date & before the year end.	789,032
District contributions must be de-expended for fiscal year 2015.	914,883
The District's proportionate share of Teacher Retirement System plan wide pension expense.	(477,589)
Current year amortization of previous year deferred resource outflows and inflows.	(267,372)
Bond premiums are reported in the SOA but not in the funds.	422,546
Pension contributions made post measurement date but in current fiscal year.	(977,583)
Rounding difference	1

Change in net position of governmental activities - Statement of Activities \$ (186,838)

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

ENTERPRISE FUNDS

JUNE 30, 2017

Data Control Codes		Nonmajor Enterprise Funds
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 74,303
Receivables:		
1260	Due from Other Funds	3,375
1290	Other Receivables (net)	7,602
1410	Unrealized Expenses	118
	Total Current Assets	85,398
1000	Total Assets	85,398
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 4,653
2150	Payroll Deduction & Withholdings	10,378
2160	Accrued Wages Payable	55,026
2170	Due to Other Funds	4,197
2300	Unearned Revenues	11,144
	Total Current Liabilities	85,398
2000	Total Liabilities	85,398
NET POSITION:		
3000	Total Net Position	\$ -

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Nonmajor Enterprise Funds
OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 681,768
5800	<i>State Program Revenues</i>	90,363
5020	Total Revenues	<u>772,131</u>
OPERATING EXPENSES:		
6100	<i>Payroll Costs</i>	760,024
6200	<i>Professional and Contracted Services</i>	92,818
6300	<i>Supplies and Materials</i>	37,709
6400	<i>Other Operating Costs</i>	9,095
6030	Total Expenses	<u>899,646</u>
	Income (Loss) before Contributions and Transfers	(127,515)
7915	<i>Transfers In</i>	283,703
8911	<i>Transfers Out</i>	<u>(156,188)</u>
1300	Change in Net Position	--
0100	Total Net Position - Beginning	--
3300	Total Net Position - Ending	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS****FOR THE YEAR ENDED JUNE 30, 2017**

	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ 681,768
<i>Cash Received from Grants</i>	90,363
<i>Cash Payments to Employees for Services</i>	(756,822)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(134,422)
Net Cash Provided (Used) by Operating Activities	<u>(119,113)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Transfers From Other Funds</i>	283,338
<i>Transfers (To) Other Funds</i>	(158,438)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>124,900</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 5,787
Cash and Cash Equivalents at Beginning of Year	68,516
Cash and Cash Equivalents at End of Year	<u>\$ 74,303</u>
 Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (127,515)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
<i>Depreciation</i>	--
<i>Provision for Uncollectible Accounts</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	893
<i>Decrease (Increase) in Interfund Receivables</i>	(2,827)
<i>Decrease (Increase) in Unrealized Expenses</i>	(118)
<i>Increase (Decrease) in Accounts Payable</i>	(2,186)
<i>Increase (Decrease) in Payroll Deductions</i>	3,202
<i>Increase (Decrease) in Accrued Wages Payable</i>	3,663
<i>Increase (Decrease) in Interfund Payables</i>	4,186
<i>Increase (Decrease) in Unearned Revenue</i>	1,589
Total Adjustments	<u>8,402</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (119,113)</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS**

JUNE 30, 2017

JUNE 30, 2017		Private-purpose Trust Fund	
Data Control Codes		Scholarship Fund	
ASSETS:			
1110	Cash and Cash Equivalents	\$ 215,905	\$ 113,654
1260	Due from Other Funds	--	24,083
1800	Restricted Assets	147,292	--
1000	Total Assets	<u>363,197</u>	<u>137,737</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 10,747
2170	Due to Other Funds	--	2,246
2190	Due to Student Groups	--	124,744
2300	Unearned Revenues	10	--
2000	Total Liabilities	<u>10</u>	<u>137,737</u>
NET POSITION:			
3800	Held in Trust	363,187	--
3000	Total Net Position	<u>\$ 363,187</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2017*

	Private- Purpose Trusts	Scholarship Funds
Additions:		
Investment Income	\$ 3,414	
Gifts and Bequests	52,421	
Total Additions	55,835	
Deductions:		
Personnel costs	--	
Scholarships and Awards	44,053	
Supplies and Materials	272	
Professional Services	--	
Total Deductions	44,325	
Change in Net Assets	11,510	
Net Position-Beginning of the Year	351,677	
Net Position-End of the Year	\$ 363,187	

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

A. Summary of Significant Accounting Policies

The basic financial statements of Lockhart Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has 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 Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The District reports the following major enterprise funds:

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	5-20
Buildings	30
Building Improvements	5-20
Vehicles	10
Office Equipment	5
Computer Equipment	5

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

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

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (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' 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.

5. New Accounting Standards Adopted

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 80, *Blending Requirements for Certain Component Units*
- Statement No. 82, *Pension Issues - An Amendment of GASB No. 67, No. 68 and No. 73*

- a. Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent*

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures.

The scope of this Statement includes OPEB plans, defined benefit and defined contribution that are administered through trusts that meet the following criteria:

- 1) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

- b. GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

- c. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 82.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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.

1. Cash Deposits:

At June 30, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$6,645,520 and the bank balance was \$7,566,055. The District's cash deposits at June 30, 2017 and during the year ended June 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Using Level</u>	<u>Fair Value</u>
TexPool	AAA	47 days	*	\$ 15,122,059
Lone Star	AAA	25 days	*	1,825,764
Texas TERM	AAA	74 days	*	9,902,941
Total Investments				<u>\$ 26,850,764</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At June 30, 2017, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

LOCKHART INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED JUNE 30, 2017

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

TexasTERM

The Texas Term Local Government Investment Pool (TexasTERM) 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. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include TexasDAILY, a money market portfolio, is rated AAAM by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States.

D. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,525,470	\$ 11,420	\$ 1,835,351	\$ 701,539
Construction in progress	38,254,146	22,905,509	15,553,684	45,605,971
Total capital assets not being depreciated	40,779,616	22,916,929	17,389,035	46,307,510
<i>Capital assets being depreciated:</i>				
Buildings and improvements	57,700,319	14,514,466	906,633	71,308,152
Equipment	8,123,741	828,391	864,486	8,087,646
Land Improvements	--	2,034,758	--	2,034,758
Total capital assets being depreciated	65,824,060	17,377,615	1,771,119	81,430,556
Less accumulated depreciation for:				
Buildings and improvements	(38,520,251)	(2,788,501)	(891,848)	(40,416,904)
Equipment	(4,852,919)	(567,433)	(855,314)	(4,565,038)
Land Improvements	--	(538,351)	--	(538,351)
Total accumulated depreciation	(43,373,170)	(3,894,285)	(1,747,162)	(45,520,293)
Total capital assets being depreciated, net	22,450,890	13,483,330	23,957	35,910,263
Governmental activities capital assets, net	\$ 63,230,506	\$ 36,400,259	\$ 17,412,992	\$ 82,217,773

LOCKHART INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2017**

Depreciation was charged to functions as follows:

Instruction	\$ 2,313,177
Instructional Resources and Media Services	63,820
Curriculum and Staff Development	49,843
Instructional Leadership	41,799
School Leadership	278,795
Guidance, Counseling, & Evaluation Services	114,730
Social Work Services	14,167
Health Services	30,825
Student Transportation	183,681
Food Services	4,821
Extracurricular Activities	139,775
General Administration	171,746
Plant Maintenance and Operations	413,357
Security and Monitoring Services	32,805
Data Processing Services	37,651
Community Services	3,293
	<u>\$ 3,894,285</u>

E. Interfund Balances and Activities**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2017, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 906,984	Temporary advances
Bond Program	General Fund	444,905	Temporary advances
Other Governmental Funds	General Fund	23,995	Temporary advances
Other Governmental Funds	Other Governmental Funds	60,527	Temporary advances
Enterprise Funds	Other Governmental Funds	3,375	Temporary advances
	Other Balances	24,083	
	Total	<u>\$ 1,463,869</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2017, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Other Governmental Funds	\$ 460,843	General Fund tax collections for maintenance note debt service
General fund	Enterprise Funds	127,514	General Fund support for internal service funds
Enterprise Funds	Enterprise Funds	156,189	Internal service fund support for other internal service funds
	Total	<u>\$ 744,546</u>	

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 76,075,000	\$ --	\$ 2,360,000	\$ 73,715,000	\$ 1,833,024
Accretion on CAB's	1,084,422	66,900	--	1,151,322	--
Premium on bonds	5,897,010	--	422,546	5,474,464	--
	83,056,432	66,900	2,782,546	80,340,786	1,833,024
Net Pension Liability *	10,340,829	1,455,172	914,883	10,881,118	--
Total governmental activities	\$ 93,397,261	\$ 1,522,072	\$ 3,697,429	\$ 91,221,904	\$ 1,833,024
		Due within one year		\$ 1,833,024	
		Due in more than one year		78,507,762	
				\$ 80,340,786	

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General

The following table displays total principal debt outstanding by issuance as of year end.

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal	CAB Accretion
2/15/2006	Series 2006	3.66%	\$ 9,524,997	8/1/2022	\$ 5,250,000	\$ --
3/15/2007	Series 2007	3.92	8,834,988	8/1/2027	7,885,000	1,151,322
8/27/2008	Series 2008	3.75	2,345,000	8/1/2022	1,000,000	--
12/1/2012	Series 2012	2.00 to 3.00	2,930,000	2/1/2020	1,315,000	--
7/15/2014	Series 2014	3.00 to 5	58,500,000	8/1/2044	58,265,000	--
					\$ 73,715,000	\$ 1,151,322

Series	Purpose	Rating	Issued	Unissued	Spent	Unspent
2006	Refunding Building Bonds	AAA	\$ 9,524,997	\$ --	\$ 9,524,997	\$ --
2007	Refunding Building Bonds	AAA	8,834,988	--	8,834,988	--
2008	Refunding Building Bonds	AAA	2,345,000	--	2,345,000	--
2011	Refunding Building Bonds	AA	2,740,000	--	2,740,000	--
2012	Refunding Building Bonds	AAA	2,930,000	--	2,930,000	--
2014	School Building	AA	58,500,000	--	52,908,257	5,591,743
					\$ 79,283,242	\$ 5,591,743

* Other long-term liabilities

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	General	

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2017, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,833,024	\$ 3,810,611	\$ 5,643,635
2019	1,886,976	3,760,347	5,647,323
2020	2,540,000	3,086,907	5,626,907
2021	2,170,000	2,992,213	5,162,213
2022	2,250,000	2,906,068	5,156,068
2023-2027	12,360,000	13,024,759	25,384,759
2028-2032	10,870,000	10,487,284	21,357,284
2033-2037	12,455,000	7,842,312	20,297,312
2038-2042	15,900,000	4,314,688	20,214,688
2043-2047	11,450,000	686,506	12,136,506
Totals	\$ 73,715,000	\$ 52,911,695	\$ 126,626,695

Individual issue debt service requirements are posted on the District's website www.lockhartisd.org.

