

Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

LOCKHART INDEPENDENT SCHOOL DISTRICT

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Lockhart Independent School District
Comprehensive Annual Financial Report
For The Year Ended June 30, 2010

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Introductory Section

Lockhart Independent School District

105 South Colorado Street
P.O. Box 120
Lockhart, TX 78644

Dr. Jose Parra
Superintendent

Business Office
Phone 512-398-0045
Fax 512-398-0025

Tina Knudsen, CPA
Chief Financial Officer

October 27, 2010

Susan K. Brooks, President
Board of Trustee Members
Lockhart Independent School District
P.O. Box 120
Lockhart, TX 78644

Dear Mrs. Brooks and Members of the Board:

The Comprehensive Annual Financial Report of the Lockhart Independent School District for the twelve months ended June 30, 2010 is hereby submitted. The District's Business Office prepared the report. Responsibility for both, the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. In our opinion, we believe the data, as presented, are accurate in all material aspects; that they are 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; and 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 on page 20 provides further information.

The Lockhart Independent School 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. All areas were found to be acceptable and the auditor's opinions in this regard were unqualified.

The Reporting Entity and Its Services

This report includes all of the funds and account groups of the Lockhart ISD. It includes all activities considered by the State of Texas to be a part of the Pre-kindergarten -12 public school system. Lockhart Independent School District is an independent school district incorporated as a political subdivision of the State of Texas.

A seven member Board of Trustees governs the District in accordance with state statutes and regulations. Members serve three-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. This includes elementary education starting in Pre-kindergarten for eligible four-year old children, and continuing through grade five. Junior high education is provided for grades six, seven, and eight, and high school education for grades nine through twelve. Additionally, career and technology education programs, bilingual education, special education, gifted and talented education, fine arts, athletics, and numerous remedial, elective, and enrichment programs are provided at age-appropriate grades. The district operates a disciplinary alternative education campus and a voluntary alternative education campus. 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.

Economic Condition and Outlook

Lockhart Independent School District 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. Reliance on one industry has made for peaks and valleys in the economic outlook for the county. The latest of these extreme swings came in the 80's with the fall of the oil industry. Though some of Caldwell'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 being prepped to become a prime location for business location. 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 will provide a thoroughfare for NAFTA-based traffic. SH130 has six segments planned and segment five and six travel through Caldwell County, which will impact Lockhart ISD. Construction began in April 2009 with the road estimated to open for traffic in 2012. The design and aesthetics will include signage, fencing, sound walls, landscaping, irrigation, grading and sloping. More information can be obtained at www.mysh130.com.

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 Hispanic Chamber of Commerce have continued to work hard to bring new businesses to Lockhart.

The Board of Trustees of the Lockhart ISD 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 locate 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.

As of October 1, 2010, the Chief Appraiser of the Caldwell County Appraisal District reported that all taxable properties in the District subject to appraisals to be valued at \$829,610,045. In addition to this certified value, there is \$1,027,619 that reflects the estimated taxpayers' opinion of value for those properties still under protest. The total tax rate for the 2009-2010 school year was \$1.23 per one hundred of taxable property value and consists of the maintenance and operations tax rate of \$1.04 and the debt service tax rate of \$0.19. The percentage of current tax collections increased from 92.87% to 93.78% from 2008-2009 to 2009-2010, at June 30. The increase is attributed to an increased focus on effective tax collection techniques.

For the school year 2009-2010:

"Executive Summaries" of Key Instructional Functions:

Texas Assessment of Knowledge and Skills (TAKS) Highlights

- ◆ The Lockhart Independent School District achieved a TEA Recognized District status
- ◆ Clear Fork Elementary achieved TEA Recognized status
- ◆ Navarro Elementary achieved TEA Exemplary status
- ◆ Plum Creek Elementary achieved TEA Exemplary status

- ◆ Bluebonnet Elementary achieved TEA Exemplary status
- ◆ Lockhart Junior High achieved TEA Recognized status
- ◆ Lockhart High School Freshman M.L. Cisneros Campus achieved TEA Exemplary status
- ◆ Lockhart High School achieved TEA Recognized status

Instructional Technology

- ◆ Classroom computers at a district-wide 3:1 student to computer ratio, includes 4 computers per elementary classroom and multiple static and mobile computer labs on all campuses
- ◆ Web-based “Skyward” student management software, includes a parent-access component allowing parents to view their children’s current attendance, grades, and discipline records from home or their workplace
- ◆ “Odyssey” integrated core curriculum instructional software at the elementary and secondary grade levels to support direct teacher instruction
- ◆ “A+” credit recovery software at the secondary schools and Discipline Management Center
- ◆ Teacher-certified Technology Instructional Specialists at all elementary and secondary schools

Advanced Placement Programs and Dual Credit Courses

The Freshman M.L. Cisneros Campus and Lockhart High School offer courses in all four core areas in the College Board Advanced Placement Program. Students completing these courses at the junior and senior grades are eligible to take exams to earn college credit for their high school work.

Lockhart High School and Austin Community College (ACC) are in a partnership to provide dual credit courses for LHS students, taught during the school day. In 2010-11 LHS students will earn credit for approximately 672 college courses (3 college credit hours per course). Through ACC’s College Connection, all LHS seniors are completing the ACC admission process throughout the school year, with the goal that every senior will have both their diploma and a life time opportunity to attend ACC when they graduate. While there is no commitment for students to attend ACC, they will have the opportunity to earn a certificate, an Associates Degree, transfer credit to other colleges and universities, or take selected courses, should they choose. Students also became eligible to earn up to 189 college courses through the Advanced Placement exams taken in May 2010.

Career and Technology Education (CTE)

Lockhart ISD is in a partnership with Austin Community College (ACC) to manage, refine, and expand the CTE career pathways, coherent sequence of courses, and work-related licensing and certification options available to high school students.

Currently LISD offers career pathway programs in nine cluster areas:

- ◆ Agricultural Food and Natural Resources
- ◆ Business Management and Administration
- ◆ Education and Training
- ◆ Finance
- ◆ Health Science
- ◆ Hospitality and Tourism
- ◆ Information Technology
- ◆ Marketing
- ◆ Transportation, Distribution and Logistics

Multiple “articulation agreements” with Austin Community College are in place to provide ACC college credit for specified high school CATE courses. Students can earn high school credit for upper division CTE course and at the same time qualify for college credit.

The ACC has implemented the College Connection Program at Lockhart ISD. It will connect every graduating senior to post-secondary involvement (enrollment at ACC) during their senior year.

Air Force Junior Reserve Officers Training Corps (JROTC)

An Air Force Junior ROTC program has been active in Lockhart High School since August 2000. The all volunteer program is open to 9th thru 12th grade students as an elective class. While the four year program prepares the students for Corporate America by teaching them the fundamentals of Aerospace Science, Leadership and Management skills, it is not a recruiting program for military service. Should a student decide to join the military after successfully completing three or more years of AFJROTC, the student may be eligible for advanced promotion upon completion of basic training.

AFJROTC cadets exercise their leadership and followership skills by participating at Lockhart ISD athletic events, school board meetings and numerous community service events and projects, as well as drill team competitions and leadership schools with other statewide AFJROTC programs.

The LHS AFJROTC received the Distinguished Unit Award during 2006-07, 2008-2009. And the HQ-AFJROTC Organizational Excellence Award for 2009-10. During their formal inspection by Headquarters AFJROTC in April 2008 the program exceeded standards qualifying them to receive Distinguished Unit Award with Merit in 2007-2008.

Gifted and Talented (G/T) Program

LISD provides an academic enrichment program for identified gifted and talented students, in accordance with requirements of the Texas Education Agency. A dedicated G/T program teacher is assigned to every elementary school and the junior high school. Identified students participate in academically accelerated enrichment activities and projects. High school students participate in the G/T program through enrollment in Advanced Placement courses.

Bilingual/ ESL Program

To address the continuously increasing population of students whose primary home language is Spanish, LISD provides bilingual instruction in one or more classrooms at each grade at every elementary and kindergarten school. Those classrooms are assigned to certified elementary teachers who have a second certification in bilingual education. An English-As-A-Second Language (ESL) program is provided at all three secondary schools. English language instruction and tutoring support for core academic classes is provided to secondary students with limited English proficiency.

Special Education Program

Lockhart Independent School District offers a variety of programs to meet the needs of all Special Education students in the district. Special Education services and programs include:

- ◆ Content Mastery Centers.
- ◆ Resource classes
- ◆ Inclusion classes.
- ◆ Redirection Program
- ◆ Learning Independence through Functional Living Experience (L.I.F.E.) classes.
- ◆ Speech services
- ◆ Pre-school Program for Students with Disabilities
- ◆ Physical Therapy (PT), Occupational Therapy (OT), Transportation and Special Education Counseling
- ◆ Texas School for the Blind and Visually Impaired
- ◆ Texas School for the Deaf
- ◆ Regional Day School Services for the Deaf.
- ◆ Homebound Services
- ◆ Vocational Adjustment Classes/Job Coaching
- ◆ Diagnostic services

Student Scholarships

The Community of Lockhart has a proud tradition of supporting each graduating class by local civic organizations and businesses awarding scholarships to Lockhart High School seniors. Eighty-three members of the most recent graduating class were awarded \$153,496 in local scholarships from different area civic groups, foundations, and businesses. Additionally, eighteen students were awarded \$621,300 in scholarships directly from universities around the state and nation.

For the Future:

Mission Statement

The Mission of the Lockhart Independent School District is to graduate our students as citizens who are educated, productive, and self-fulfilling lifelong learners. We will provide a safe, caring, and challenging learning environment in which all students realize their dreams through bold and visionary leadership.

Board of Trustee Approved Academic Goals for 2010-2011

1. Reach Exemplary status for each campus in LISD!
2. Achieve a 100% graduation rate for each graduating class!
3. Seek and achieve 100% parental involvement at all grade levels!
4. Achieve 100% post-secondary engagement! (i.e.: college or university acceptance, trade or technical school acceptance, military, or meaningful apprenticeship engagement)
5. Achieve 100% student participation in extra-curricular involvement in grades 6 through 12.

Administrative Operational Goals for 2010-2011

Instruction:

1. Monitor the instructional improvement initiatives set forth in the Lockhart ISD KEYS (Knowledge Essential for Yearly Success) document;
2. Provide ongoing instructional training for teachers and administrators including disaggregating TAKS (Texas Assessment of Knowledge and Skills), unpacking TEKS (Texas Essential Knowledge and Skills), developing interdisciplinary instructional approaches, emphasis on data analysis, and best teaching practices;
3. Review the expenditures of all dedicated state and federal funds to insure compliance with all regulations, and to effectively and efficiently utilize all dedicated funds to supplement core instruction for targeted student groups;
4. Contract with Austin Community College to oversee improvements in the Career and Technology Education (CTE) vocational programs;
5. Continue to monitor the operation of a full-day pre-kindergarten instructional program and assess the affect for students' success on the TAKS test.
6. Encourage students at all levels to be more heavily involved in activities outside of school;
7. One-A-Day Phone Contact Program – Teachers will make thousands of calls during the school year to parents to report the students' good progress as well as the need for improvement. Studies show that the more involved a parent is, the more successful the student will be; and
8. The Lockhart Disciplinary Management Center will continue to improve with staffing of certified teachers, counseling, sending school instructional coordination, and service learning. Because of its' stellar program, another area school district contracts with Lockhart ISD for its' disciplinary school.