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2017, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 2002	\$ 8,835,000
Total	\$ 8,835,000

G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2017, as follows:

Year Ending June 30,	
2018	\$ 167,422
2019	167,421
Total Minimum Rentals	\$ 334,843

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2017, 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

I. Pension Plan

1. 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System'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 https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. 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 in (1.) above.

4. 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd 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		
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2017 Employer Contributions	\$ 927,988	
District's 2017 Member Contributions	\$ 2,260,935	
NECE 2016 On-Behalf Contributions to District	\$ 1,417,568	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, 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 and junior colleges, 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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical 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 the Teacher Retirement System the employer shall pay both the member contribution the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. 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 Systems target asset allocation as of August 31, 2016 are summarized below:

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Teacher Retirement System of Texas Asset Allocation and Long-Term Expected Real Rate of Return As of August 31, 2016			
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

7. 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 Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 16,840,306	\$ 10,881,118	\$ 5,826,523

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$10,881,118 for its proportionate share of the TRS's net pension liability. 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	\$ 10,881,118
State's proportionate share that is associated with District	<u>16,826,316</u>
Total	<u>\$ 27,707,434</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0287948%. which was an increase (decrease) of 0.0287948% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of other inputs that affected measurement of the total pension liability since the prior measurement period:

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, 2017, the District recognized pension expense of \$1,746,170 and revenue of \$1,746,170 for support provided by the State.

At June 30, 2017, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 170,614	\$ 324,904
Changes in actuarial assumptions	331,637	301,610
Difference between projected and actual investment earnings	921,390	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	<u>2,021,889</u>	<u>919</u>
Contributions paid to TRS subsequent to the measurement date	<u>789,032</u>	
Total as of fiscal year end	<u>\$ 4,234,562</u>	<u>\$ 627,433</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2018	\$ 490,702
2019	\$ 490,702
2020	\$ 1,078,409
2021	\$ 445,545
2022	\$ 270,401
Thereafter	\$ 42,339

J. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

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

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. For the years ended June 30, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$296,681, \$284,566, and \$275,820, respectively, the active member contributions were \$192,843, \$184,969, and \$179,282, respectively, and the District's contributions were \$163,175, \$156,511, and \$151,705, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$90,075, \$114,060, and \$118,650, respectively.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

K. Employee Health Care Coverage

During the period ended June 30, 2017, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$397 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Aetna.

The latest financial information on the state-wide plan is available from TRS (see note on pension plan).

L. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at June 30, 2017.

M. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Special Ed. Expenditures</u>	<u>Medicaid Expenditures</u>
Lockhart ISD	\$ 931,928	\$ 5,000
Luling ISD	227,008	1,073
Prairie Lea	35,843	204
Total	\$ 1,194,779	\$ 6,277

N. Subsequent Events

In November 2017, subsequent to the end of the District's fiscal year but before the date of these financial statements, the District authorized the issuance of \$3.67 million in Maintenance Tax Notes. The proceeds will be used to renovate the District's administration building and purchase school buses.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 11,938,695	\$ 12,624,991	\$ 12,521,830	\$ (103,161)
5800	State Program Revenues	29,826,060	32,023,377	31,642,672	(380,705)
5900	Federal Program Revenues	279,500	281,605	434,219	152,614
5020	Total Revenues	42,044,255	44,929,973	44,598,721	(331,252)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	23,892,734	25,800,056	24,896,419	903,637
0012	Instructional Resources and Media Services	636,520	820,455	686,890	133,565
0013	Curriculum and Staff Development	531,905	607,297	536,456	70,841
	Total Instruction & Instr. Related Services	25,061,159	27,227,808	26,119,765	1,108,043
Instructional and School Leadership:					
0021	Instructional Leadership	505,208	499,889	449,880	50,009
0023	School Leadership	3,044,532	3,075,985	3,000,637	75,348
	Total Instructional & School Leadership	3,549,740	3,575,874	3,450,517	125,357
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,330,317	1,241,294	1,234,822	6,472
0032	Social Work Services	152,140	152,640	152,474	166
0033	Health Services	359,136	361,325	331,767	29,558
0034	Student (Pupil) Transportation	1,687,300	1,985,300	1,976,932	8,368
0035	Food Services	35,000	52,500	51,891	609
0036	Cocurricular/Extracurricular Activities	1,323,850	1,629,529	1,504,370	125,159
	Total Support Services - Student (Pupil)	4,887,743	5,422,588	5,252,256	170,332
Administrative Support Services:					
0041	General Administration	1,901,060	1,927,203	1,848,480	78,723
	Total Administrative Support Services	1,901,060	1,927,203	1,848,480	78,723
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,448,262	4,697,070	4,448,915	248,155
0052	Security and Monitoring Services	122,927	392,151	353,073	39,078
0053	Data Processing Services	417,925	418,925	405,229	13,696
	Total Support Services - Nonstudent Based	4,989,114	5,508,146	5,207,217	300,929
Ancillary Services:					
0061	Community Services	--	46,018	35,437	10,581
	Total Ancillary Services	--	46,018	35,437	10,581
Capital Outlay:					
0081	Capital Outlay	--	1,485,582	831,089	654,493
	Total Capital Outlay	--	1,485,582	831,089	654,493
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	778,000	778,000	707,851	70,149
0099	Other Intergovernmental Charges	325,000	319,100	319,083	17
	Total Intergovernmental Charges	1,103,000	1,097,100	1,026,934	70,166
6030	Total Expenditures	41,491,816	46,290,319	43,771,695	2,518,624

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	552,439	(1,360,346)	827,026	2,187,372
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	4,432	4,432	--
8911	Transfers Out	(552,050)	(552,050)	(588,357)	(36,307)
7080	Total Other Financing Sources and (Uses)	(552,050)	(547,618)	(583,925)	(36,307)
1200	Net Change in Fund Balance	389	(1,907,964)	243,101	2,151,065
0100	Fund Balance - Beginning	14,803,995	14,803,995	14,803,995	--
3000	Fund Balance - Ending	\$ 14,804,384	\$ 12,896,031	\$ 15,047,096	\$ 2,151,065

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHER RETIREMENT SYSTEM OF TEXAS LAST TEN FISCAL YEARS *

	Fiscal Year				
	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0287948%	0.0292538%	0.0197780%	--	--
District's proportionate share of the net pension liability (asset)	\$ 10,881,118	\$ 10,340,829	\$ 5,282,977	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	16,826,316	16,271,958	13,744,870	--	--
Total	<u>\$ 27,707,434</u>	<u>\$ 26,612,787</u>	<u>\$ 19,027,847</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 28,764,071	\$ 27,754,797	\$ 26,227,055	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.83%	37.26%	20.14%	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Fiscal Year				
2012	2011	2010	2009	2008
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--

LOCKHART INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DISTRICT CONTRIBUTIONS TEACHER RETIREMENT SYSTEM OF TEXAS LAST TEN FISCAL YEARS **

	Fiscal Year				
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 927,988	\$ 903,438	\$ 810,976	\$ --	\$ --
Contributions in relation to the contractually required contribution	(927,988)	(903,438)	(810,976)	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 29,668,119	\$ 28,456,580	\$ 27,582,011	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.13%	3.17%	2.94%	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Fiscal Year				
2012	2011	2010	2009	2008
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

Data Control Codes		Special Revenue Funds	Debt Service Fund Maintenance Tax Note Debt Service	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 1,370,999	\$ 1,408	\$ 1,372,407
1120	Current Investments	465,512	152,523	618,035
1240	Due from Other Governments	493,135	--	493,135
1260	Due from Other Funds	84,522	--	84,522
1290	Other Receivables	611,772	--	611,772
1410	Unrealized Expenditures	558	--	558
1000	Total Assets	<u>3,026,498</u>	<u>153,931</u>	<u>3,180,429</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 167,831	\$ --	\$ 167,831
2150	Payroll Deductions & Withholdings	55,495	--	55,495
2160	Accrued Wages Payable	412,179	--	412,179
2170	Due to Other Funds	987,992	531	988,523
2180	Due to Other Governments	47,209	--	47,209
2300	Unearned Revenue	133,150	--	133,150
2000	Total Liabilities	<u>1,803,856</u>	<u>531</u>	<u>1,804,387</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	847,719	--	847,719
3480	Retirement of Long-Term Debt	--	153,400	153,400
3490	Other Restrictions of Fund Balance	131,209	--	131,209
Committed Fund Balances:				
3545	Other Committed Fund Balance	243,714	--	243,714
3000	Total Fund Balances	<u>1,222,642</u>	<u>153,400</u>	<u>1,376,042</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,026,498</u>	<u>\$ 153,931</u>	<u>\$ 3,180,429</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Special Revenue Funds	Debt Service Fund Maintenance Tax Note Debt Service	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,554,168	\$ 2,438	\$ 1,556,606
5800	State Program Revenues	612,621	--	612,621
5900	Federal Program Revenues	6,019,288	--	6,019,288
5020	Total Revenues	8,186,077	2,438	8,188,515
EXPENDITURES:				
Current:				
0011	Instruction	3,448,728	--	3,448,728
0012	Instructional Resources and Media Services	46,120	--	46,120
0013	Curriculum and Staff Development	70,557	--	70,557
0021	Instructional Leadership	195,863	--	195,863
0023	School Leadership	2,695	--	2,695
0031	Guidance, Counseling, & Evaluation Services	486,862	--	486,862
0033	Health Services	96,779	--	96,779
0034	Student Transportation	110,353	--	110,353
0035	Food Service	3,441,138	--	3,441,138
0036	Cocurricular/Extracurricular Activities	46,171	--	46,171
0041	General Administration	3,559	--	3,559
0051	Facilities Maintenance and Operations	123,231	--	123,231
0052	Security and Monitoring Services	4,000	--	4,000
0061	Community Services	9,136	--	9,136
0071	Principal on Long-term Debt	--	415,000	415,000
0072	Interest on Long-term Debt	--	47,750	47,750
0093	Payments to Shared Service Arrangements	76,703	--	76,703
6030	Total Expenditures	8,161,895	462,750	8,624,645
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	24,182	(460,312)	(436,130)
Other Financing Sources and (Uses):				
7915	Transfers In	--	460,843	460,843
7080	Total Other Financing Sources and (Uses)	--	460,843	460,843
1200	Net Change in Fund Balances	24,182	531	24,713
0100	Fund Balances - Beginning	1,198,460	152,869	1,351,329
3000	Fund Balances - Ending	\$ 1,222,642	\$ 153,400	\$ 1,376,042

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes		211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	225 IDEA-B Preschool Grant
ASSETS:					
1110	Cash and Cash Equivalents	\$ 115,585	\$ 682	\$ 414,888	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	189,384	--	17,030	6,895
1260	Due from Other Funds	9,099	--	--	--
1290	Other Receivables	--	--	110	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>314,068</u>	<u>682</u>	<u>432,028</u>	<u>6,895</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 37,492	\$ --
2150	Payroll Deductions & Withholdings	20,876	1	12,557	505
2160	Accrued Wages Payable	140,526	--	119,180	3,469
2170	Due to Other Funds	152,666	681	262,799	2,921
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>314,068</u>	<u>682</u>	<u>432,028</u>	<u>6,895</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 314,068</u>	<u>\$ 682</u>	<u>\$ 432,028</u>	<u>\$ 6,895</u>

226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	289 Limited English Proficient Summer School
\$ 245,774	\$ 95,499	\$ --	\$ 9	\$ 3,339
--	462,789	--	--	--
146,594	195	17,133	108,404	--
--	55,800	--	18,869	--
--	533,001	--	--	--
--	558	--	--	--
<u>392,368</u>	<u>1,147,842</u>	<u>17,133</u>	<u>127,282</u>	<u>3,339</u>
\$ --	\$ 8,845	\$ --	\$ --	\$ --
--	1,399	857	2,827	--
--	--	5,068	20,537	--
392,368	46,160	11,208	103,918	3,339
--	5	--	--	--
--	--	--	--	--
<u>392,368</u>	<u>56,409</u>	<u>17,133</u>	<u>127,282</u>	<u>3,339</u>
--	847,719	--	--	--
--	--	--	--	--
--	243,714	--	--	--
--	1,091,433	--	--	--
<u>\$ 392,368</u>	<u>\$ 1,147,842</u>	<u>\$ 17,133</u>	<u>\$ 127,282</u>	<u>\$ 3,339</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes		350 English Language Acquisition and Enhancement	385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 80,722
1120	Current Investments	--	--	2,723	--
1240	Due from Other Governments	7,500	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	3,394	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>7,500</u>	<u>3,394</u>	<u>2,723</u>	<u>80,722</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 65,004
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	168	--	--
2170	Due to Other Funds	7,500	3,226	--	--
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	2,723	15,718
2000	Total Liabilities	<u>7,500</u>	<u>3,394</u>	<u>2,723</u>	<u>80,722</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 7,500</u>	<u>\$ 3,394</u>	<u>\$ 2,723</u>	<u>\$ 80,722</u>

429 State Funded Special Revenue Fund	437 Special Education	450 Medicaid Coop	461 Campus Activity Funds	480 Education Foundation
\$ --	\$ 158,622	\$ 10,019	\$ 132,444	\$ 46,715
--	--	--	--	--
--	--	--	--	--
--	754	--	--	--
--	49,083	11,675	--	--
--	--	--	--	--
<u>--</u>	<u>208,459</u>	<u>21,694</u>	<u>132,444</u>	<u>46,715</u>
\$ --	\$ 46,494	\$ 3,166	\$ 1,162	\$ --
--	15,888	--	--	--
--	117,401	--	--	--
--	--	--	73	--
--	28,676	18,528	--	--
--	--	--	--	46,715
<u>--</u>	<u>208,459</u>	<u>21,694</u>	<u>1,235</u>	<u>46,715</u>
--	--	--	--	--
--	--	--	131,209	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>131,209</u>	<u>--</u>
<u>\$ --</u>	<u>\$ 208,459</u>	<u>\$ 21,694</u>	<u>\$ 132,444</u>	<u>\$ 46,715</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2017

Data Control Codes		481 Kiwanis Club	482 TASB Risk Management	483 Houghton Mifflin	484 Lions Club
ASSETS:					
1110	Cash and Cash Equivalents	\$ 453	\$ --	\$ 355	\$ 2,110
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>453</u>	<u>--</u>	<u>355</u>	<u>2,110</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	453	--	355	2,110
2000	Total Liabilities	<u>453</u>	<u>--</u>	<u>355</u>	<u>2,110</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 453</u>	<u>\$ --</u>	<u>\$ 355</u>	<u>\$ 2,110</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS**

JUNE 30, 2017

Data Control Codes		492 Texas State University	494 Parent Teacher Organization	495 Miscellaneous Grants Fund
ASSETS:				
1110	Cash and Cash Equivalents	\$ 18,321	\$ 21,643	\$ 8,897
1120	Current Investments	--	--	--
1240	Due from Other Governments	--	--	--
1260	Due from Other Funds	--	--	--
1290	Other Receivables	8,321	--	--
1410	Unrealized Expenditures	--	--	--
1000	Total Assets	<u>26,642</u>	<u>21,643</u>	<u>8,897</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 1,028	\$ 311
2150	Payroll Deductions & Withholdings	--	--	1
2160	Accrued Wages Payable	--	--	1,239
2170	Due to Other Funds	--	--	120
2180	Due to Other Governments	--	--	--
2300	Unearned Revenue	26,642	20,615	7,226
2000	Total Liabilities	<u>26,642</u>	<u>21,643</u>	<u>8,897</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 26,642</u>	<u>\$ 21,643</u>	<u>\$ 8,897</u>

496 Athletic Booster Club	497 Advanced Placement Strategies Grant	498 E3 Alliance	499 Hazelett Drilling	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 10,716	\$ --	\$ --	\$ 2,293	\$ 1,370,999
--	--	--	--	465,512
--	--	--	--	493,135
--	--	--	--	84,522
--	--	6,188	--	611,772
--	--	--	--	558
<u>10,716</u>	<u>--</u>	<u>6,188</u>	<u>2,293</u>	<u>3,026,498</u>
\$ 4,329	\$ --	\$ --	\$ --	\$ 167,831
--	--	584	--	55,495
--	--	4,591	--	412,179
--	--	1,013	--	987,992
--	--	--	--	47,209
6,387	--	--	2,293	133,150
<u>10,716</u>	<u>--</u>	<u>6,188</u>	<u>2,293</u>	<u>1,803,856</u>
--	--	--	--	847,719
--	--	--	--	131,209
--	--	--	--	243,714
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,222,642</u>
<u>\$ 10,716</u>	<u>\$ --</u>	<u>\$ 6,188</u>	<u>\$ 2,293</u>	<u>\$ 3,026,498</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	979,075	1,405,899	25,950	167,394
5020	Total Revenues	979,075	1,405,899	25,950	167,394
EXPENDITURES:					
Current:					
0011	Instruction	669,646	1,319,491	25,950	167,394
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	11,393	--	--
0021	Instructional Leadership	789	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	204,672	59,569	--	--
0033	Health Services	96,779	--	--	--
0034	Student Transportation	--	15,353	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	7,189	93	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	979,075	1,405,899	25,950	167,394
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

240 National School Breakfast/Lunch Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	289 Limited English Proficient Summer School	350 English Language Acquisition and Enhancement
\$ 430,712	\$ --	\$ --	\$ --	\$ --
39,171	--	--	--	--
3,120,003	52,473	175,683	2,330	7,500
3,589,886	52,473	175,683	2,330	7,500
--	51,269	135,808	2,330	5,485
--	--	--	--	--
--	1,204	39,875	--	2,015
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
3,441,138	--	--	--	--
--	--	--	--	--
--	--	--	--	--
123,157	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
3,564,295	52,473	175,683	2,330	7,500
25,591	--	--	--	--
25,591	--	--	--	--
1,065,842	--	--	--	--
\$ 1,091,433	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		385 Supplemental Visually Impaired	410 State Textbook Fund	429 State Funded Special Revenue Fund	437 Special Education
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 907,501
5800	State Program Revenues	3,394	261,948	20,138	287,279
5900	Federal Program Revenues	--	--	--	--
5020	Total Revenues	<u>3,394</u>	<u>261,948</u>	<u>20,138</u>	<u>1,194,780</u>
EXPENDITURES:					
Current:					
0011	Instruction	3,394	255,989	20,138	680,852
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	5,959	--	1,000
0021	Instructional Leadership	--	--	--	195,074
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	219,295
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	95,000
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	3,559
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	<u>3,394</u>	<u>261,948</u>	<u>20,138</u>	<u>1,194,780</u>
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

450 Medicaid Coop	461 Campus Activity Funds	480 Education Foundation	482 TASB Risk Management	484 Lions Club
\$ --	\$ 147,402	\$ 19,066	\$ 4,000	\$ 649
--	--	--	--	--
82,981	--	--	--	--
<u>82,981</u>	<u>147,402</u>	<u>19,066</u>	<u>4,000</u>	<u>649</u>
6,278	71,893	19,066	--	649
--	46,120	--	--	--
--	--	--	--	--
--	--	--	--	--
--	2,695	--	--	--
--	1,231	--	--	--
--	--	--	--	--
--	--	--	--	--
--	26,285	--	--	--
--	--	--	--	--
--	25	--	--	--
--	--	--	4,000	--
--	562	--	--	--
76,703	--	--	--	--
<u>82,981</u>	<u>148,811</u>	<u>19,066</u>	<u>4,000</u>	<u>649</u>
--	(1,409)	--	--	--
--	(1,409)	--	--	--
--	132,618	--	--	--
\$ --	\$ 131,209	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	485 Meadows Foundation	486 Target	490 Sodexo
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,000	\$ 1,215	\$ 98
5800 <i>State Program Revenues</i>	--	--	--
5900 <i>Federal Program Revenues</i>	--	--	--
5020 Total Revenues	<u>1,000</u>	<u>1,215</u>	<u>98</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	1,215	--
0012 <i>Instructional Resources and Media Services</i>	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	--	--
0021 <i>Instructional Leadership</i>	--	--	--
0023 <i>School Leadership</i>	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--
0033 <i>Health Services</i>	--	--	--
0034 <i>Student Transportation</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	98
0041 <i>General Administration</i>	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--
0061 <i>Community Services</i>	1,000	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--
6030 Total Expenditures	<u>1,000</u>	<u>1,215</u>	<u>98</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