Human Resources (HR):

1. Fund a competitive compensation package that attracts and retains high quality faculty and staff;
2. Increase the number of minority and bilingual teachers to better reflect our diverse student population;
3. Meet federal No Child Left Behind criteria for all teachers and instructional aides to be classified as “highly qualified”;
4. Streamline HR practices and protocols by enhancing technology;
5. Identify appropriate roles and assignments of job duties for HR staff to improve teamwork;
6. Improve communication with District Administrators and supervisors and serve student population needs; and
7. Ensure compliance with HR-related laws and district policies.

Counseling and Social Work:

1. Four campuses have Communities in Schools (social workers) employees working with students most at-risk;
2. Counselor-Student-Parent Conferences at grades 1, 3, 5, 8, 9, 10, 11 and 12 to help students and their families prepare for the student success in school and post-secondary; and
3. Family Access software to improve parent access by Internet to their students’ grades, attendance, schedules and discipline.

Financial Management:

1. Continue to prepare a comprehensive annual financial report and to have the necessary internal controls and financial reporting standards to receive an unqualified opinion;
2. Meet the highest rating standards of the Financial Integrity Rating System of Texas;
3. Prepare and implement an internal audit program for activity funds; and
4. To compile a comprehensive annual financial report that complies with the guidelines of the Government Finance Officers Association.

Communications:

1. Improve internal and external communication to raise expectations and effectively present Lockhart schools to all employees within the Lockhart greater Lockhart community, and the region; and
2. Continue monitoring customer service activities for front-line employees.

Facilities:

1. Identify building renovations and repair needs; and
2. Identify the finances to address the needs.

Technology:

1. Upgrade the district computer wide-area network to better accommodate the growing number of instructional and operational software functions;
2. Maintain a comprehensive three-year District Technology Plan to continue the effective integration of technology into instruction; and
3. Apply for federal e-rate reimbursement continuation grants to fund the infrastructure.

Student and Employee Safety and Wellness:

Review, update, and conduct employee training regarding the district Emergency Operations Plan.

1. Conduct drills to test the effectiveness of the plan;
2. Evaluate the effectiveness of the plan; and
3. Communicate the plan.

Independent Audit

The State of Texas, by law, requires an annual audit by an independent auditing firm of the Districts government-wide financial statements. The Lockhart Independent School District's government-wide financial statements have been audited. The auditor's opinion is included in this report.

Financial Information

The Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that sufficient accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Districts 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.

Single Audit – As a recipient of state and federal assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District. As a part of the District's single audit, tests are made by the auditor to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, as well as to determine that the District has complied with the applicable laws and regulations.

Accounting System and Budgetary Control

The Lockhart Independent School District's accounting records reflect generally accepted accounting principles. In developing and evaluating the District's accounting system, consideration is given to the adequacy of the internal accounting structure. The internal accounting structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe that the District's internal accounting structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is initiated when the Board of Trustees adopts the annual appropriated budget. To ensure budgetary compliance, the Texas Education Agency (T.E.A) and the District have established spending regulations and policies. The state budgetary policies can be found at the Texas Education Agency's website at: <http://www.tea.state.tx.us/index4.aspx?id=1222> . The local policies can be found at the Districts website at <http://www.tasb.org/policy/pol/private/028902/> 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.

Cash Management

Lockhart I.S.D. has an effective cash management program in place to maximize the use of the District's cash resources. The cash management policy is diversified in terms of investment instruments, maturity scheduling, and diversified in financial institutions to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity or specific issuer. Investment strategies include the primary objective of safety, then investment liquidity and maturity sufficient to meet anticipated cash flow requirements.

Surplus cash on hand was either deposited in the approved depository bank, or in one of the five approved investment pools pursuant to the Inter-local Cooperation Act of 1989. Interest earnings from the General Fund totaled \$64,884. Interest earnings for the Debt Service Fund were \$14,756 for the year. The deposits with the local contract depository bank were in interest-bearing accounts that were secured at the balance sheet date by FDIC coverage and by pledged U.S.Government securities held by a third-party bank (FinSer) in the name of the School District. The deposits were deemed collateralized under Texas law, and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District.

The District complies with the School Depository Act by executing a depository agreement with a banking institution for a period of two fiscal years. Competitive bids are taken, although state law sets the general terms of the uniform bid form. The depository contract was bid in the spring of 2009, and the contract was awarded to First Lockhart National Bank for a period of two years, with the option to renew for two additional two year terms. In 2010-2011, the depository will provide pledged securities as collateral for deposits up to \$6 million dollars, as compared to \$2.5 million in previous years, and in return, Lockhart ISD has the opportunity to invest district funds locally in the depository bank for a minimum interest rate of 1.25% on an annualized basis.

Risk Management

Lockhart I.S.D. is a member of the Teacher Retirement System of Texas employee group health insurance plan called TRS Active Care, which is managed by Blue Cross Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association. Blue Cross and Blue Shield of Texas provide claims payment services only and do not assume any financial risk or obligation with respect to claims. Prescription drug benefits are administered by Medco Health Solutions, Inc. The district and state contributed \$328 of the total cost for the employee's cost of the medical plan that include optional coverage for a spouse, children and/or family.

The District has a worker's compensation policy through Texas Association of School Boards Risk Management Fund (TASB) in an Inter-local policy. During 2009-10, Lockhart I.S.D paid \$48,092 in workers compensation administrative cost premiums and \$91,869 in paid and incurred losses.

For property loss exposure, the District has a policy through Texas Schools Cooperative through an inter-local policy. The 2009-10 policy has a \$93,047,172 Blanket Replacement Cost Limit on Buildings, Personal Property and Auxiliary Structures. The Risk of loss includes the risk of direct physical loss including flood and earthquake, wind, hurricane and hail coverage, equipment breakdown, fleet liability, crime and miscellaneous property. An employee dishonesty coverage policy is included in the Crime coverage and provides the District with blanket crime coverage covering employee dishonesty, loss inside and outside the premises for money, securities, and faithful bonded performance with a \$100,000 limit on all employees and a \$1,000 deductible.

For General Liability and School Professional Legal Liability insurance in 2009-10, the District had a policy through Texas Schools Cooperative through an inter-local policy. The limit is \$1,000,000 per occurrence and \$1,000,000 annual aggregate and is made based upon the first date of claims made coverage.

In 2009-2010 the District provided regular home-to-school and special education student transportation through the contracted services of Durham Transportation. Durham Transportation provided a certificate of insurance to cover their operations at Lockhart I.S.D. For 2010-2011, the district has changed transportation providers to Student Transportation Specialists (STS).

In 2009-2010, Aramark Corporation provided food service management for Lockhart ISD and a certificate of insurance to cover their operations at Lockhart ISD. For 2010-2011, the district has changed food service management providers to Southwest Food Service Excellence.

All other vendors, as required by law or district administrative procedures, submit a certificate of insurance to Lockhart ISD and the certificates are on file at the Administration Office, and are available for inspection.

Other Information

Independent Audit

The State of Texas, by law, requires an annual audit by an independent auditing firm of the District's government-wide financial statements. The Lockhart Independent School District's (GASB#34) financial statements have been audited. The auditor's opinion is included in this report.

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 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.

Lockhart I.S.D. has received eight Superior Achievement ratings for the eight school years 2001-2002 through 2008-09. The Superior Achievement rating is the highest that a school district can receive.

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, 2009. This was the fifth 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 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 are submitting it to the GFOA to determine its eligibility for another certificate. This will be the sixth 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 Tull, Therisa Denby, Jennifer Velasquez, and Tonya Lott 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.

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 for public inspection and discussion during normal office hours at any reasonable time.

Respectfully submitted,

(ORIGINAL SIGNATURE ON FILE)

Dr. Jose Parra
Superintendent of Schools

(ORIGINAL SIGNATURE ON FILE)

Tina Knudsen, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lockhart Independent School
District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

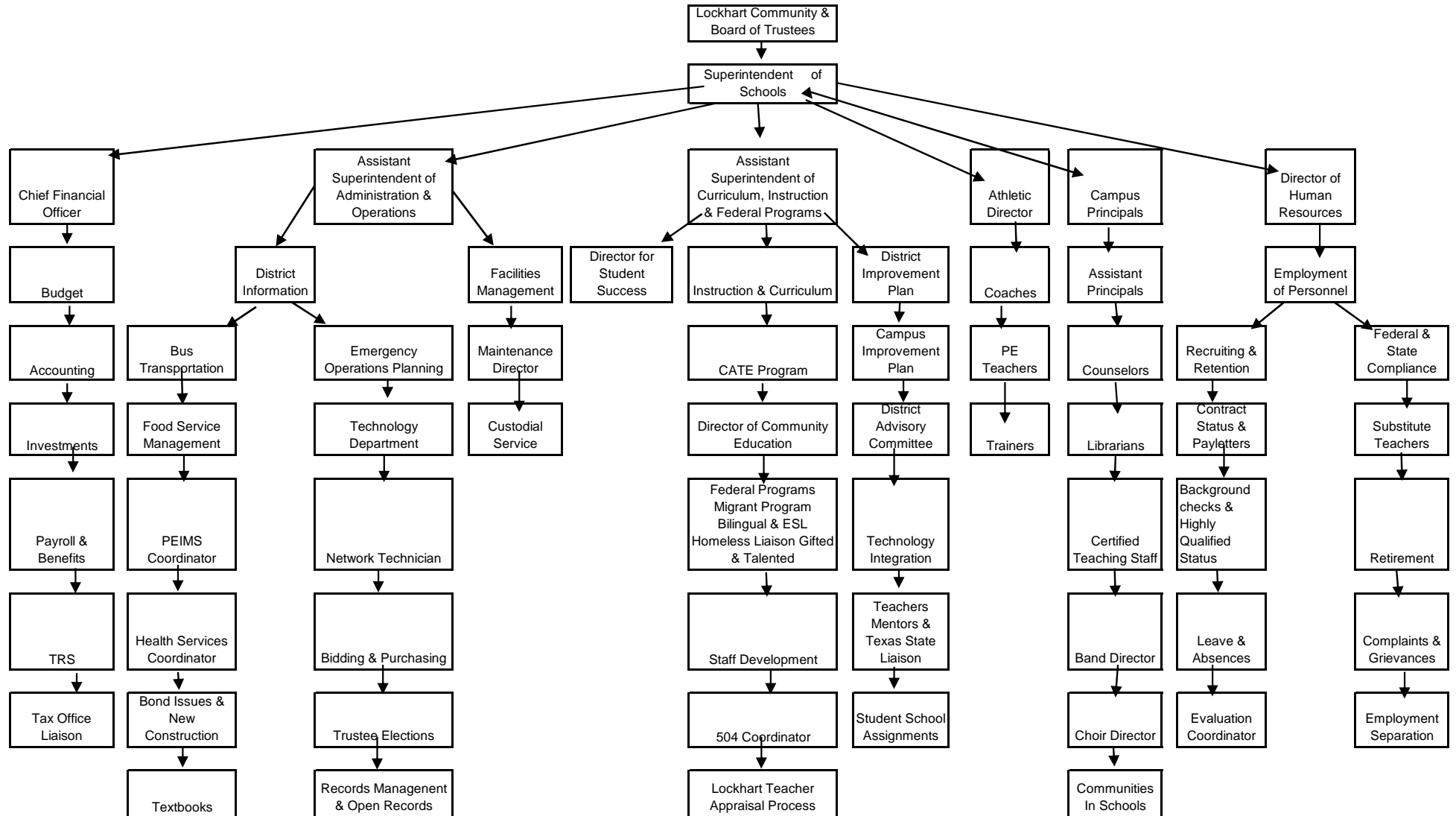


President

Executive Director

LOCKHART INDEPENDENT SCHOOL DISTRICT

Organization Chart



LOCKHART INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2010

Elected Officials

<u>Name</u>	<u>Office</u>
Susan K. Brooks	President
Timoteo "Tim" Juarez, Jr.	Vice-President
Derek Benavides	Secretary
Juan Alvarez, Jr.	Trustee
Tom Guyton	Trustee
Brenda Spillman	Trustee
Chip Pittman	Trustee