491	494	495	496
Wal-Mart	Parent Teacher Organization	Miscellaneous Grants Fund	Athletic Booster Club
\$ 2,563	\$ 10,465	\$ 3,347	\$ 19,308
--	--	54	--
--	--	--	--
2,563	10,465	3,401	19,308
2,563	8,130	534	--
--	--	--	--
--	2,286	--	--
--	--	--	--
--	--	--	--
--	--	2,095	--
--	--	--	--
--	--	--	--
--	--	480	19,308
--	--	--	--
--	49	--	--
--	--	--	--
--	--	292	--
--	--	--	--
2,563	10,465	3,401	19,308
--	--	--	--
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes	497 Advanced Placement Strategies Grant	498 E3 Alliance	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 654	\$ 6,188	\$ 1,554,168
5800 <i>State Program Revenues</i>	--	637	612,621
5900 <i>Federal Program Revenues</i>	--	--	6,019,288
5020 Total Revenues	<u>654</u>	<u>6,825</u>	<u>8,186,077</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	654	--	3,448,728
0012 <i>Instructional Resources and Media Services</i>	--	--	46,120
0013 <i>Curriculum and Staff Development</i>	--	6,825	70,557
0021 <i>Instructional Leadership</i>	--	--	195,863
0023 <i>School Leadership</i>	--	--	2,695
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	486,862
0033 <i>Health Services</i>	--	--	96,779
0034 <i>Student Transportation</i>	--	--	110,353
0035 <i>Food Service</i>	--	--	3,441,138
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	46,171
0041 <i>General Administration</i>	--	--	3,559
0051 <i>Facilities Maintenance and Operations</i>	--	--	123,231
0052 <i>Security and Monitoring Services</i>	--	--	4,000
0061 <i>Community Services</i>	--	--	9,136
0093 <i>Payments to Shared Service Arrangements</i>	--	--	76,703
6030 Total Expenditures	<u>654</u>	<u>6,825</u>	<u>8,161,895</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	--	24,182
1200 Net Change in Fund Balances	--	--	24,182
0100 Fund Balances - Beginning	--	--	1,198,460
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,222,642</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2017

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
ASSETS:				
Current Assets:				
1110	Cash and Cash Equivalents	\$ 18,711	\$ 15,087	\$ 21,221
Receivables:				
1260	Due from Other Funds	548	201	1,194
1290	Other Receivables (net)	--	--	--
1410	Unrealized Expenses	--	37	37
	Total Current Assets	19,259	15,325	22,452
1000	Total Assets	19,259	15,325	22,452
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 765	\$ 2,121	\$ 4
2150	Payroll Deduction & Withholdings	--	1,908	4,655
2160	Accrued Wages Payable	5,101	11,296	17,793
2170	Due to Other Funds	4,024	--	--
2300	Unearned Revenues	9,369	--	--
	Total Current Liabilities	19,259	15,325	22,452
2000	Total Liabilities	19,259	15,325	22,452
NET POSITION:				
3000	Total Net Position	\$ --	\$ --	\$ --

Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	
\$ (5,205)	\$ 20,748	\$ 3,741	\$ 74,303
--	1,432	--	3,375
6,904	698	--	7,602
--	37	7	118
<u>1,699</u>	<u>22,915</u>	<u>3,748</u>	<u>85,398</u>
<u>1,699</u>	<u>22,915</u>	<u>3,748</u>	<u>85,398</u>
\$ 1,699	\$ --	\$ 64	\$ 4,653
--	3,747	68	10,378
--	19,168	1,668	55,026
--	--	173	4,197
--	--	1,775	11,144
<u>1,699</u>	<u>22,915</u>	<u>3,748</u>	<u>85,398</u>
<u>1,699</u>	<u>22,915</u>	<u>3,748</u>	<u>85,398</u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
OPERATING REVENUES:				
5700	Local and Intermediate Sources	\$ 88,701	\$ 337,940	\$ --
5800	State Program Revenues	1,040	11,588	49,223
5020	Total Revenues	89,741	349,528	49,223
OPERATING EXPENSES:				
6100	Payroll Costs	48,145	211,396	172,847
6200	Professional and Contracted Services	5,195	5,011	5,212
6300	Supplies and Materials	3,613	11,675	7,217
6400	Other Operating Costs	1,227	435	785
6030	Total Expenses	58,180	228,517	186,061
	Income (Loss) before Contributions and Transfers	31,561	121,011	(136,838)
7915	Transfers In	--	--	136,838
8911	Transfers Out	(31,561)	(121,011)	--
1300	Change in Net Position	--	--	--
0100	Total Net Position - Beginning	--	--	--
3300	Total Net Position - Ending	\$ --	\$ --	\$ --

Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	
\$ 68,289	\$ 160,135	\$ 26,703	\$ 681,768
--	15,826	12,686	90,363
68,289	175,961	39,389	772,131
--	174,729	152,907	760,024
59,133	1,797	16,470	92,818
762	5,450	8,992	37,709
4,778	314	1,556	9,095
64,673	182,290	179,925	899,646
3,616	(6,329)	(140,536)	(127,515)
--	6,329	140,536	283,703
(3,616)	--	--	(156,188)
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Summer Recreation	After School Program	Cubhouse Students
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 88,701	\$ 337,940	\$ --
Cash Received from Grants	1,040	11,588	49,223
Cash Payments to Employees	(48,216)	(209,705)	(171,906)
Cash Payments to Suppliers for Goods and Services	(14,487)	(11,963)	(14,906)
Net Cash Provided (Used) by Operating Activities	<u>27,038</u>	<u>127,860</u>	<u>(137,589)</u>
Cash Flows from Non-capital Financing Activities:			
Transfers From (To) Other Funds	(31,383)	(120,833)	136,674
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(31,383)</u>	<u>(120,833)</u>	<u>136,674</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,345)	7,027	(915)
Cash and Cash Equivalents at Beginning of Year	23,056	8,060	22,136
Cash and Cash Equivalents at End of Year	<u>\$ 18,711</u>	<u>\$ 15,087</u>	<u>\$ 21,221</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 31,561	\$ 121,011	\$ (136,838)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	--	--	--
Provision for Uncollectible Accounts	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	288	--	--
Decrease (Increase) in Interfund Receivables	--	(201)	(1,194)
Decrease (Increase) in Unrealized Expenses	--	(37)	(37)
Increase (Decrease) in Accounts Payable	(2,172)	1,663	(978)
Increase (Decrease) in Payroll Deductions	(71)	1,691	941
Increase (Decrease) in Accrued Wages Payable	(6,406)	3,733	528
Increase (Decrease) in Interfund Payables	4,024	--	(11)
Increase (Decrease) in Unearned Revenue	(186)	--	--
Total Adjustments	<u>(4,523)</u>	<u>6,849</u>	<u>(751)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,038</u>	<u>\$ 127,860</u>	<u>\$ (137,589)</u>

GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	Total Nonmajor Enterprise Funds (See Exhibit D-3)
\$ 68,289	\$ 160,135	\$ 26,703	\$ 681,768
--	15,826	12,686	90,363
--	(174,008)	(152,987)	(756,822)
(62,932)	(5,682)	(24,452)	(134,422)
<u>5,357</u>	<u>(3,729)</u>	<u>(138,050)</u>	<u>(119,113)</u>
 (6,222)	 6,389	 140,275	 124,900
<u>(6,222)</u>	<u>6,389</u>	<u>140,275</u>	<u>124,900</u>
 (865)	 2,660	 2,225	 5,787
(4,340)	18,088	1,516	68,516
\$ <u>(5,205)</u>	\$ <u>20,748</u>	\$ <u>3,741</u>	\$ <u>74,303</u>
 \$ 3,616	 \$ (6,329)	 \$ (140,536)	 \$ (127,515)
 --	 --	 --	 --
 --	 --	 --	 --
 1,303	 (698)	 --	 893
--	(1,432)	--	(2,827)
--	(37)	(7)	(118)
438	(1,000)	(137)	(2,186)
--	721	(80)	3,202
--	5,046	762	3,663
--	--	173	4,186
--	--	1,775	1,589
<u>1,741</u>	<u>2,600</u>	<u>2,486</u>	<u>8,402</u>
\$ <u>5,357</u>	\$ <u>(3,729)</u>	\$ <u>(138,050)</u>	\$ <u>(119,113)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

EXHIBIT H-8

Data Control Codes	97 Balance July 1, 2016	5030 Additions	6050 Deductions	98 Balance June 30, 2017
Noncentralized Activity Funds:				
ASSETS				
Cash & Temporary Investments	\$ 110,121	\$ 139,869	\$ 136,336	\$ 113,654
Due from Other Funds	13,132	14,902	3,951	24,083
Total Assets	<u>\$ 123,253</u>	<u>\$ 154,771</u>	<u>\$ 140,287</u>	<u>\$ 137,737</u>
LIABILITIES				
Accounts Payable	\$ 565	\$ 276,738	\$ 266,556	\$ 10,747
Due to Other Funds	2,625	3,572	3,951	2,246
Due to Student Groups	120,063	659,086	654,405	124,744
Total Liabilities	<u>\$ 123,253</u>	<u>\$ 939,396</u>	<u>\$ 924,912</u>	<u>\$ 137,737</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

LOCKHART INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2017*

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2008 and Prior Years	\$	Various	\$	Various	\$	Various
2009		1.04		.185		823,703,755
2010		1.04		.19		852,035,448
2011		1.04		.1548		898,857,968
2012		1.04		.1482		972,780,008
2013		1.04		.1468		995,561,910
2014		1.04		.1395		1,036,856,855
2015		1.04		.3891		1,055,788,818
2016		1.04		.2905		1,050,678,392
2017 (School Year Under Audit)		1.04		.2924		1,100,291,396

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 7/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/17
\$ 283,686	\$ --	\$ 19,894	\$ 3,268	\$ (32,467)	\$ 228,057
56,595	--	7,069	1,240	--	48,286
67,854	--	13,651	2,414	(179)	51,610
82,767	--	13,526	2,013	(174)	67,054
95,696	--	23,293	3,319	--	69,084
132,683	--	42,806	6,035	2,871	86,713
169,778	--	61,588	8,341	2,908	102,757
392,221	--	146,612	54,633	2,194	193,170
634,427	--	263,385	73,571	(15,994)	281,477
--	14,659,842	10,907,995	3,066,571	(80,933)	604,343
<u>\$ 1,915,707</u>	<u>\$ 14,659,842</u>	<u>\$ 11,499,819</u>	<u>\$ 3,221,405</u>	<u>\$ (121,774)</u>	<u>\$ 1,732,551</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT J-2

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 655,321	\$ 430,712	\$ (224,609)
5800	<i>State Program Revenues</i>	40,986	39,171	(1,815)
5900	<i>Federal Program Revenues</i>	3,050,731	3,120,003	69,272
5020	Total Revenues	3,747,038	3,589,886	(157,152)
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	<i>Food Services</i>	3,831,239	3,441,138	390,101
	Total Support Services - Student (Pupil)	3,831,239	3,441,138	390,101
	Support Services - Nonstudent Based:			
0051	<i>Plant Maintenance and Operations</i>	159,967	123,157	36,810
	Total Support Services - Nonstudent Based	159,967	123,157	36,810
6030	Total Expenditures	3,991,206	3,564,295	426,911
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(244,168)	25,591	269,759
1200	Net Change in Fund Balance	(244,168)	25,591	269,759
0100	Fund Balance - Beginning	1,065,842	1,065,842	--
3000	Fund Balance - Ending	\$ 821,674	\$ 1,091,433	\$ 269,759

LOCKHART INDEPENDENT SCHOOL DISTRICT

MAINTENANCE TAX NOTE DEBT SERVICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT J-3

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 2,300	\$ 2,438	\$ 138
5020	Total Revenues	2,300	2,438	138
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	415,000	415,000	--
0072	Interest on Long-Term Debt	47,750	47,750	--
	Total Debt Service	462,750	462,750	--
6030	Total Expenditures	462,750	462,750	--
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(460,450)	(460,312)	138
Other Financing Sources (Uses):				
7915	Transfers In	462,150	460,843	(1,307)
7080	Total Other Financing Sources and (Uses)	462,150	460,843	(1,307)
1200	Net Change in Fund Balance	1,700	531	(1,169)
0100	Fund Balance - Beginning	152,869	152,869	--
3000	Fund Balance - Ending	\$ 154,569	\$ 153,400	\$ (1,169)

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2017

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 3,332,625	\$ 3,329,109	\$ (3,516)
5800	State Program Revenues	2,078,075	2,236,370	158,295
5020	Total Revenues	5,410,700	5,565,479	154,779
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	1,945,800	1,945,000	800
0072	Interest on Long-Term Debt	3,228,966	3,229,766	(800)
0073	Bond Issuance Costs and Fees	10,000	6,050	3,950
	Total Debt Service	5,184,766	5,180,816	3,950
6030	Total Expenditures	5,184,766	5,180,816	3,950
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	225,934	384,663	158,729
1200	Net Change in Fund Balance	225,934	384,663	158,729
0100	Fund Balance - Beginning	4,590,095	4,590,095	--
3000	Fund Balance - Ending	\$ 4,816,029	\$ 4,974,758	\$ 158,729

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Lockhart Independent School District
Lockhart, Texas

Members of the Board of Trustees:

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, the business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Lockhart Independent School District's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control Over Financial Reporting

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

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

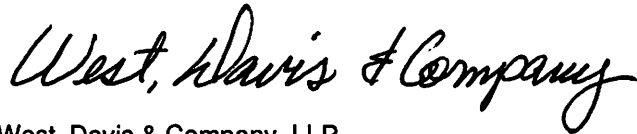
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Purpose of this Report

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

A handwritten signature in black ink that reads "West, Davis & Company". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

West, Davis & Company, LLP

Austin, Texas
November 14, 2017

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report on Compliance for Each Major Program and on Internal
Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Lockhart Independent School District
Lockhart, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Lockhart Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lockhart Independent School District's major federal programs for the year ended June 30, 2017. Lockhart Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lockhart Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). 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 Lockhart Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Lockhart Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Lockhart Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lockhart Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Lockhart Independent School District's internal control over compliance.

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

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



West, Davis & Company, LLP

Austin, Texas
November 14, 2017

LOCKHART INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	CHILD NUTRITION CLUSTER
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Non-cash)
10.556	Special Milk Program
84.010A	ESEA Title I Part A- Improving Basic Programs

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LOCKHART INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017
EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71401701	\$ -- \$ 1,061,105
National School Lunch Program (Non-cash)	10.555	028-902	-- 237,886
National School Lunch Program	10.555	71301701	-- 1,645,418
Total CFDA Number 10.555			-- 1,883,304
Total Passed Through State Department of Education			-- 2,944,409
Passed Through Texas Department of Agriculture Region 4:			
Special Milk Program for Children	10.556	028-902	-- 32,693
Total U. S. Department of Agriculture			-- 2,977,102
Total Child Nutrition Cluster			-- 2,977,102
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-B Discretionary	84.027A	16660006028902	-- 20,800
IDEA-B Discretionary	84.027A	176600010289026000	-- 146,594
IDEA-B Formula	84.027A	176600010289026000	-- 1,446,026
Total CFDA Number 84.027			-- 1,613,420
IDEA-B Preschool	84.173A	176610010289026000	-- 25,950
Total CFDA Number 84.173			-- 25,950
Total Passed Through State Department of Education			-- 1,639,370
Total U. S. Department of Education			-- 1,639,370
Total Special Education (IDEA) Cluster			-- 1,639,370
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through ESC Region 13:			
SSA English Language Acquisition and Language Enhancement	84.365A	A365A160043	-- 7,500
Total Passed Through ESC Region 13			-- 7,500
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	17610101028902	-- 1,006,631
Career and Technical - Basic Grant	84.048A	17420006028902	-- 53,673
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	17694501028902	-- 175,683
Limited English Proficient Summer School	84.369A	69551602	-- 2,330
Total Passed Through State Department of Education			-- 1,238,317
Total U. S. Department of Education			-- 1,245,817
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
Child and Adult Care Food Program	10.558	028-902	-- 142,901
Total U. S. Department of Agriculture			-- 142,901
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 6,005,190

The accompanying notes are an integral part of this schedule.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Basis of Presentation

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award grant activity of Lockhart Independent School District (the District) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the 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). 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.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Subrecipients

The District has no subrecipients.

D. Child Nutrition Cluster

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

E. Food Donation Program

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.

F. Matching Requirements

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

LOCKHART INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2017*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	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 school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> 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	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 1,151,322
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 10,881,118
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."

STATISTICAL SECTION

This part of the Lockhart Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	99
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	109
<i>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.</i>	
Debt Capacity	114
<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	119
<i>These schedules offer demographic and economic indicators to help the reader understand how the District's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	121
<i>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(IN THOUSANDS OF DOLLARS)

	Fiscal Year			
	2008	2009	2010	2011
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 3,331	\$ 4,651	\$ 3,863	\$ 4,577
Restricted	2,620	2,752	1,506	2,578
Unrestricted	10,493	11,763	14,420	13,607
Total Primary Government Net Position	<u>\$ 16,444</u>	<u>\$ 19,166</u>	<u>\$ 19,789</u>	<u>\$ 20,762</u>

TABLE L-1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,014	\$ 6,487	\$ 6,682	\$ 7,356	\$ 14,345	\$ 14,095
2,774	3,456	3,982	5,577	5,521	6,067
14,996	11,555	12,856	7,158	1,223	740
<u>\$ 21,784</u>	<u>\$ 21,498</u>	<u>\$ 23,520</u>	<u>\$ 20,091</u>	<u>\$ 21,089</u>	<u>\$ 20,902</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Instruction	\$ 22,165,983	\$ 22,306,425	\$ 23,448,148	\$ 23,811,319
Instructional Resources & Media Services	686,262	745,650	786,278	763,821
Curriculum & Staff Development	343,372	351,557	324,272	362,855
Instructional Leadership	437,458	501,038	552,081	593,199
School Leadership	2,486,360	2,500,856	2,549,598	2,700,025
Guidance, Counseling & Evaluation Svcs	1,607,917	1,632,916	1,723,302	1,771,468
Social Work Services	200,342	193,996	191,717	191,079
Health Services	435,281	384,847	402,739	408,659
Student Transportation	1,663,148	1,694,203	1,874,478	1,869,828
Food Service	2,005,005	2,082,702	2,481,645	2,606,953
Cocurricular/Extracurricular Activities	1,009,164	1,151,084	1,216,754	1,170,177
General Administration	1,522,086	1,281,659	1,304,514	1,428,539
Plant Maintenance & Operations	3,629,965	3,896,398	4,052,169	4,052,978
Security & Monitoring Services	149,721	125,324	124,360	135,554
Data Processing Services	236,327	243,801	230,952	236,028
Community Services	923,126	38,843	91,136	82,489
Interest on Long-Term Debt	1,046,314	1,083,372	1,136,473	906,126
Bond Issuance Costs & Fees	57,695	59,457	15,497	53,323
Payments Related to SSA's	375,840	334,927	577,552	674,289
Other Intergovernmental Charges	--	237,876	243,278	241,348
Total Governmental Activities Expenses	40,981,366	40,846,931	43,326,943	44,060,057
Total Primary Government Expenses	\$ 40,981,366	\$ 40,846,931	\$ 43,326,943	\$ 44,060,057
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 241,195	\$ 170,398	--	\$ --
Curriculum & Staff Development	--	2	--	--
Instructional Leadership	94,188	93,754	--	--
Guidance, Counseling & Evaluation Svcs	140,748	124,161	--	--
Student Transportation	20,810	38,775	--	--
Food Services	623,484	591,554	591,536	563,452
Cocurricular/Extracurricular Activities	90,769	114,138	92,349	113,200
General Administration	2,416	2,342	--	--
Plant Maintenance & Operations	64,916	76,287	79,106	47,738
Security & Monitoring Services	3,441	6,707	385	473
Community Services	567,390	--	--	--
Other Activities	--	--	2,464	--
Operating Grants and Contributions	6,048,948	6,137,485	6,020,113	8,516,794
Total Governmental Activities Program Rev.	7,898,305	7,355,603	6,785,953	9,241,657
Total Primary Government Program Rev.	7,898,305	7,355,603	6,785,953	9,241,657
Net (Expense)/Revenue				
Governmental Activities	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)
Total Primary Government Net Expense	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)

Note: The District began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

TABLE L-2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 23,126,939	\$ 23,550,568	\$ 24,767,625	\$ 26,836,890	\$ 29,129,813	\$ 31,313,283
665,402	696,941	665,913	691,780	718,093	790,158
198,022	196,088	208,221	362,660	442,361	667,962
559,929	562,175	623,622	738,348	731,929	705,170
2,670,357	2,793,717	2,869,896	2,765,342	3,254,546	3,360,237
1,594,179	1,656,732	1,739,127	1,789,186	1,915,436	1,888,007
49,221	78,397	113,030	114,788	121,420	167,429
412,369	374,275	426,452	449,124	467,290	472,680
1,982,269	2,025,891	2,127,960	2,174,699	1,947,846	2,271,603
2,996,583	3,013,114	3,202,728	3,183,623	3,219,733	3,532,495
1,133,889	1,120,391	1,425,266	1,405,619	1,452,000	1,646,960
1,381,121	1,385,684	1,621,938	2,303,973	2,057,187	2,062,076
4,008,165	4,031,777	4,321,452	4,523,846	5,139,411	5,039,892
184,485	113,219	219,855	122,069	159,028	186,313
241,584	248,929	240,789	195,125	341,502	448,059
68,720	54,114	63,198	54,456	26,944	59,428
1,092,486	912,664	538,218	2,613,218	2,963,302	2,916,359
95,412	114,591	5,285	730	7,455	6,050
496,726	500,646	754,017	848,986	847,369	784,554
247,298	268,042	287,287	287,784	328,103	319,083
<u>43,205,156</u>	<u>43,697,955</u>	<u>46,221,879</u>	<u>51,462,246</u>	<u>55,270,768</u>	<u>58,637,798</u>
\$ <u>43,205,156</u>	\$ <u>43,697,955</u>	\$ <u>46,221,879</u>	\$ <u>51,462,246</u>	\$ <u>55,270,768</u>	\$ <u>58,637,798</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
642,242	477,744	458,179	413,259	408,364	398,290
105,685	106,531	104,567	104,770	128,880	120,502
--	--	--	--	--	--
65,323	71,151	89,028	90,662	64,903	42,752
670	325	228	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
6,608,929	6,765,028	6,986,883	7,048,607	7,301,147	7,853,010
<u>7,422,849</u>	<u>7,420,779</u>	<u>7,638,885</u>	<u>7,657,298</u>	<u>7,903,294</u>	<u>8,414,554</u>
<u>7,422,849</u>	<u>7,420,779</u>	<u>7,638,885</u>	<u>7,657,298</u>	<u>7,903,294</u>	<u>8,414,554</u>
\$ (35,782,307)	\$ (36,277,176)	\$ (38,582,994)	\$ (43,804,948)	\$ (47,367,474)	\$ (50,223,244)
<u>\$ (35,782,307)</u>	<u>\$ (36,277,176)</u>	<u>\$ (38,582,994)</u>	<u>\$ (43,804,948)</u>	<u>\$ (47,367,474)</u>	<u>\$ (50,223,244)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT*GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**LAST TEN FISCAL YEARS**(ACCRUAL BASIS OF ACCOUNTING)*