Appointed Officials

<u>Name</u>	<u>Position</u>
Dr. Jose Parra	Superintendent
Cliff Gardner	Assistant Superintendent Administration and Operations
Janie Wright	Assistant Superintendent Curriculum, Instruction and Federal/State Programs
Jessica Neyman	Director of Human Resources
Tina Knudsen	Chief Financial Officer

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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, 2010, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

West, Davis & Company, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report on Financial Statements

Board of Trustees
Lockhart Independent School District
Lockhart, Texas

Members of the Board of Trustees:

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 Lockhart Independent School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lockhart Independent School District' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

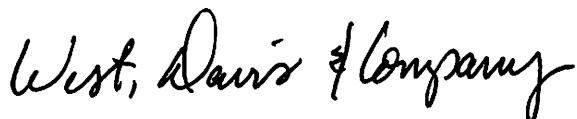
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2010, on our consideration of Lockhart Independent School District' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Lockhart Independent School District' basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits*

of States, Local Governments and Non-Profit Organizations and the combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

West, Davis & Company, LLP
October 27, 2010

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, 2010. Please read it in conjunction with the independent auditors' report on page 18, and the District's Basic Financial Statements, which begin on page 26. 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 Assets and the Statement of Activities (on pages 26 and 27). 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 29) 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 38) 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 Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 26. 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 Assets 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 assets and changes in them. The District's net assets (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 assets are 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 Assets 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 29 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 Assets 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 Assets 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 six 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 Assets and Changes in Fiduciary Net Assets on pages 36 and 37. 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 assets (Table I below) and changes in net assets (Table II below) of the District's governmental and business-type activities.

Net assets of the District's governmental activities increased from \$19.2 million to \$19.8 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were \$14.4 million at June 30, 2010. This increase in governmental net assets was the result of the District's increased tax collections of \$783 thousand. More information regarding the increase is presented in the paragraph following Table II on the next page.

Table I
Lockhart Independent School District

NET ASSETS
in thousands

	Governmental Activities	
	2010	2009
Current and other assets	25,438	22,307
Capital assets	32,099	30,282
Total assets	57,537	52,589
Long-term liabilities	28,285	25,373
Other liabilities	9,463	8,050
Total liabilities	37,748	33,423
Net Assets:		
Invested in capital assets net of related debt	3,863	4,651
Restricted	1,506	2,752
Unrestricted	14,420	11,763
Total net assets	19,789	19,166

Table II
Lockhart Independent School District

CHANGES IN NET ASSETS
in thousands

	Governmental Activities	
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	766	1,218
Operating grants and contributions	6,020	6,137
General Revenues:		
Maintenance and operations taxes	9,175	8,545
Debt Service taxes	1,655	1,502
State aid - formula grants	25,753	25,727
Investment Earnings	87	228
Miscellaneous	494	212
Total Revenue	<u>43,950</u>	<u>43,569</u>
Expenses:		
Instruction, curriculum and media services	24,559	23,403
Instructional and school leadership	3,102	3,002
Student support services	4,192	3,906
Child nutrition	2,482	2,083
Extracurricular activities	1,217	1,151
General administration	1,305	1,282
Plant maintenance, security and data processing	4,407	4,265
Community services	91	39
Debt services	1,152	1,143
Payments to fiscal agents	577	335
Intergovernmental Charges	243	238
Total Expenses	<u>43,327</u>	<u>40,847</u>
Increase (decrease) in net assets	623	2,722
Net assets at Beginning	<u>19,166</u>	<u>16,444</u>
Net assets at Ending	<u>19,789</u>	<u>19,166</u>

THE DISTRICT'S FUNDS

As the District completed this annual period, its General funds (as presented in the balance sheet on page 29) reported a fund balance of \$13.6 million, which is \$600 thousand more than last years' total of \$13 million. The increase is primarily due to construction in progress for projects not completed.

The Districts' Debt Service fund reported a fund balance of \$1.5 million which is \$120 thousand more

than last years' total of \$1.4 million. The Debt Service fund balance was more at June 30, 2010, as compared to 2009, due to increased tax collections in 2009-10. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as they become due. The Districts' other governmental funds reported a fund balance of \$2.4 million, which is \$476 thousand more than the previous year. The primary difference between fiscal 2009 and fiscal 2010 governmental funds is the Bus Acquisition Fund was added in 2010 and was a major fund.

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 2009). 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 2010, the District had \$32.1 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 District's fiscal year 2009-2010 General Fund capital budget provided no funds for expenditures for new instructional facilities, however it budgeted \$1.3 million for capital expenditures. The \$1.3 million is comprised of \$436 thousand for parking improvements, \$61 thousand for scoreboards, \$175 thousand for vehicles, \$404 thousand for air conditioning improvements and the remainder for facilities improvements. The air conditioning system project was carried over from 2009 and was completed in fiscal year 2010.

Additionally, the district budgeted \$4.1 million for the acquisition of a bus fleet, and as of June 30, 2010, \$2.7 million of the buses had been delivered in advance of the 2010-2011 school year. The remainders of the buses were delivered in the 2010-2011 school year.

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 \$29.5 million in bonds outstanding and accumulated accretion on CAB's versus \$27.1 million last year. The increase is primarily due to the issuance of Maintenance Tax Notes to acquire a bus fleet, as well as the addition of accumulated accretion on capital appreciation bonds. More detailed information about the District's long-term liabilities is presented in Note G 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 2010-10 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates.

An increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$34.1 million for the 2010-2011 fiscal year. The budget includes an anticipated pay raise for all employees, as well as \$480 thousand budgeted for district-wide facilities needs, which includes \$504 thousand in construction in progress from 2009-2010 for various campus and grounds improvements. The district is in the process of reviewing a 2010 demographic study report and a 2010 facilities report to anticipate any projects needed in the future. At this time, the district has no current plans to issue additional debt to finance any building projects or renovations.

Future enrollments and property values are forecast to remain steady or minimal increases, which will continue to produce revenues that will support projected expenditures in the near future. For the 2010-2011 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.

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.

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Basic Financial Statements

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

JUNE 30, 2010

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 3,729,757	\$ 47,459	\$ 3,777,216
1120 <i>Current Investments</i>	12,784,368	--	12,784,368
1225 <i>Property Taxes Receivable (Net)</i>	873,225	--	873,225
1240 <i>Due from Other Governments</i>	6,825,285	--	6,825,285
1260 <i>Internal Balances</i>	(10,677)	10,677	--
1267 <i>Due from Fiduciary</i>	26	--	26
1290 <i>Other Receivables (Net)</i>	212,919	14,873	227,792
1300 <i>Inventories</i>	1,071	--	1,071
1410 <i>Deferred Expenses</i>	104,405	--	104,405
1420 <i>Capitalized Bond and Other Debt Issuance Costs</i>	844,870	--	844,870
Capital Assets:			
1510 <i>Land</i>	626,112	--	626,112
1520 <i>Buildings and Improvements, Net</i>	28,052,559	--	28,052,559
1530 <i>Furniture and Equipment, Net</i>	677,019	--	677,019
1580 <i>Construction in Progress</i>	2,743,387	--	2,743,387
1000 Total Assets	<u>57,464,326</u>	<u>73,009</u>	<u>57,537,335</u>
LIABILITIES:			
2110 <i>Accounts Payable</i>	3,028,763	6,914	3,035,677
2140 <i>Interest Payable</i>	511,522	--	511,522
2165 <i>Accrued Liabilities</i>	3,532,076	57,045	3,589,121
2180 <i>Due to Other Governments</i>	134,508	--	134,508
2300 <i>Unearned Revenue</i>	923,370	9,050	932,420
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	1,260,000	--	1,260,000
2502 <i>Due in More Than One Year</i>	28,284,539	--	28,284,539
2000 Total Liabilities	<u>37,674,778</u>	<u>73,009</u>	<u>37,747,787</u>
NET ASSETS			
3200 <i>Invested in Capital Assets, Net of Related Debt</i>	3,863,306	--	3,863,306
Restricted For:			
3850 <i>Debt Service</i>	1,427,083	--	1,427,083
3870 <i>Campus Activities</i>	79,187	--	79,187
3900 <i>Unrestricted</i>	14,419,972	--	14,419,972
3000 Total Net Assets	<u>\$ 19,789,548</u>	<u>\$ --</u>	<u>\$ 19,789,548</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 23,448,148	\$ --	\$ 3,135,886
12	Instructional Resources and Media Services	786,278	--	37,550
13	Curriculum and Staff Development	324,272	--	34,075
21	Instructional Leadership	552,081	--	109,419
23	School Leadership	2,549,598	--	125,045
31	Guidance, Counseling, & Evaluation Services	1,723,302	--	362,791
32	Social Work Services	191,717	--	--
33	Health Services	402,739	--	92,167
34	Student Transportation	1,874,478	--	90,405
35	Food Service	2,481,645	591,536	1,631,407
36	Cocurricular/Extracurricular Activities	1,216,754	92,349	32,217
41	General Administration	1,304,514	--	56,187
51	Plant Maintenance and Operations	4,052,169	79,106	192,460
52	Security and Monitoring Services	124,360	385	5,477
53	Data Processing Services	230,952	--	10,566
61	Community Services	91,136	--	23,375
72	Interest on Long-term Debt	1,136,473	--	--
73	Bond Issuance Costs and Fees	15,497	--	--
81	Capital Outlay	--	2,464	2,102
93	Payments Related to Shared Services Arrangements	577,552	--	78,129
99	Other Intergovernmental Charges	243,278	--	855
TG	Total Governmental Activities	<u>43,326,943</u>	<u>765,840</u>	<u>6,020,113</u>
	Business-type Activities:			
01	Summer Recreation	55,441	--	--
02	After School Program	208,033	--	--
03	Cubhouse Students	132,852	--	--
04	GED Adult Ed.	213,990	--	--
06	Cubhouse Employees	131,108	--	--
07	Community Ed. Adm.	147,788	--	--
TB	Total Business-type Activities	<u>889,212</u>	<u>--</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 44,216,155</u>	<u>\$ 765,840</u>	<u>\$ 6,020,113</u>
	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			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (20,312,262)		\$ (20,312,262)
(748,728)		(748,728)
(290,197)		(290,197)
(442,662)		(442,662)
(2,424,553)		(2,424,553)
(1,360,511)		(1,360,511)
(191,717)		(191,717)
(310,572)		(310,572)
(1,784,073)		(1,784,073)
(258,702)		(258,702)
(1,092,188)		(1,092,188)
(1,248,327)		(1,248,327)
(3,780,603)		(3,780,603)
(118,498)		(118,498)
(220,386)		(220,386)
(67,761)		(67,761)
(1,136,473)		(1,136,473)
(15,497)		(15,497)
4,566		4,566
(499,423)		(499,423)
(242,423)		(242,423)
<u>(36,540,990)</u>		<u>(36,540,990)</u>
--	\$ (55,441)	(55,441)
--	(208,033)	(208,033)
--	(132,852)	(132,852)
--	(213,990)	(213,990)
--	(131,108)	(131,108)
--	(147,788)	(147,788)
--	<u>(889,212)</u>	<u>(889,212)</u>
<u>(36,540,990)</u>	<u>(889,212)</u>	<u>(37,430,202)</u>
9,175,212	--	9,175,212
1,655,572	--	1,655,572
87,264	--	87,264
25,646,703	106,689	25,753,392
748,151	633,920	1,382,071
(148,604)	148,603	(1)
<u>37,164,298</u>	<u>889,212</u>	<u>38,053,510</u>
623,308	--	623,308
19,166,240	--	19,166,240
<u>\$ 19,789,548</u>	<u>\$ --</u>	<u>\$ 19,789,548</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2010