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental Activities	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)
Total Primary Government Net Expense	<u>(33,083,061)</u>	<u>(33,491,328)</u>	<u>(36,540,990)</u>	<u>(34,818,400)</u>
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
Levied for General Purposes	8,341,304	8,545,050	9,175,212	9,424,259
Levied for Debt Service	1,255,819	1,501,822	1,655,572	1,408,009
Investment Earnings	597,263	227,937	87,264	87,638
Unrestricted Grants and Contributions	27,907,339	25,727,231	25,646,703	24,228,545
Miscellaneous	1,612,329	1,116,216	599,547	642,153
Total Governmental Activities	<u>39,714,054</u>	<u>37,118,256</u>	<u>37,164,298</u>	<u>35,790,604</u>
Total Primary Government	<u>39,714,054</u>	<u>37,118,256</u>	<u>37,164,298</u>	<u>35,790,604</u>
Change in Net Position				
Governmental Activities	6,630,993	3,626,928	623,308	972,204
Total Primary Government	<u>\$ 6,630,993</u>	<u>\$ 3,626,928</u>	<u>\$ 623,308</u>	<u>\$ 972,204</u>

Note: The District began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

TABLE L-3

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (35,782,307)	\$ (36,277,176)	\$ (38,582,994)	\$ (43,804,948)	\$ (47,367,474)	\$ (50,223,244)
<u>(35,782,307)</u>	<u>(36,277,176)</u>	<u>(38,582,994)</u>	<u>(43,804,948)</u>	<u>(47,367,474)</u>	<u>(50,223,244)</u>
10,557,885	10,304,215	10,942,480	11,206,272	11,016,253	11,717,473
1,513,478	1,442,407	1,473,590	4,117,021	3,055,997	3,259,897
86,710	67,241	59,676	186,236	385,185	280,382
24,071,720	24,169,043	27,212,317	29,777,819	32,320,360	33,387,200
574,754	904,109	916,656	1,116,912	1,587,520	1,391,803
<u>36,804,547</u>	<u>36,887,015</u>	<u>40,604,719</u>	<u>46,404,260</u>	<u>48,365,315</u>	<u>50,036,755</u>
<u>36,804,547</u>	<u>36,887,015</u>	<u>40,604,719</u>	<u>46,404,260</u>	<u>48,365,315</u>	<u>50,036,755</u>
1,022,240	609,839	2,021,725	2,599,312	997,841	(186,489)
<u>\$ 1,022,240</u>	<u>\$ 609,839</u>	<u>\$ 2,021,725</u>	<u>\$ 2,599,312</u>	<u>\$ 997,841</u>	<u>\$ (186,489)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ --	\$ --	\$ --	\$	\$
Unreserved	10,861,727	12,999,892	13,581,806		
Nonspendable					
Inventories				4,005	3,339
Committed					
Construction				552,420	2,245,945
Capital Expenditures				154,000	--
Other Committed				--	21,740
Unassigned				13,413,682	12,373,924
Total General Fund	<u>\$ 10,861,727</u>	<u>\$ 12,999,892</u>	<u>\$ 13,581,806</u>	<u>\$ 14,124,107</u>	<u>\$ 14,644,948</u>
All Other Governmental Funds					
Reserved					
Special Revenue Funds					
Federal & State Programs	\$ --	\$ --	\$ --	\$	\$
Other - Special Revenue	--	--	--		
Food Service	361,363	384,379	300,631		
Capital Acquisitions	63	140,217	1,466,997		
Debt Service	2,249,329	1,427,084	1,547,120		
Unreserved					
State & Federal Programs	776,783	504,037	13,220		
Restricted					
Federal/State Grant Restrictions				385,339	543,347
Capital Acquisitions & Contractual Obligations				16,466	--
Retirement of Long-Term Debt				2,440,499	2,621,818
Other Restrictions of Fund Balance				81,434	96,652
Committed					
Other Committed				--	--
Total All Other Governmental Funds	<u>\$ 3,387,538</u>	<u>\$ 2,455,717</u>	<u>\$ 3,327,968</u>	<u>\$ 2,923,738</u>	<u>\$ 3,261,817</u>
Total All Governmental Funds	<u>\$ 14,249,265</u>	<u>\$ 15,455,609</u>	<u>\$ 16,909,774</u>	<u>\$ 17,047,845</u>	<u>\$ 17,906,765</u>

Note: With the implementaion of GASB #54 the nomenclature surrounding the constitution of Fund Balance changed in 2011.

TABLE L-4

Fiscal Year				
2013	2014	2015	2016	2017
\$	\$	\$	\$	\$
--	--	--	--	--
1,017,202	450,000	443,574	250,000	2,876,509
--	--	--	--	--
280,777	3,057,211	3,968,856	1,958,657	884,602
11,453,140	10,214,448	10,443,865	12,595,343	11,285,985
\$ <u>12,751,119</u>	\$ <u>13,721,659</u>	\$ <u>14,856,295</u>	\$ <u>14,804,000</u>	\$ <u>15,047,096</u>
\$	\$	\$	\$	\$
725,404	955,554	929,401	699,045	847,719
--	--	--	27,189,722	5,591,743
2,664,530	2,900,295	4,414,485	4,742,964	5,128,158
103,191	130,600	59,177,524	132,619	131,559
43,184	104,018	302,700	366,797	243,714
\$ <u>3,536,309</u>	\$ <u>4,090,467</u>	\$ <u>64,824,110</u>	\$ <u>33,131,147</u>	\$ <u>11,942,893</u>
\$ <u>16,287,428</u>	\$ <u>17,812,126</u>	\$ <u>79,680,405</u>	\$ <u>47,935,147</u>	\$ <u>26,989,989</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues					
Local & Intermediate Sources	\$ 12,510,367	\$ 11,913,158	\$ 12,355,561	\$ 12,404,898	\$ 13,362,789
State Program Revenues	24,770,185	26,929,603	24,528,449	25,217,861	24,298,221
Federal Program Revenues	4,699,343	4,836,167	7,134,601	7,525,475	6,381,478
Total Revenues	<u>41,979,895</u>	<u>43,678,928</u>	<u>44,018,611</u>	<u>45,148,234</u>	<u>44,042,488</u>
Expenditures					
Instruction	20,909,101	21,081,337	22,440,694	22,453,863	21,649,966
Instructional Resources & Media Services	643,004	696,213	741,132	722,065	625,938
Curriculum & Staff Development	323,970	332,941	308,188	342,241	185,516
Instructional Leadership	420,121	480,277	531,011	559,134	524,383
School Leadership	2,318,483	2,327,350	2,394,845	2,545,785	2,502,315
Guidance, Counseling & Evaluation Svcs	1,530,697	1,552,915	1,645,691	1,671,724	1,492,664
Social Work Services	187,203	180,479	180,020	180,077	45,969
Health Services	411,886	362,359	382,871	386,172	386,853
Student Transportation	1,663,148	1,694,203	4,601,694	3,094,495	1,849,156
Food Service	2,005,005	2,082,702	2,338,556	2,497,766	2,798,762
Cocurricular/Extracurricular Activities	947,782	1,072,398	1,230,172	1,131,950	1,096,937
General Administration	1,419,258	1,223,157	1,225,325	1,346,681	1,292,733
Plant Maintenance & Operations	3,409,800	3,631,770	3,832,326	3,820,715	3,753,842
Security & Monitoring Services	176,983	116,750	116,997	127,782	172,529
Data Processing Services	222,141	227,441	216,900	222,488	226,227
Community Services	863,375	38,843	33,319	25,463	12,239
Principal on Long-Term Debt	1,179,998	2,359,996	1,780,000	1,260,000	1,269,997
Interest on Long-Term Debt	1,628,841	1,267,941	1,027,299	1,013,008	1,558,180
Bond Issuance Costs & Fees	9,735	51,550	5,000	1,200	83,847
Capital Outlay	217,581	1,004,209	657,970	514,391	824,228
Payments Related to SSA's	375,840	334,927	577,552	674,289	496,726
Other Intergovernmental Charges	--	237,876	243,278	241,348	247,298
Total Expenditures	<u>40,863,952</u>	<u>42,357,634</u>	<u>46,510,840</u>	<u>44,832,637</u>	<u>43,096,305</u>
Excess of Revenues					
Over (Under) Expenditures	1,115,943	1,321,294	(2,492,229)	315,597	946,183
Other Financing Sources (Uses)					
Capital-Related Debt					
Issued	--	2,345,000	4,095,000	--	2,740,000
Transfers In	6,430	108	29,801	465,990	507,716
Premium or Discount					
On Issuance of Bonds	--	34,629	--	--	198,930
Other Resources	--	--	--	--	--
Transfers Out	(6,430)	(164,058)	(178,405)	(643,519)	(679,298)
Payment to Bond Refunding					
Escrow Agent	--	(2,330,629)	--	--	(2,854,611)
Other Uses	(37)	--	--	--	--
Total Other Financing	<u>(37)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Sources (Uses)	<u>(37)</u>	<u>(114,950)</u>	<u>3,946,396</u>	<u>(177,529)</u>	<u>(87,263)</u>
Net Change in Fund Balances	\$ <u>1,115,906</u>	\$ <u>1,206,344</u>	\$ <u>1,454,167</u>	\$ <u>138,068</u>	\$ <u>858,920</u>
Debt Service As A Percentage					
Of Noncapital Expenditures	6.9%	8.9%	6.1%	5.1%	6.9%

Note: The District changed its fiscal year end in 2007 from August 31 to June 30.