Data Control Codes	10 General Fund	60 Bus Fleet Acquisition	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 1,490,551	\$ --	\$ 2,239,206	\$ 3,729,757
1120 <i>Current Investments</i>	8,619,749	4,055,432	109,187	12,784,368
1225 <i>Taxes Receivable, Net</i>	739,439	--	133,786	873,225
1240 <i>Due from Other Governments</i>	6,377,176	--	448,109	6,825,285
1260 <i>Due from Other Funds</i>	204,195	--	823	205,018
1290 <i>Other Receivables</i>	194,780	--	18,139	212,919
1300 <i>Inventories</i>	1,071	--	--	1,071
1410 <i>Deferred Expenditures</i>	96,513	--	7,892	104,405
1000 Total Assets	<u>\$ 17,723,474</u>	<u>\$ 4,055,432</u>	<u>\$ 2,957,142</u>	<u>\$ 24,736,048</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 228,469	\$ 2,707,330	\$ 92,964	\$ 3,028,763
2150 <i>Payroll Deductions & Withholdings</i>	387,797	--	33,846	421,643
2160 <i>Accrued Wages Payable</i>	2,720,216	--	390,217	3,110,433
2170 <i>Due to Other Funds</i>	55,406	--	160,263	215,669
2180 <i>Due to Other Governments</i>	4,676	--	129,832	134,508
2300 <i>Unearned Revenue</i>	745,104	--	170,154	915,258
2000 Total Liabilities	<u>4,141,668</u>	<u>2,707,330</u>	<u>977,276</u>	<u>7,826,274</u>
FUND BALANCES:				
Reserved Fund Balances:				
3420 <i>Debt Service</i>	--	--	1,547,120	1,547,120
3450 <i>Reserve for Food Service</i>	--	--	300,631	300,631
3490 <i>Other Reserves of Fund Balance</i>	--	1,348,102	118,895	1,466,997
Designated Fund Balance:				
3510 <i>Construction</i>	954,910	--	--	954,910
3530 <i>Capital Expenditures for Equipment</i>	30,000	--	13,220	43,220
3590 <i>Other Designated Fund Balance</i>	5,883	--	--	5,883
3600 <i>Unreserved</i>	12,591,013	--	--	12,591,013
3000 Total Fund Balances	<u>13,581,806</u>	<u>1,348,102</u>	<u>1,979,866</u>	<u>16,909,774</u>
4000 Total Liabilities and Fund Balances	<u>\$ 17,723,474</u>	<u>\$ 4,055,432</u>	<u>\$ 2,957,142</u>	<u>\$ 24,736,048</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS*
 JUNE 30, 2010

Total fund balances - governmental funds balance sheet	\$ 16,909,774
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	32,099,078
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	873,226
Payables for bond principal which are not due in the current period are not reported in the funds.	(28,239,996)
Accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,304,543)
Payables for bond interest which are not due in the current period are not reported in the funds.	(511,522)
Bond premium is deferred amortized over the life of the bonds.	(881,338)
Bond issuance costs are capitalized and amortized over the life of the bonds.	844,870
Rounding difference	(1)
Net assets of governmental activities - Statement of Net Assets	\$ <u>19,789,548</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, 2010**

Data Control Codes	10 General Fund	60 Bus Fleet Acquisition	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 9,425,668	\$ 2,058	\$ 2,927,835	\$ 12,355,561
5800 <i>State Program Revenues</i>	22,796,754	--	1,731,695	24,528,449
5900 <i>Federal Program Revenues</i>	248,266	--	6,886,335	7,134,601
5020 Total Revenues	<u>32,470,688</u>	<u>2,058</u>	<u>11,545,865</u>	<u>44,018,611</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	18,138,786	--	4,301,908	22,440,694
0012 <i>Instructional Resources and Media Services</i>	640,878	--	100,254	741,132
0013 <i>Curriculum and Staff Development</i>	224,464	--	83,724	308,188
0021 <i>Instructional Leadership</i>	300,526	--	230,485	531,011
0023 <i>School Leadership</i>	2,386,267	--	8,578	2,394,845
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,196,869	--	448,822	1,645,691
0032 <i>Social Work Services</i>	20	--	180,000	180,020
0033 <i>Health Services</i>	307,908	--	74,963	382,871
0034 <i>Student Transportation</i>	1,540,192	2,748,956	312,546	4,601,694
0035 <i>Food Service</i>	--	--	2,338,556	2,338,556
0036 <i>Cocurricular/Extracurricular Activities</i>	1,201,304	--	28,868	1,230,172
0041 <i>General Administration</i>	1,221,233	--	4,092	1,225,325
0051 <i>Plant Maintenance and Operations</i>	3,329,773	--	502,553	3,832,326
0052 <i>Security and Monitoring Services</i>	113,578	--	3,419	116,997
0053 <i>Data Processing Services</i>	203,545	--	13,355	216,900
0061 <i>Community Services</i>	3,777	--	29,542	33,319
0071 <i>Principal on Long-term Debt</i>	--	--	1,780,000	1,780,000
0072 <i>Interest on Long-term Debt</i>	--	--	1,027,299	1,027,299
0073 <i>Bond Issuance Costs and Fees</i>	--	--	5,000	5,000
0081 <i>Capital Outlay</i>	657,970	--	--	657,970
0093 <i>Payments to Shared Service Arrangements</i>	--	--	577,552	577,552
0099 <i>Other Intergovernmental Charges</i>	243,278	--	--	243,278
6030 Total Expenditures	<u>31,710,368</u>	<u>2,748,956</u>	<u>12,051,516</u>	<u>46,510,840</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>760,320</u>	<u>(2,746,898)</u>	<u>(505,651)</u>	<u>(2,492,229)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	4,095,000	--	4,095,000
7915 <i>Transfers In</i>	--	--	29,801	29,801
8911 <i>Transfers Out</i>	(178,405)	--	--	(178,405)
7080 Total Other Financing Sources and (Uses)	<u>(178,405)</u>	<u>4,095,000</u>	<u>29,801</u>	<u>3,946,396</u>
1200 Net Change in Fund Balances	<u>581,915</u>	<u>1,348,102</u>	<u>(475,850)</u>	<u>1,454,167</u>
0100 Fund Balances - Beginning	<u>12,999,891</u>	<u>--</u>	<u>2,455,716</u>	<u>15,455,607</u>
3000 Fund Balances - Ending	<u>\$ 13,581,806</u>	<u>\$ 1,348,102</u>	<u>\$ 1,979,866</u>	<u>\$ 16,909,774</u>

The accompanying notes are an integral part of this statement.

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, 2010*

Net change in fund balances - total governmental funds	\$ 1,454,167
--	--------------

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

Capital outlays are not reported as expenses in the SOA.	3,743,849
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,216,055)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(4,226)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,799
Bond premium is amortized over the life of the bonds and therefore not recorded as revenue in the year issued	73,445
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(52,123)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,780,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	(76,660)
(Increase) decrease in accrued interest from beginning of period to end of period.	(32,514)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,095,000)
Bond issuance costs and similar items are expenditures in the funds but are amortized in the SOA.	41,626

Change in net assets of governmental activities - Statement of Activities	\$ <u>623,308</u>
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The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET ASSETS****ENTERPRISE FUNDS**

JUNE 30, 2010

Data Control Codes		Nonmajor Enterprise Funds
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 47,459
Receivables:		
1260	Due from Other Funds	10,677
1290	Other Receivables (net)	14,873
	Total Current Assets	73,009
1000	Total Assets	\$ 73,009
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 6,914
2150	Payroll Deduction & Withholdings	7,114
2160	Accrued Wages Payable	49,931
2300	Unearned Revenues	9,050
	Total Current Liabilities	73,009
2000	Total Liabilities	73,009
NET ASSETS:		
3000	Total Net Assets	\$ --

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		Nonmajor Enterprise Funds
OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 633,920
5800	<i>State Program Revenues</i>	106,689
5020	Total Revenues	<u>740,609</u>
OPERATING EXPENSES:		
6100	<i>Payroll Costs</i>	640,415
6200	<i>Professional and Contracted Services</i>	186,004
6300	<i>Supplies and Materials</i>	46,059
6400	<i>Other Operating Costs</i>	16,734
6030	Total Expenses	<u>889,212</u>
	Income (Loss) before Contributions and Transfers	(148,603)
7915	<i>Transfers In</i>	196,245
8911	<i>Transfers Out</i>	(47,642)
1300	Change in Net Assets	<u>--</u>
0100	Total Net Assets - Beginning	--
3300	Total Net Assets - Ending	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

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LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ 636,225
<i>Cash Received from Grants</i>	107,124
<i>Cash Payments to Employees for Services</i>	(634,585)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(247,262)
Net Cash Provided (Used) by Operating Activities	<u>(138,498)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Transfers From (To) Other Funds</i>	148,603
Net Cash Provided (Used) by Non-capital Financing Activities	<u>148,603</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 10,105
Cash and Cash Equivalents at Beginning of Year	37,354
Cash and Cash Equivalents at End of Year	<u>\$ 47,459</u>
 Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (148,603)
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>	4,890
<i>Increase (Decrease) in Accounts Payable</i>	1,600
<i>Increase (Decrease) in Payroll Deductions</i>	537
<i>Increase (Decrease) in Accrued Wages Payable</i>	5,948
<i>Increase (Decrease) in Interfund Payables</i>	(7,551)
<i>Increase (Decrease) in Unearned Revenue</i>	4,681
Total Adjustments	<u>10,105</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (138,498)</u>

The accompanying notes are an integral part of this statement.

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

JUNE 30, 2010

JUNE 30, 2010		Private-purpose Trust Funds	
Data Control Codes		Scholarship Fund	Agency Funds
ASSETS:			
1110	Cash and Cash Equivalents	\$ 162,032	\$ 114,541
1000	Total Assets	\$ 324,371	\$ 114,541
LIABILITIES:			
Current Liabilities:			
2170	Due to Other Funds	\$ --	\$ 27
2190	Due to Student Groups	--	114,514
2300	Unearned Revenues	10	--
2000	Total Liabilities	10	114,541
NET ASSETS			
3800	Held in Trust	324,361	--
3000	Total Net Assets	\$ 324,361	\$ --

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2010*

	Private- Purpose Trusts	Scholarship Funds
Additions:		
Investment Income	\$ 2,255	
Gifts and Bequests	32,890	
Total Additions	35,145	
Deductions:		
Scholarship Awards	45,292	
Supplies and Materials	373	
Professional Services	355	
Total Deductions	46,020	
Change in Net Assets	(10,875)	
Net Assets-Beginning of the Year	335,236	
Net Assets-End of the Year	\$ 324,361	

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, 2010

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" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets 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, 2010

In addition, the District reports the following fund types:

Enterprise Funds: These funds are used to report the activities of after school programs and adult education.

Private-Purpose Trust Funds: These funds are used to report trust arrangements with numerous student activities and a scholarship fund supported by various gifts and bequests.

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 private organizations and have no measurement focus.

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. The accrual basis of accounting is used.

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.

The General, Debt Service and National School Breakfast and Lunch Program Funds have legally adopted annual budgets prepared on the GAAP basis. Budgets are legally controlled at the function level.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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.

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

Postage paid in advance for costs relating to future periods is recorded as inventory.

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. 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

f. 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 assets.

g. Use of Estimates

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

h. 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 insure accuracy in building a statewide database for policy development and funding plans.

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>
Function level expenditures exceeded budgeted amounts in Function 35 in the National School Lunch & Breakfast Program Fund in the amount of \$6,644	As a result of a physical inventory at year end, an entry in the amount of \$6,644 was required to increase food costs. This resulted in the aforementioned over expenditure representing 0.2% of gross revenues. The District will more closely monitor contractor activities and make budget amendments as required.

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

Following are funds having deficit fund balances or fund net assets 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

1. Cash Deposits:

At June 30, 2010, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,777,216 and the bank balance was \$4,715,283. The District's cash deposits at June 30, 2010 and during the period ended June 30, 20010, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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, 2010 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>	<u>Percentage</u>
TexPool Investment Pool	34 days average	AAA-m	\$ 9,953,812	78%
Texas TERM	50 days average	AAA-m	2,830,556	22%
			<u>\$ 12,784,368</u>	100%

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, as noted above. The District restricts investments to those rated at least AAA.

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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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.

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 investments representing more than 5% of total investments are disclosed above.

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

TexPool Prime is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the Trust Company) to provide a safe, efficient, and liquid investment alternative for the placement of local government funds in authorized, short-term, fully-collateralized investment. TexPool Prime invests in U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds, commercial paper, and certificate of deposits. TexPool Prime is rated AAAM by Standard & Poor's, the highest rating a local government pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with maximum maturity of any investment limited to 13 months.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The State, with the authority of the Texas Legislature, created the Texas Treasury Safekeeping Trust Company (the Trust Company). This is a special purpose trust company with direct access to the service of the Federal Reserve Bank to manage, disburse, transfer, safe-keep, and invest public funds and securities more efficiently and economically. The Comptroller of Public Accounts is the sole officer, director, and shareholder of the Trust company. Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. Lehman Brothers is the administrator for the TexPool program providing, Participant Services and Marketing functions to TexPool participants. Federated Investors is the investment manager and provides for accounting, custodial, and transfer agency services to TexPool.

Texas TERM is a Local Government Investment Pool and is managed by PFM Asset Management LLC. The AAA rated fund invests only in securities allowed by the Texas Public Funds Investment Act. The fund has a letter of credit that backs the maintenance of a \$1.00 net asset value.

D. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 573,539	\$ 52,573	\$ --	\$ 626,112
Construction in progress	293,100	2,743,386	293,099	2,743,387
Total capital assets not being depreciated	866,639	2,795,959	293,099	3,369,499
<i>Capital assets being depreciated:</i>				
Buildings and improvements	55,975,194	862,439	30,000	56,807,633
Furniture and equipment	3,408,826	378,549	754,171	3,033,204
Total capital assets being depreciated	59,384,020	1,240,988	784,171	59,840,837
Less accumulated depreciation for:				
Buildings and improvements	(26,785,775)	(1,999,300)	(30,000)	(28,755,075)
Furniture and equipment	(2,889,376)	(216,755)	(749,945)	(2,356,186)
Total accumulated depreciation	(29,675,151)	(2,216,055)	(779,945)	(31,111,261)
Total capital assets being depreciated, net	29,708,869	(975,067)	4,226	28,729,576
Governmental activities capital assets, net	\$ 30,575,508	\$ 1,820,892	\$ 297,325	\$ 32,099,075

Depreciation was charged to functions as follows:

Instruction	\$ 1,236,500
Instructional Resources and Media Services	45,146
Curriculum and Staff Development	16,084
Instructional Leadership	21,070
School Leadership	154,753
Guidance, Counseling, & Evaluation Services	77,611
Social Work Services	11,697
Health Services	19,868
Food Services	148,369
Extracurricular Activities	77,872
General Administration	79,189
Plant Maintenance and Operations	248,664
Security and Monitoring Services	7,363
Data Processing Services	14,052
Community Services	57,817
	<u>\$ 2,216,055</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

E. Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds at June 30, 2010, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 160,263	Short-term loans
Other Governmental Funds	General Fund	823	Short-term loans
General Fund	General Fund	43,906	Short-term loans
General Fund	Agency Funds	27	Short-term loans
Nonmajor Enterprise Funds	General Fund	10,677	Short-term loans
	Total	<u>\$ 215,696</u>	

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

Transfers to and from other funds at June 30, 2010, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Enterprise Funds	\$ 178,405	Supplement other funds sources
Other Governmental Funds	Nonmajor Enterprise Funds	29,800	Residual restricted funds
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	17,841	Supplement other funds sources
	Total	<u>\$ 226,046</u>	

F. Fund Balances

The District has reserved, unreserved and designated fund balance as follows.

Description	Amount
Reserved for:	
Debt Service	\$ 1,547,120
Food Service	300,631
Bus Fleet Acquisition	1,348,102
Various State and Federal Grants	118,895
	<u>\$ 3,314,748</u>
Designated for:	
General Fund:	
Improvements to Plant	\$ 954,910
Vehicles	30,000
Equipment	5,883
	<u>990,793</u>
Food Service Fund:	
Capital Projects	13,220
	<u>\$ 1,004,013</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

G. 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, 2010, are as follows:

Series	Original Issue (Millions)	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>							
2002	15.50	2.00-5.10%	\$ 4,735,000	\$ --	\$ 350,000	\$ 4,385,000	\$ 350,000
2004	1.80	2.90-3.00%	935,000	--	935,000	--	--
2006	9.52	3.66%	9,274,997	--	85,000	9,189,997	280,000
2007	8.83	3.92%	8,635,000	--	80,000	8,555,000	85,000
2008	2.3	3.75-4.50%	2,345,000	--	330,000	2,015,000	200,000
2010	4.095	3.50%	--	4,095,000	--	4,095,000	345,000
Accumulated Accretion on CAB			1,227,883	76,660	--	1,304,543	--
Total governmental activities			<u>\$ 27,152,880</u>	<u>\$ 4,171,660</u>	<u>\$ 1,780,000</u>	<u>\$ 29,544,540</u>	<u>\$ 1,260,000</u>

The bonded debt detailed above was issued for the construction of school facilities or to refinance debt issued for that purpose.

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2010, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 1,260,000	\$ 1,042,809	\$ 2,302,809
2012	1,269,997	1,595,551	2,865,548
2013	1,920,000	931,663	2,851,663
2014	1,980,000	858,546	2,838,546
2015	2,035,000	782,699	2,817,699
2016-2020	9,750,000	4,008,356	13,758,356
2021-2025	7,285,000	1,119,865	8,404,865
2026-2030	2,740,000	163,660	2,903,660
Totals	<u>\$ 28,239,997</u>	<u>\$ 10,503,149</u>	<u>\$ 38,743,146</u>

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, 2010, 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	<u>\$ 8,835,000</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 2010, 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.

I. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778.

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the fiscal periods ending in 2010, 2009, and 2008 were \$1,566,913, \$1,516,199 and \$1,464,165 respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the fiscal periods ending in 2010, 2009, and 2008 were \$394,332, \$361,721 and \$309,081, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$1,467,971 for the fiscal period ended in 2010. These amounts are reflected as state revenue and personnel expense.

J. Health Care Coverage

During the period ended June 30, 2010, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$253 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas while Medco Health was assigned the prescription drug plan.

The latest financial information on the state-wide plan is available from TRS (see note H1).

K. Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. 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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009 and 2008. 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. For the years ended June 30, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$219,998, \$211,767, and \$210,377, respectively, the active member contributions were \$142,999, \$137,648, and \$136,745, respectively, and the school district's contributions were \$120,999, \$116,472, and \$115,707, respectively, which equaled the required contributions each year.

L. On-Behalf Payments

The District beneficiary of certain payments made other entities relating to fringe benefits. These payments are recorded in the government-wide and fund financial statements as state and/or federal revenues and payroll expenditures. These contributions are the responsibility of the state or federal government as detailed below.

Description	On-Behalf Amount
State contributions to the TRS retirement plan	\$ 1,437,795
Medicare Part D drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants	61,906
	<u>\$ 1,499,701</u>

M. 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, 2010.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

N. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education and Medicaid reimbursement 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 Special Education and Medicaid Coop funds 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	\$ 412,191	\$ 49,940
Luling ISD	133,649	13,477
Navarro ISD	106,809	12,582
Prairie Lea ISD	21,338	2,130
Total	<u>\$ 673,987</u>	<u>\$ 78,129</u>

O. Workers' Compensation Insurance

Beginning in the fiscal year ended June 30, 2006, employees of the District were covered by a workers' compensation insurance plan (the plan). Contributions are made based upon statutory rates established for the District's various types of employees. A third party administrator acts on behalf of the self-funded pool.

The contract between the District and the third party administrator, Texas Association of School Boards (TASB) is renewable annually and the terms of coverage and costs are included in the contractual provisions. The District is protected against unanticipated catastrophic individual loss by stop-loss coverage carried through Safety National a commercial insurer licensed to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage is in effect for specific occurrences exceeding \$300,000.

TASB has performed an evaluation of claims submitted for incidents occurring prior to year end, and has projected that additional claims will cost \$248,979. No long-term portion was identified by the actuary.

Following is a reconciliation of changes in the aggregate liabilities for claims in the current fiscal year:

	<u>2009</u>	<u>2010</u>
Unpaid claims, beginning of the fiscal year	\$ 145,897	147,270
Incurred claims	197,038	248,979
Claim payments	(195,665)	(249,687)
Unpaid claims, end of the fiscal year	<u>\$ 147,270</u>	<u>146,562</u>

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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.

Notes to Required Supplementary Information

The General, Debt Service and National School Breakfast and Lunch Program Funds have legally adopted annual budgets prepared on the GAAP basis. Budgets are legally controlled at the function level.