TABLE L-5

Fiscal Year				
2013	2014	2015	2016	2017
\$ 13,562,249	\$ 14,291,556	\$ 17,232,743	\$ 16,949,450	\$ 17,490,384
25,341,282	28,443,277	30,900,874	32,808,846	34,491,663
5,592,299	5,755,422	5,925,067	5,873,926	6,453,507
<u>44,495,830</u>	<u>48,490,255</u>	<u>54,058,684</u>	<u>55,632,222</u>	<u>58,435,554</u>
22,341,780	23,445,216	25,665,677	26,780,411	28,345,147
664,876	633,048	663,121	655,513	733,010
186,029	197,151	345,826	406,470	607,013
533,060	590,290	706,572	674,258	645,743
2,649,731	2,717,540	2,645,294	2,931,898	3,003,332
1,571,036	1,645,427	1,713,426	1,759,956	1,721,684
74,308	106,826	108,887	112,675	152,474
354,905	403,663	430,143	425,064	428,546
1,919,071	2,324,435	2,231,062	1,945,251	2,087,285
2,857,560	3,037,036	3,146,880	3,496,246	3,493,029
1,073,706	1,349,234	1,341,518	1,342,195	1,550,541
1,313,839	1,534,712	2,195,185	1,870,799	1,852,902
3,830,393	4,091,958	4,331,013	4,723,583	4,572,146
107,471	234,154	115,895	231,551	357,073
236,020	227,956	185,360	311,674	405,229
7,419	14,398	9,791	6,532	44,573
1,990,000	1,920,000	2,050,000	2,090,000	2,360,000
818,326	864,731	1,869,963	3,340,304	3,277,516
90,262	5,285	730	7,455	6,050
2,578,849	359,240	5,748,711	33,051,734	22,510,695
500,646	754,017	848,986	847,369	784,554
268,042	287,287	287,784	328,103	319,083
<u>45,967,329</u>	<u>46,743,604</u>	<u>56,641,824</u>	<u>87,339,041</u>	<u>79,257,625</u>
(1,471,499)	1,746,651	(2,583,140)	(31,706,819)	(20,822,071)
2,930,000	--	58,500,000	--	--
449,022	600,566	462,087	460,855	460,843
187,293	--	6,084,182	--	--
--	475	14,964	38,336	4,432
(674,824)	(822,990)	(609,689)	(537,759)	(588,357)
(3,039,329)	--	--	--	--
--	--	--	--	--
<u>(147,838)</u>	<u>(221,949)</u>	<u>64,451,544</u>	<u>(38,568)</u>	<u>(123,082)</u>
\$ <u>(1,619,337)</u>	\$ <u>1,524,702</u>	\$ <u>61,868,404</u>	\$ <u>(31,745,387)</u>	\$ <u>(20,945,153)</u>
6.7%	6.0%	7.7%	10.0%	9.9%

LOCKHART INDEPENDENT SCHOOL DISTRICTASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value
2008	428,246,312	70,043,307	46,881,510	373,135,616	154,017,893	764,288,852
2009	441,209,562	75,266,445	46,273,560	422,555,898	159,917,239	825,388,226
2010	449,390,158	78,494,266	46,320,345	454,934,729	177,104,027	852,035,471
2011	455,430,540	86,491,452	63,658,435	384,824,460	91,546,890	898,857,997
2012	436,822,511	88,370,466	65,286,710	480,647,811	98,347,410	972,780,088
2013	465,288,836	97,168,686	70,024,320	446,868,718	83,789,050	995,561,510
2014	466,518,213	101,736,475	71,068,480	336,881,135	87,401,039	1,063,605,342
2015	460,649,870	104,122,828	79,549,780	339,809,316	110,607,020	1,094,738,814
2016	453,305,400	108,683,415	75,737,390	310,384,293	112,794,291	1,060,904,789
2017	469,393,839	111,598,571	81,376,230	358,839,069	114,148,288	1,135,355,997

Source: Caldwell County Appraisal District

TABLE L-6

<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1.2020	721,880,828	105.875%
1.2225	771,874,834	106.933%
1.2300	790,114,157	107.837%
1.1948	827,929,833	108.567%
1.1882	898,655,081	108.248%
1.1868	915,664,816	108.726%
1.1795	953,331,094	111.567%
1.4291	978,567,198	111.872%
1.3305	958,658,962	110.666%
1.3324	1,013,351,519	112.040%

TABLE L-7

LOCKHART INDEPENDENT SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	District Direct Rates			Overlapping Rates	
	General Purposes	Capital Purposes	Total	Caldwell County	City of Lockhart
2008	1.0400	0.1620	1.2020	0.6837	0.7074
2009	1.0400	0.1825	1.2225	0.6910	0.7090
2010	1.0400	0.1900	1.2300	0.6910	0.7090
2011	1.0400	0.1548	1.1948	0.6909	0.7292
2012	1.0400	0.1482	1.1882	0.6908	0.7228
2013	1.0400	0.1468	1.1868	0.6907	0.7227
2014	1.0400	0.1395	1.1795	0.6906	0.7227
2015	1.0400	0.3891	1.4291	0.6905	0.7227
2016	1.0400	0.2905	1.3305	0.7174	0.7333
2017	1.0400	0.2924	1.3324	0.7752	0.7333

Source: Caldwell County Appraisal District

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016			2007		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
LCRA Transmission Srv Corp	\$ 41,184,180	1	3.7%	\$ 9,910,530	1	2.18%
FHR Corpus Christi, LLC	15,742,690	2	1.4%			
Echostar Broadcasting Corp	8,784,710	3	0.8%			
Bluebonnet Electric Cooperative	8,711,020	4	0.8%	4,069,200	5	0.90%
Wal-mart Stores Texas LP	8,219,100	5	0.7%	--		
Union Pacific RR Company	7,384,600	6	0.7%	2,854,670	9	0.63%
Economy Realty Ltd	6,987,720	7	0.6%	2,997,760	8	0.66%
Walmart Properties, Inc.	4,919,980	8	0.4%	2,689,360	10	0.59%
H.E. Butt Grocery	4,886,480	9	0.4%	3,741,860	6	0.82%
Dormae Products, Inc.	4,419,890	10	0.4%			
Southwestern Bell Telephone	--	--	--	5,742,250	2	1.27%
Flint Hills Resources	--	--	--	4,815,900	4	1.06%
Lockhart Village Partners	--	--	--	5,318,330	3	1.17%
Hoskins, Fred	--	--	--	3,253,850	7	0.72%
Total	<u>\$ 111,240,370</u>		<u>10.11%</u>	<u>\$ 45,393,710</u>		<u>10.00%</u>

Source: Caldwell County Appraisal District, District Records

TABLE L-9

LOCKHART INDEPENDENT SCHOOL DISTRICTPROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	9,186,752	8,540,510	92.97%	569,090	9,109,600	99.16%
2009	10,090,371	9,276,179	91.93%	700,304	9,976,483	98.87%
2010	10,480,036	9,751,039	93.04%	589,420	10,340,459	98.67%
2011	10,739,555	9,963,142	92.77%	621,565	10,584,707	98.56%
2012	11,558,573	10,930,905	94.57%	576,323	11,507,228	99.56%
2013	11,815,324	11,142,905	94.31%	545,998	11,688,903	98.93%
2014	12,229,727	11,598,971	94.84%	472,417	12,071,388	98.71%
2015	15,088,278	14,240,485	94.38%	595,936	14,836,421	98.33%
2016	13,979,276	13,288,416	95.06%	336,956	13,625,372	97.47%
2017	14,659,842	13,974,566	95.33%	--	13,974,566	95.33%

Source: Caldwell County Appraisal District, District Records

LOCKHART INDEPENDENT SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Total Debt	Percentage of Actual Taxable Value of Property	Debt Per Capita	Debt As a % of Personal Income
2008	26,075,651	3.41%	1,339	5.47%
2009	24,497,900	2.97%	1,257	4.89%
2010	22,597,864	3.13%	1,363	5.31%
2011	17,789,498	2.40%	1,260	4.71%
2012	19,698,182	2.37%	1,167	4.36%
2013	18,040,458	2.11%	904	3.11%
2014	18,625,635	2.04%	758	2.59%
2015	81,087,858	7.88%	2,828	9.94%
2016	78,313,498	7.24%	2,468	8.34%
2017	75,212,628	6.82%	2,285	7.39%

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Source: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements. Outstanding debt is presented at par value, net of premiums, discounts and adjustments.

Fiscal Year	Total Debt	Less Restricted for Debt Service	Total
2008	28,324,980	2,249,329	26,075,651
2009	25,924,984	1,427,084	24,497,900
2010	24,144,984	1,547,120	22,597,864
2011	23,229,997	5,440,499	17,789,498
2012	22,320,000	2,621,818	19,698,182
2013	20,704,988	2,664,530	18,040,458
2014	23,296,032	4,670,397	18,625,635
2015	85,502,343	4,414,485	81,087,858
2016	83,056,462	4,742,964	78,313,498
2017	80,340,786	5,128,158	75,212,628

LOCKHART INDEPENDENT SCHOOL DISTRICT

RATIOS OF DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Total Debt	Percentage of Actual Taxable Value of Property	Debt As a % Personal Income	Per Capita
2008	26,075,651	3.60%	5.47%	1,339
2009	24,497,900	3.10%	4.89%	1,257
2010	22,597,864	3.30%	5.31%	1,363
2011	17,789,498	2.90%	4.71%	1,260
2012	19,698,182	2.50%	4.23%	1,167
2013	18,040,458	2.30%	3.11%	904
2014	18,625,635	2.00%	2.57%	758
2015	81,087,858	7.20%	10.09%	2,828
2016	78,313,498	7.38%	6.72%	2,616
2017	75,212,628	6.62%	7.77%	2,404

Source: Bureau of Economic Analysis, U.S. Department of Commerce

LOCKHART INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

<u>Governmental Unit</u>	<u>Total Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Caldwell County	\$ 12,325,000	63.560%	\$ 7,833,770
City of Lockhart	25,105,000	100.000%	25,105,000
Mustang Ridge, City of	465,000	30.340%	<u>141,081</u>
Total Overlapping Debt			33,079,851
Lockhart ISD (See Note 1)	72,399,988	100.000%	72,399,988
Total Direct and Overlapping Debt			<u>\$ 105,479,839</u>

Note: Percent of overlapping debt was provided on the Texas Municipal Report dated 1/27/16.

Sources: Texas Municipal Report.