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 9,477,850	\$ 9,367,280	\$ 9,425,668	\$ 58,388
5800	State Program Revenues	22,991,026	22,863,573	22,796,754	(66,819)
5900	Federal Program Revenues	181,184	202,184	248,266	46,082
5020	Total Revenues	32,650,060	32,433,037	32,470,688	37,651
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	18,714,551	18,467,467	18,138,786	328,681
0012	Instructional Resources and Media Services	694,232	653,563	640,878	12,685
0013	Curriculum and Staff Development	306,910	256,586	224,464	32,122
	Total Instruction & Instr. Related Services	19,715,693	19,377,616	19,004,128	373,488
Instructional and School Leadership:					
0021	Instructional Leadership	337,212	303,951	300,526	3,425
0023	School Leadership	2,417,850	2,413,889	2,386,267	27,622
	Total Instructional & School Leadership	2,755,062	2,717,840	2,686,793	31,047
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,207,526	1,219,872	1,196,869	23,003
0032	Social Work Services	180,294	294	20	274
0033	Health Services	311,171	324,001	307,908	16,093
0034	Student (Pupil) Transportation	1,504,385	1,541,252	1,540,192	1,060
0036	Cocurricular/Extracurricular Activities	1,088,424	1,245,655	1,201,304	44,351
	Total Support Services - Student (Pupil)	4,291,800	4,331,074	4,246,293	84,781
Administrative Support Services:					
0041	General Administration	1,240,505	1,282,938	1,221,233	61,705
	Total Administrative Support Services	1,240,505	1,282,938	1,221,233	61,705
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,738,295	3,483,298	3,329,773	153,525
0052	Security and Monitoring Services	134,207	122,207	113,578	8,629
0053	Data Processing Services	217,300	212,100	203,545	8,555
	Total Support Services - Nonstudent Based	4,089,802	3,817,605	3,646,896	170,709
Ancillary Services:					
0061	Community Services	--	4,021	3,777	244
	Total Ancillary Services	--	4,021	3,777	244
Capital Outlay:					
0081	Capital Outlay	110,580	1,115,321	657,970	457,351
	Total Capital Outlay	110,580	1,115,321	657,970	457,351
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	310,000	11,196	--	11,196
0099	Other Intergovernmental Charges	260,000	243,279	243,278	1
	Total Intergovernmental Charges	570,000	254,475	243,278	11,197
6030	Total Expenditures	32,773,442	32,900,890	31,710,368	1,190,522

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2010

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	(123,382)	(467,853)	760,320	1,228,173
	Other Financing Sources (Uses):				
8911	Transfers Out	(250,000)	(218,551)	(178,405)	40,146
7080	Total Other Financing Sources and (Uses)	(250,000)	(218,551)	(178,405)	40,146
1200	Net Change in Fund Balance	(373,382)	(686,404)	581,915	1,268,319
0100	Fund Balance - Beginning	12,999,891	12,999,891	12,999,891	--
3000	Fund Balance - Ending	\$ 12,626,509	\$ 12,313,487	\$ 13,581,806	\$ 1,268,319

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*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, 2010

Data Control Codes		Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 667,533	\$ 1,571,673	\$ 2,239,206
1120	Current Investments	51,939	57,248	109,187
1225	Taxes Receivable, Net	--	133,786	133,786
1240	Due from Other Governments	448,109	--	448,109
1260	Due from Other Funds	823	--	823
1290	Other Receivables	2,778	15,361	18,139
1410	Deferred Expenditures	7,892	--	7,892
1000	Total Assets	<u>\$ 1,179,074</u>	<u>\$ 1,778,068</u>	<u>\$ 2,957,142</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 63,163	\$ 29,801	\$ 92,964
2150	Payroll Deductions & Withholdings	33,846	--	33,846
2160	Accrued Wages Payable	390,217	--	390,217
2170	Due to Other Funds	160,263	--	160,263
2180	Due to Other Governments	62,471	67,361	129,832
2300	Unearned Revenue	36,368	133,786	170,154
2000	Total Liabilities	<u>746,328</u>	<u>230,948</u>	<u>977,276</u>
FUND BALANCES:				
Reserved Fund Balances:				
3420	Debt Service	--	1,547,120	1,547,120
3450	Reserve for Food Service	300,631	--	300,631
3490	Other Reserves of Fund Balance	118,895	--	118,895
Designated Fund Balance:				
3530	Capital Expenditures for Equipment	13,220	--	13,220
3000	Total Fund Balances	<u>432,746</u>	<u>1,547,120</u>	<u>1,979,866</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,179,074</u>	<u>\$ 1,778,068</u>	<u>\$ 2,957,142</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,265,318	\$ 1,662,517	\$ 2,927,835
5800	State Program Revenues	491,677	1,240,018	1,731,695
5900	Federal Program Revenues	6,886,335	--	6,886,335
5020	Total Revenues	8,643,330	2,902,535	11,545,865
EXPENDITURES:				
Current:				
0011	Instruction	4,301,908	--	4,301,908
0012	Instructional Resources and Media Services	100,254	--	100,254
0013	Curriculum and Staff Development	83,724	--	83,724
0021	Instructional Leadership	230,485	--	230,485
0023	School Leadership	8,578	--	8,578
0031	Guidance, Counseling, & Evaluation Services	448,822	--	448,822
0032	Social Work Services	180,000	--	180,000
0033	Health Services	74,963	--	74,963
0034	Student Transportation	312,546	--	312,546
0035	Food Service	2,338,556	--	2,338,556
0036	Cocurricular/Extracurricular Activities	28,868	--	28,868
0041	General Administration	4,092	--	4,092
0051	Plant Maintenance and Operations	502,553	--	502,553
0052	Security and Monitoring Services	3,419	--	3,419
0053	Data Processing Services	13,355	--	13,355
0061	Community Services	29,542	--	29,542
0071	Principal on Long-term Debt	--	1,780,000	1,780,000
0072	Interest on Long-term Debt	--	1,027,299	1,027,299
0073	Bond Issuance Costs and Fees	--	5,000	5,000
0093	Payments to Shared Service Arrangements	577,552	--	577,552
6030	Total Expenditures	9,239,217	2,812,299	12,051,516
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(595,887)	90,236	(505,651)
Other Financing Sources and (Uses):				
7915	Transfers In	--	29,801	29,801
7080	Total Other Financing Sources and (Uses)	--	29,801	29,801
1200	Net Change in Fund Balances	(595,887)	120,037	(475,850)
0100	Fund Balances - Beginning	1,028,633	1,427,083	2,455,716
3000	Fund Balances - Ending	1,028,633	1,427,083	2,455,716
		\$ 432,746	\$ 1,547,120	\$ 1,979,866

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	222 National and Community Service Trust
ASSETS:				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 10,709
1120 Current Investments	--	--	--	--
1240 Due from Other Governments	--	164,805	6,499	--
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	10
1410 Deferred Expenditures	--	--	--	--
1000 Total Assets	<u>\$ --</u>	<u>\$ 164,805</u>	<u>\$ 6,499</u>	<u>\$ 10,719</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ 2,543	\$ --	\$ --
2150 Payroll Deductions & Withholdings	--	12,108	--	10
2160 Accrued Wages Payable	--	129,813	--	--
2170 Due to Other Funds	--	20,341	6,499	--
2180 Due to Other Governments	--	--	--	--
2300 Unearned Revenue	--	--	--	10,709
2000 Total Liabilities	<u>--</u>	<u>164,805</u>	<u>6,499</u>	<u>10,719</u>
FUND BALANCES:				
Reserved Fund Balances:				
3450 Reserve for Food Service	--	--	--	--
3490 Other Reserves of Fund Balance	--	--	--	--
Designated Fund Balance:				
3530 Capital Expenditures for Equipment	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 164,805</u>	<u>\$ 6,499</u>	<u>\$ 10,719</u>

224	225	240	242	243
IDEA-B Formula	IDEA-B Preschool Grant	National School Breakfast/Lunch Program	Summer Feeding Program	Vo Ed Technical Preparation
\$ --	\$ --	\$ 347,120	\$ 8,640	\$ --
--	--	51,939	--	--
160,547	15,108	--	15,122	2,820
--	--	823	--	--
--	--	252	--	--
--	--	--	--	--
<u>\$ 160,547</u>	<u>\$ 15,108</u>	<u>\$ 400,134</u>	<u>\$ 23,762</u>	<u>\$ 2,820</u>
\$ 798	\$ --	\$ 45,472	\$ 8,033	\$ 59
9,582	437	13	--	--
125,180	4,379	1,999	3,915	--
24,987	10,292	38,676	11,814	2,761
--	--	93	--	--
--	--	30	--	--
<u>160,547</u>	<u>15,108</u>	<u>86,283</u>	<u>23,762</u>	<u>2,820</u>
--	--	300,631	--	--
--	--	--	--	--
--	--	13,220	--	--
--	--	313,851	--	--
<u>\$ 160,547</u>	<u>\$ 15,108</u>	<u>\$ 400,134</u>	<u>\$ 23,762</u>	<u>\$ 2,820</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

Data Control Codes		244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	262 Enhancing Education through Technology	266 ARRA of 2009 Title XIV State Fiscal Stabilizati
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 29,175	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	5,916	19,780	1	24,304
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Deferred Expenditures	4,113	--	--	--
1000	Total Assets	\$ 10,029	\$ 48,955	\$ 1	\$ 24,304
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 340	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	319	4,187	--	27
2160	Accrued Wages Payable	3,586	44,768	--	433
2170	Due to Other Funds	5,784	--	1	23,844
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	10,029	48,955	1	24,304
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
Designated Fund Balance:					
3530	Capital Expenditures for Equipment	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 10,029	\$ 48,955	\$ 1	\$ 24,304

on	289 Federal Special Revenue	350 English Language Acquisition and Enhancement	359 ESEA Title I Part A Improving Basic Programs - ARRA	361 Enhancing Education through Technology-ARRA	364 IDEA - Part B Formula - ARRA
	\$ 2,129	\$ --	\$ --	\$ --	\$ 4,921
	--	--	--	--	--
	--	500	14,416	5,445	1,173
	--	--	--	--	--
	--	--	--	--	--
	<u>\$ 2,129</u>	<u>\$ 500</u>	<u>\$ 14,416</u>	<u>\$ 5,445</u>	<u>\$ 6,094</u>
	\$ --	\$ --	\$ --	\$ --	\$ 5,637
	--	--	37	--	--
	--	--	13,832	--	--
	--	500	547	5,445	457
	2,129	--	--	--	--
	--	--	--	--	--
	<u>2,129</u>	<u>500</u>	<u>14,416</u>	<u>5,445</u>	<u>6,094</u>
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>\$ 2,129</u>	<u>\$ 500</u>	<u>\$ 14,416</u>	<u>\$ 5,445</u>	<u>\$ 6,094</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

Data Control Codes		385 Supplemental Visually Impaired	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative
ASSETS:					
1110	Cash and Cash Equivalents	\$ 2,238	\$ 455	\$ 289	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	--	2,492	--	4,414
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Deferred Expenditures	--	--	3,779	--
1000	Total Assets	<u>\$ 2,238</u>	<u>\$ 2,947</u>	<u>\$ 4,068</u>	<u>\$ 4,414</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	399	--	53
2160	Accrued Wages Payable	--	2,548	--	4,175
2170	Due to Other Funds	2,238	--	--	186
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	4,068	--
2000	Total Liabilities	<u>2,238</u>	<u>2,947</u>	<u>4,068</u>	<u>4,414</u>
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
Designated Fund Balance:					
3530	Capital Expenditures for Equipment	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,238</u>	<u>\$ 2,947</u>	<u>\$ 4,068</u>	<u>\$ 4,414</u>

409 Texas High School Project	411 Technology Allotment	426 Texas Educator Excellence Award Program	437 Special Education	450 Medicaid Coop
\$ --	\$ 39,708	\$ --	\$ 112,323	\$ 9,053
--	--	--	--	--
--	--	3,525	--	1,242
--	--	--	--	--
--	--	--	--	152
--	--	--	--	--
<u>\$ --</u>	<u>\$ 39,708</u>	<u>\$ 3,525</u>	<u>\$ 112,323</u>	<u>\$ 10,447</u>
\$ --	\$ --	\$ --	\$ 258	\$ --
--	--	--	6,674	--
--	--	--	55,589	--
--	--	3,525	--	--
--	--	--	49,802	10,447
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>3,525</u>	<u>112,323</u>	<u>10,447</u>
--	--	--	--	--
--	39,708	--	--	--
--	--	--	--	--
<u>--</u>	<u>39,708</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ 39,708</u>	<u>\$ 3,525</u>	<u>\$ 112,323</u>	<u>\$ 10,447</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

Data Control Codes		461 Campus Activity Funds	482 TASB Risk Management	484 Lions Club	485 Meadows Foundation
ASSETS:					
1110	Cash and Cash Equivalents	\$ 79,189	\$ 2,500	\$ 871	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	71	--	--	--
1410	Deferred Expenditures	--	--	--	--
1000	Total Assets	<u>\$ 79,260</u>	<u>\$ 2,500</u>	<u>\$ 871</u>	<u>\$ --</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	73	--	--	--
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	2,500	871	--
2000	Total Liabilities	<u>73</u>	<u>2,500</u>	<u>871</u>	<u>--</u>
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	79,187	--	--	--
Designated Fund Balance:					
3530	Capital Expenditures for Equipment	--	--	--	--
3000	Total Fund Balances	<u>79,187</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 79,260</u>	<u>\$ 2,500</u>	<u>\$ 871</u>	<u>\$ --</u>

486	488	491	492	494
Target	Mitchell Ward	Wal-Mart	Headstart	Parent Teacher Organization
\$ 136	\$ --	\$ 1,080	\$ --	\$ 7,121
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	2,293	--
--	--	--	--	--
<u>\$ 136</u>	<u>\$ --</u>	<u>\$ 1,080</u>	<u>\$ 2,293</u>	<u>\$ 7,121</u>
\$ --	\$ --	\$ --	\$ --	\$ 23
--	--	--	--	--
--	--	--	--	--
--	--	--	2,293	--
--	--	--	--	--
136	--	1,080	--	7,098
<u>136</u>	<u>--</u>	<u>1,080</u>	<u>2,293</u>	<u>7,121</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 136</u>	<u>\$ --</u>	<u>\$ 1,080</u>	<u>\$ 2,293</u>	<u>\$ 7,121</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

Data Control Codes	495 Miscellaneous Grants Fund	496 Athletic Booster Club	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 Cash and Cash Equivalents	\$ 10	\$ 9,866	\$ 667,533
1120 Current Investments	--	--	51,939
1240 Due from Other Governments	--	--	448,109
1260 Due from Other Funds	--	--	823
1290 Other Receivables	--	--	2,778
1410 Deferred Expenditures	--	--	7,892
1000 Total Assets	<u>\$ 10</u>	<u>\$ 9,866</u>	<u>\$ 1,179,074</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ --	\$ 63,163
2150 Payroll Deductions & Withholdings	--	--	33,846
2160 Accrued Wages Payable	--	--	390,217
2170 Due to Other Funds	--	--	160,263
2180 Due to Other Governments	--	--	62,471
2300 Unearned Revenue	10	9,866	36,368
2000 Total Liabilities	<u>10</u>	<u>9,866</u>	<u>746,328</u>
FUND BALANCES:			
Reserved Fund Balances:			
3450 Reserve for Food Service	--	--	300,631
3490 Other Reserves of Fund Balance	--	--	118,895
Designated Fund Balance:			
3530 Capital Expenditures for Equipment	--	--	13,220
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>432,746</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10</u>	<u>\$ 9,866</u>	<u>\$ 1,179,074</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, 2010

Data Control Codes		204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	222 National and Community Service Trust
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	13,192	1,110,660	15,121	22,917
5020	Total Revenues	13,192	1,110,660	15,121	22,917
EXPENDITURES:					
Current:					
0011	Instruction	9,183	824,417	--	20,817
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	1,625	12,896	--	--
0021	Instructional Leadership	--	30,323	15,121	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	148,608	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	73,784	--	--
0034	Student Transportation	569	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	1,815	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	20,632	--	2,100
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	13,192	1,110,660	15,121	22,917
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	--	--	--	--
		\$ --	\$ --	\$ --	\$ --

224	225	240	242	243
IDEA-B	IDEA-B	National School	Summer	Vo Ed
Formula	Preschool Grant	Breakfast/Lunch	Feeding	Technical
		Program	Program	Preparation
\$ --	\$ --	\$ 647,214	\$ 775	\$ 2,820
--	--	34,027	--	--
1,028,500	41,127	1,642,100	22,880	--
<u>1,028,500</u>	<u>41,127</u>	<u>2,323,341</u>	<u>23,655</u>	<u>2,820</u>
871,304	41,127	--	--	2,820
--	--	--	--	--
1,058	--	--	--	--
--	--	--	--	--
--	--	--	--	--
101,530	--	--	--	--
--	--	--	--	--
--	--	--	--	--
54,478	--	--	--	--
--	--	2,314,901	23,655	--
--	--	--	--	--
--	--	--	--	--
--	--	78,968	--	--
--	--	--	--	--
--	--	--	--	--
130	--	--	--	--
--	--	--	--	--
<u>1,028,500</u>	<u>41,127</u>	<u>2,393,869</u>	<u>23,655</u>	<u>2,820</u>
--	--	(70,528)	--	--
--	--	(70,528)	--	--
--	--	384,379	--	--
--	--	384,379	--	--
\$ --	\$ --	\$ 313,851	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	262 Enhancing Education through Technology	266 ARRA of 2009 Title XIV State Fiscal Stabilizati
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	1,784
5900	Federal Program Revenues	57,979	244,955	5,033	1,318,560
5020	Total Revenues	57,979	244,955	5,033	1,320,344
EXPENDITURES:					
Current:					
0011	Instruction	55,769	243,780	2,849	386,419
0012	Instructional Resources and Media Services	--	--	--	55,732
0013	Curriculum and Staff Development	2,210	1,175	2,184	23,959
0021	Instructional Leadership	--	--	--	24,500
0023	School Leadership	--	--	--	240
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	180,000
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	408,392
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	241,102
6030	Total Expenditures	57,979	244,955	5,033	1,320,344
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	--	--	--	--
		\$ --	\$ --	\$ --	\$ --

on	350 English Language Acquisition and Enhancement	359 ESEA Title I Part A Improving Basic Programs - ARRA	361 Enhancing Education through Technology-ARRA	364 IDEA - Part B Formula - ARRA	394 Life Skills Program
	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	23,684
	565	251,716	10,487	1,020,042	--
	565	251,716	10,487	1,020,042	23,684
	565	215,518	10,487	529,326	--
	--	--	--	--	--
	--	30,000	--	8,496	--
	--	--	--	--	--
	--	3,646	--	--	--
	--	--	--	51,283	--
	--	--	--	--	--
	--	1,027	--	--	--
	--	--	--	172,491	19,593
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	1,525	--	125	4,091
	--	--	--	258,321	--
	565	251,716	10,487	1,020,042	23,684
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		397 Advanced Placement Incentives	404 Student Success Initiative	409 Texas High School Project	411 Technology Allotment
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 300
5800	State Program Revenues	500	22,836	4,691	124,401
5900	Federal Program Revenues	--	--	--	--
5020	Total Revenues	500	22,836	4,691	124,701
EXPENDITURES:					
Current:					
0011	Instruction	500	22,836	78,540	563,286
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	11,523
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	13,355
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	500	22,836	78,540	588,164
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	(73,849)	(463,463)
1200	Net Change in Fund Balances	--	--	(73,849)	(463,463)
0100	Fund Balances - Beginning	--	--	73,849	503,171
3000	Fund Balances - Ending	--	--	73,849	503,171
		\$ --	\$ --	\$ --	\$ 39,708

437	450	461	482	484
Special Education	Medicaid Coop	Campus Activity Funds	TASB Risk Management	Lions Club
\$ 394,233	\$ --	\$ 173,877	\$ 2,000	\$ 725
279,754	--	--	--	--
--	80,501	--	--	--
<u>673,987</u>	<u>80,501</u>	<u>173,877</u>	<u>2,000</u>	<u>725</u>
306,092	2,372	92,255	--	725
--	--	44,522	--	--
--	--	121	--	--
160,541	--	--	--	--
--	--	4,692	--	--
138,188	--	9,213	--	--
--	--	--	--	--
--	--	152	--	--
65,415	--	--	--	--
--	--	--	--	--
--	--	8,247	--	--
3,751	--	341	--	--
--	--	978	2,000	--
--	--	964	--	--
--	--	--	--	--
--	--	439	--	--
--	78,129	--	--	--
<u>673,987</u>	<u>80,501</u>	<u>161,924</u>	<u>2,000</u>	<u>725</u>
--	--	11,953	--	--
--	--	11,953	--	--
--	--	67,234	--	--
--	--	67,234	--	--
\$ --	\$ --	\$ 79,187	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	485 Meadows Foundation	486 Target	488 Mitchell Ward	491 Wal-Mart
REVENUES:				
5700 Local and Intermediate Sources	\$ 500	\$ 684	\$ 3,265	\$ 2,143
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	--	--	--	--
5020 Total Revenues	500	684	3,265	2,143
EXPENDITURES:				
Current:				
0011 Instruction	--	558	3,265	1,629
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	--	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0032 Social Work Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	126	--	514
0053 Data Processing Services	--	--	--	--
0061 Community Services	500	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--	--
6030 Total Expenditures	500	684	3,265	2,143
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	--	--	--	--
	\$ --	\$ --	\$ --	\$ --

492	494	495	496	Total
Headstart	Parent Teacher Organization	Miscellaneous Grants Fund	Athletic Booster Club	Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 3,125	\$ 9,278	\$ 3,958	\$ 20,421	\$ 1,265,318
--	--	--	--	491,677
--	--	--	--	6,886,335
<u>3,125</u>	<u>9,278</u>	<u>3,958</u>	<u>20,421</u>	<u>8,643,330</u>
3,125	8,386	3,958	--	4,301,908
--	--	--	--	100,254
--	--	--	--	83,724
--	--	--	--	230,485
--	--	--	--	8,578
--	--	--	--	448,822
--	--	--	--	180,000
--	--	--	--	74,963
--	--	--	--	312,546
--	--	--	--	2,338,556
--	200	--	20,421	28,868
--	--	--	--	4,092
--	692	--	--	502,553
--	--	--	--	3,419
--	--	--	--	13,355
--	--	--	--	29,542
--	--	--	--	577,552
<u>3,125</u>	<u>9,278</u>	<u>3,958</u>	<u>20,421</u>	<u>9,239,217</u>
--	--	--	--	(595,887)
--	--	--	--	(595,887)
--	--	--	--	1,028,633
--	--	--	--	1,028,633
\$ --	\$ --	\$ --	\$ --	\$ 432,746