LOCKHART INDEPENDENT SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 56,246,557	\$ 57,777,176	\$ 59,642,483	\$ 62,920,060	\$ 68,094,606
Total Net Debt Applicable to Limit	<u>26,075,651</u>	<u>24,497,900</u>	<u>26,692,864</u>	<u>24,540,798</u>	<u>23,088,182</u>
Legal Debt Margin	\$ <u>30,170,906</u>	\$ <u>33,279,276</u>	\$ <u>32,949,619</u>	\$ <u>38,379,262</u>	\$ <u>45,006,424</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	46.36%	42.40%	44.75%	39.00%	33.91%

Source: Texas Municipal Reports

TABLE L-13

	Fiscal Year				
	2013	2014	2015	2016	2017
\$	69,689,306	\$ 72,579,980	\$ 79,382,147	\$ 74,263,335	\$ 71,229,525
	<u>21,074,213</u>	<u>18,968,029</u>	<u>73,902,781</u>	<u>71,332,036</u>	<u>67,425,230</u>
\$	<u>48,615,093</u>	<u>\$ 53,611,951</u>	<u>\$ 5,479,366</u>	<u>\$ 2,931,299</u>	<u>\$ 3,804,295</u>
	30.24%	26.13%	93.10%	96.05%	94.66%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,017,564,645
Debt Limit (7% of Assessed Value)	71,229,525
Debt Applicable to Limit:	
General Obligation Bonds	72,399,988
Less: Amount Set Aside for Repayment of	
General Obligation Debt	<u>4,974,758</u>
Total Net Debt Applicable to Limit	<u>67,425,230</u>
Legal Debt Margin	<u>\$ 3,804,295</u>

TABLE L-14

LOCKHART INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2008	35,843	872,891	24,499	5.40%
2009	36,899	872,891	25,714	8.30%
2010	37,533	957,644	25,674	8.60%
2011	38,066	957,644	26,773	8.80%
2012	38,444	1,029,708	27,587	8.50%
2013	38,701	1,123,432	29,029	6.90%
2014	39,232	1,057,000	27,312	6.00%
2015	39,232	1,100,000	28,017	4.50%
2016	39,810	1,166,000	29,283	4.20%
2017	40,522	1,253,147	30,925	4.30%

Sources: U.S. Bureau of Economic Analysis, Texas LMI Tracer, US Census Bureau

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lockhart ISD	610	1	4.1%	662	1	--
Serta Dormae Mfg.	175	4	1.2%	174	2	--
Wal-Mart	225	2	1.5%	117	7	--
Management and Training Corp.	175	3	1.2%			
H.E.B. Food Store	154	5	1.0%	147	5	--
Pegasus	149	6	1.0%	151	4	--
City of Lockhart	145	7	1.0%	143	6	--
Parkview Nursing & Rehab. Ctr.	105	8	0.7%			
Chisholm Trail Rehab Center	76	9	0.5%	76	9	--
Livengood Feed	70	10	0.5%	64	10	--
The GEO Group, Inc.				159	3	--
Golden Age Home				110	8	--
Total	1,884			1,803		

TABLE L-16

LOCKHART INDEPENDENT SCHOOL DISTRICT
FULL-TIME-EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-Time Equivalent Employees as of Year End									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Teachers</u>										
Teacher	323.9	326.6	326.5	331.0	324.6	329.0	325.6	335.0	352.2	348.4
Professional Support										
Counselor	11.8	11.5	12.5	13.0	12.0	12.8	13.0	13.1	13.0	13.5
Educational Diagnostician	6.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Librarian	7.0	8.0	8.0	8.0	8.0	6.3	8.0	7.9	7.0	7.0
School Nurse	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
LSSP/Psychologist	2.0	4.0	4.0	4.0	2.0	2.0	1.0	3.0	2.0	2.0
Social Worker	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	--	--
Speech Ther./Sp. Lang. Pathologist	4.0	4.0	4.0	3.0	3.0	3.0	3.0	2.0	4.0	4.5
Work-Based Learning Site Coord.	0.3	0.4	0.2	0.5	0.3	--	--	--	--	--
Teacher Facilitator	6.7	3.2	1.2	0.3	0.9	0.6	3.0	2.9	1.4	--
Athletic Trainer	1.8	1.8	1.5	1.7	1.7	1.5	1.3	1.9	1.7	2.5
Campus Professional Personnel	2.0	5.0	6.0	6.0	4.6	5.3	4.2	6.1	2.6	1.3
Non-Instructional Professionals	8.8	10.0	11.0	9.5	9.5	10.4	10.4	10.3	14.4	18.7
<u>Campus Administration</u>										
Assistant Principal	10.3	11.0	11.0	12.0	11.9	12.0	12.0	11.0	12.0	12.0
Principal	8.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	10.0
<u>Central Administration</u>										
Assistant/Assoc/Deputy Supt.	1.1	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
District Instructional Program Director	0.5	1.0	--	1.0	1.0	1.0	3.0	3.0	4.0	3.0
Superintendent	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Teacher Supervisor	--	--	0.6	0.6	--	--	--	--	--	--
Athletic Director	1.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR	1.0	1.0	1.0	1.0	1.0	--	--	--	--	--
<u>Educational Aides</u>										
Educational Aide	57.6	55.0	54.5	54.7	49.9	46.6	48.3	50.7	47.6	41.9
<u>Auxiliary Staff</u>	179.6	179.8	179.7	179.5	165.8	171.7	174.3	167.8	170.4	168.0
Total	<u>638.3</u>	<u>642.8</u>	<u>642.2</u>	<u>647.3</u>	<u>617.7</u>	<u>624.7</u>	<u>629.6</u>	<u>637.2</u>	<u>653.8</u>	<u>645.8</u>

Source: In-house District information

LOCKHART INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Total Expenses
2008	4,440	31,025,348	6,988	13.0%	40,942,708
2009	4,526	31,703,598	7,005	0.2%	45,805,522
2010	4,636	31,888,773	6,879	-1.8%	46,689,245
2011	4,709	32,883,746	6,983	1.5%	46,472,736
2012	4,767	33,257,843	6,977	-0.1%	43,096,305
2013	4,969	36,178,844	7,281	4.4%	45,967,329
2014	5,130	36,738,610	7,162	-2.0%	46,743,604
2015	5,365	39,141,500	7,296	1.9%	56,641,824
2016	5,397	41,769,915	7,739	6.1%	87,339,041
2017	5,661	43,771,695	7,732	6.1%	79,257,625

Note: 2007 Expenditures are for ten months as compared with twelve months in the other years.

Source: AEIS Reports and District records

TABLE L-17

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
9,221	-7%	324	13.7	59.7%
10,121	10%	327	13.9	62.6%
10,071	0%	327	14.2	67.1%
9,869	-2%	331	14.2	69.3%
9,041	-8%	325	14.7	70.7%
9,251	2%	329	15.1	69.8%
9,112	-2%	326	15.8	70.1%
10,558	16%	335	16.0	70.0%
16,183	53%	352	15.3	69.6%
14,001	-13%	348	16.2	68.2%

LOCKHART INDEPENDENT SCHOOL DISTRICT

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary	Maximum Salary	County Average Salary	Statewide Average Salary
2008	38,100	55,300	41,300	46,179
2009	39,000	56,300	42,762	47,159
2010	40,200	57,230	43,942	48,263
2011	41,500	57,780	44,360	48,638
2012	41,500	57,780	44,004	48,375
2013	43,100	59,380	45,029	48,821
2014	43,950	62,550	46,295	49,692
2015	45,200	64,170	46,240	50,715
2016	45,500	60,010	46,242	51,891
2016	46,500	60,820	46,583	52,525

Sources: AEIS Reports, District Records

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION LAST TEN FISCAL YEARS

	Fiscal Year				
	2008	2009	2010	2011	2012
<u>Elementary</u>					
Carver Kindergarten (1953)					
Square Feet	52,578	52,578	52,578	52,578	52,578
Capacity	512	512	512	512	512
Enrollment	360	391	427	445	457
Clear Fork (1953)					
Square Feet	57,113	57,113	57,113	57,113	57,113
Capacity	489	489	489	489	489
Enrollment	424	412	409	423	428
Plum Creek (1986)					
Square Feet	67,233	67,233	67,233	67,233	67,233
Capacity	512	512	512	512	512
Enrollment	462	422	441	451	459
Navarro (1972)					
Square Feet	55,573	55,573	55,573	55,573	55,573
Capacity	449	449	449	449	449
Enrollment	414	407	417	426	423
Bluebonnet (2005)					
Square Feet	64,992	64,992	64,992	64,992	64,992
Capacity	606	606	606	606	606
Enrollment	525	531	583	580	590
Alma Brewer Strawn Elementary (2016)					
Square Feet	N/A	N/A	N/A	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A
<u>Secondary</u>					
Lockhart Junior High (2000)					
Square Feet	152,105	152,105	152,105	152,105	152,105
Capacity	1,700	1,700	1,700	1,700	1,700
Enrollment	963	992	1,039	1,058	1,073
Lockhart HS Freshman Campus (1923)					
Square Feet	71,057	71,057	71,057	71,057	71,057
Capacity	487	487	487	487	487
Enrollment	335	343	330	350	352
Lockhart High School (1965)					
Square Feet	175,180	175,180	175,180	175,180	175,180
Capacity	1,480	1,480	1,480	1,480	1,480
Enrollment	874	963	990	945	974
Pride High School (1992)					
Square Feet	10,647	10,647	10,647	10,647	10,647
Capacity	66	66	66	66	66
Enrollment	62	65	31	31	26
Discipline Mgmt Center (1997)					
Square Feet	8,088	8,088	8,088	8,088	8,088
Capacity	46	46	46	46	46
Enrollment	N/A	N/A	N/A	N/A	N/A
<u>Pride High School (1992)</u>					
Square Feet	10,647	10,647	10,647	10,647	10,647
Capacity	66	66	66	66	66
Enrollment	62	65	31	31	26
<u>School Support</u>					
Square Feet	30,328	30,328	30,328	30,328	30,328

Source: District records.

Capacity above is Functional Capacity.

TABLE L-19

Fiscal Year				
2013	2014	2015	2016	2017
52,578	52,578	52,578	52,578	52,578
512	512	512	352	352
517	494	475	460	212
57,113	57,113	57,113	57,113	57,113
489	489	489	674	674
455	502	585	575	488
67,233	67,233	67,233	67,233	67,233
512	512	512	700	700
500	552	547	557	550
55,573	55,573	55,573	55,573	55,573
449	449	449	562	562
427	439	484	497	457
64,992	64,992	64,992	64,992	64,992
606	606	606	694	694
581	609	625	640	663
N/A	N/A	N/A	N/A	58,216
N/A	N/A	N/A	N/A	579
N/A	N/A	N/A	N/A	454
152,105	152,105	152,105	152,105	152,105
1,700	1,700	1,700	1,550	1,550
1,129	1,101	1,173	1,148	1,292
71,057	71,057	71,057	71,057	71,057
487	487	487	487	N/A
368	405	382	419	N/A
175,180	175,180	175,180	175,180	175,180
1,480	1,480	1,480	2,200	2,200
970	1,005	1,070	1,086	1,523
10,647	10,647	10,647	10,647	10,647
66	66	66	66	66
22	23	24	15	22
8,088	8,088	8,088	8,088	8,088
46	46	46	46	46
N/A	N/A	N/A	N/A	N/A
10,647	10,647	10,647	10,647	10,647
66	66	66	66	66
22	23	24	15	22
30,328	30,328	30,328	30,328	30,328