LOCKHART INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR DEBT SERVICE FUNDS**

JUNE 30, 2010

Data Control Codes		595 Maintenance Tax Note Debt Service	599 Debt Service Fund	Total Nonmajor Debt Service Funds (See Exhibit H-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ --	\$ 1,571,673	\$ 1,571,673
1120	Current Investments	29,801	27,447	57,248
1225	Taxes Receivable, Net	--	133,786	133,786
1290	Other Receivables	--	15,361	15,361
1000	Total Assets	<u>\$ 29,801</u>	<u>\$ 1,748,267</u>	<u>\$ 1,778,068</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 29,801	\$ --	\$ 29,801
2180	Due to Other Governments	--	67,361	67,361
2300	Unearned Revenue	--	133,786	133,786
2000	Total Liabilities	<u>29,801</u>	<u>201,147</u>	<u>230,948</u>
FUND BALANCES:				
Reserved Fund Balances:				
3420	Debt Service	--	1,547,120	1,547,120
3000	Total Fund Balances	<u>--</u>	<u>1,547,120</u>	<u>1,547,120</u>
4000	Total Liabilities and Fund Balances	<u>\$ 29,801</u>	<u>\$ 1,748,267</u>	<u>\$ 1,778,068</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	595 Maintenance Tax Note Debt Service	599 Debt Service Fund	Total Nonmajor Debt Service Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 1,662,517	\$ 1,662,517
5800 <i>State Program Revenues</i>	--	1,240,018	1,240,018
5020 <i>Total Revenues</i>	--	2,902,535	2,902,535
EXPENDITURES:			
0071 <i>Principal on Long-term Debt</i>	--	1,780,000	1,780,000
0072 <i>Interest on Long-term Debt</i>	29,801	997,498	1,027,299
0073 <i>Bond Issuance Costs and Fees</i>	--	5,000	5,000
6030 <i>Total Expenditures</i>	29,801	2,782,498	2,812,299
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	(29,801)	120,037	90,236
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	29,801	--	29,801
7080 <i>Total Other Financing Sources and (Uses)</i>	29,801	--	29,801
1200 <i>Net Change in Fund Balances</i>	--	120,037	120,037
0100 <i>Fund Balances - Beginning</i>	--	1,427,083	1,427,083
	\$ --	\$ 1,547,120	\$ 1,547,120

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2010

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
ASSETS:				
Current Assets:				
1110	Cash and Cash Equivalents	\$ 14,684	\$ 19,990	\$ 15,898
Receivables:				
1260	Due from Other Funds	--	--	--
1290	Other Receivables (net)	85	321	--
	Total Current Assets	14,769	20,311	15,898
1000	Total Assets	\$ 14,769	\$ 20,311	\$ 15,898
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 1,815	\$ --	\$ 9
2150	Payroll Deduction & Withholdings	63	2,566	2,245
2160	Accrued Wages Payable	4,111	17,475	13,644
2300	Unearned Revenues	8,780	270	--
	Total Current Liabilities	14,769	20,311	15,898
2000	Total Liabilities	14,769	20,311	15,898
NET ASSETS:				
3000	Total Net Assets	\$ --	\$ --	\$ --

Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	
\$ (9,219)	\$ 5,211	\$ 895	\$ 47,459
--	10,677	--	10,677
14,467	--	--	14,873
5,248	15,888	895	73,009
\$ 5,248	\$ 15,888	\$ 895	\$ 73,009
\$ 4,969	\$ --	\$ 121	\$ 6,914
7	2,233	--	7,114
272	13,655	774	49,931
--	--	--	9,050
5,248	15,888	895	73,009
5,248	15,888	895	73,009
\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
OPERATING REVENUES:				
5700	Local and Intermediate Sources	\$ 58,777	\$ 202,169	\$ --
5800	State Program Revenues	827	14,848	64,116
5020	Total Revenues	59,604	217,017	64,116
OPERATING EXPENSES:				
6100	Payroll Costs	46,246	191,799	118,732
6200	Professional and Contracted Services	3,735	5,016	4,804
6300	Supplies and Materials	3,741	10,818	8,589
6400	Other Operating Costs	1,719	400	727
6030	Total Expenses	55,441	208,033	132,852
	Income (Loss) before Contributions and Transfers	4,163	8,984	(68,736)
7915	Transfers In	--	--	68,736
8911	Transfers Out	(4,163)	(8,984)	--
1300	Change in Net Assets	--	--	--
0100	Total Net Assets - Beginning	--	--	--
3300	Total Net Assets - Ending	\$ --	\$ --	\$ --

Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	
\$ 246,020	\$ 114,298	\$ 12,656	\$ 633,920
2,465	12,102	12,331	106,689
<u>248,485</u>	<u>126,400</u>	<u>24,987</u>	<u>740,609</u>
31,288	125,113	127,237	640,415
160,828	1,222	10,399	186,004
9,794	4,602	8,515	46,059
12,080	171	1,637	16,734
<u>213,990</u>	<u>131,108</u>	<u>147,788</u>	<u>889,212</u>
34,495	(4,708)	(122,801)	(148,603)
--	4,708	122,801	196,245
<u>(34,495)</u>	<u>--</u>	<u>--</u>	<u>(47,642)</u>
--	--	--	--
--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Summer Recreation	After School Program	Cubhouse Students
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 55,663	\$ 203,114	\$ --
Cash Received from Grants	827	14,848	64,551
Cash Payments to Employees	(43,896)	(191,650)	(117,431)
Cash Payments to Suppliers for Goods and Services	(8,938)	(16,362)	(14,111)
Net Cash Provided (Used) by Operating Activities	<u>3,656</u>	<u>9,950</u>	<u>(66,991)</u>
Cash Flows from Non-capital Financing Activities:			
Transfers From (To) Other Funds	(4,163)	(8,984)	68,736
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(4,163)</u>	<u>(8,984)</u>	<u>68,736</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(507)	966	1,745
Cash and Cash Equivalents at Beginning of Year	15,191	19,024	14,153
Cash and Cash Equivalents at End of Year	<u>\$ 14,684</u>	<u>\$ 19,990</u>	<u>\$ 15,898</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 4,163	\$ 8,984	\$ (68,736)
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	(85)	66	435
Increase (Decrease) in Accounts Payable	257	(128)	9
Increase (Decrease) in Payroll Deductions	63	60	209
Increase (Decrease) in Accrued Wages Payable	2,287	89	1,747
Increase (Decrease) in Interfund Payables	(7,440)	609	(655)
Increase (Decrease) in Unearned Revenue	4,411	270	--
Total Adjustments	<u>(507)</u>	<u>966</u>	<u>1,745</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,656</u>	<u>\$ 9,950</u>	<u>\$ (66,991)</u>

GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	Total Nonmajor Enterprise Funds (See Exhibit D-3)
\$ 250,555	\$ 114,237	\$ 12,656	\$ 636,225
2,465	12,102	12,331	107,124
(31,412)	(123,117)	(127,079)	(634,585)
(181,023)	(5,995)	(20,833)	(247,262)
<u>40,585</u>	<u>(2,773)</u>	<u>(122,925)</u>	<u>(138,498)</u>
 (34,495)	 4,708	 122,801	 148,603
<u>(34,495)</u>	<u>4,708</u>	<u>122,801</u>	<u>148,603</u>
 6,090	 1,935	 (124)	 10,105
(15,309)	3,276	1,019	37,354
\$ <u>(9,219)</u>	\$ <u>5,211</u>	\$ <u>895</u>	\$ <u>47,459</u>
 \$ 34,495	 \$ (4,708)	 \$ (122,801)	 \$ (148,603)
 --	 --	 --	 --
 --	 --	 --	 --
 4,535	 (61)	 --	 4,890
1,744	--	(282)	1,600
7	199	(1)	537
(131)	1,797	159	5,948
(65)	--	--	(7,551)
--	--	--	4,681
<u>6,090</u>	<u>1,935</u>	<u>(124)</u>	<u>10,105</u>
\$ <u>40,585</u>	\$ <u>(2,773)</u>	\$ <u>(122,925)</u>	\$ <u>(138,498)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

Data Control Codes		888 Bluebonnet Activity Funds	891 Clear Fork Activity Fund	892 Navarro Activity Fund
	ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$ 99	\$ 339	\$ 20,802
1000	Total Assets	<u>\$ 99</u>	<u>\$ 339</u>	<u>\$ 20,802</u>
	LIABILITIES:			
	Current Liabilities:			
2170	<i>Due to Other Funds</i>	\$ --	\$ (84)	\$ --
2190	<i>Due to Student Groups</i>	99	423	20,802
2000	Total Liabilities	<u>99</u>	<u>339</u>	<u>20,802</u>
	NET ASSETS			
3000	Total Net Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

895 Junior High Activity Fund	896 High School Activity Fund	897 Plum Creek Activity Fund	898 Freshman Campus Activity Fund	Total Agency Funds (See Exhibit E-1)
\$ 9,829	\$ 73,063	\$ 7,327	\$ 3,082	\$ 114,541
\$ 9,829	\$ 73,063	\$ 7,327	\$ 3,082	\$ 114,541
\$ --	\$ --	\$ 111	\$ --	\$ 27
9,829	73,063	7,216	3,082	114,514
9,829	73,063	7,327	3,082	114,541
\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

EXHIBIT H-11

Data Control Codes	97 Balance July 1, 2009	5030 Additions	6050 Deductions	98 Balance June 30, 2010
STUDENT ACTIVITIES:				
ASSETS				
<i>Cash & Temporary Investments</i>	\$ 117,193	\$ 532,960	\$ 535,612	\$ 114,541
<i>Due from Other Funds</i>	98	--	98	--
Total Assets	<u>\$ 117,291</u>	<u>\$ 532,960</u>	<u>\$ 535,710</u>	<u>\$ 114,541</u>
LIABILITIES				
<i>Due to Other Funds</i>	\$ --	\$ 27	\$ --	\$ 27
<i>Due to Student Groups</i>	117,291	532,934	535,711	114,514
Total Liabilities	<u>\$ 117,291</u>	<u>\$ 532,934</u>	<u>\$ 535,711</u>	<u>\$ 114,541</u>
COMBINING STATEMENT:				
<i>Bluebonnet</i>	\$ 365	\$ 38,246	\$ 38,512	\$ 99
<i>Clear Fork</i>	440	44,755	44,772	423
<i>Navarro</i>	21,725	32,953	33,877	20,801
<i>Junior High</i>	4,910	115,448	110,529	9,829
<i>High School</i>	79,827	243,863	250,626	73,064
<i>Plum Creek</i>	7,327	32,157	32,268	7,216
<i>Freshman Campus</i>	2,697	25,512	25,127	3,082
Total Liabilities	<u>\$ 117,291</u>	<u>\$ 532,934</u>	<u>\$ 535,711</u>	<u>\$ 114,514</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, 2010*

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2001 and Prior Years	\$	Various	\$	Various	\$	Various
2002		1.2665		.1435		516,072,270
2003		1.2637		.1754		638,600,612
2004		1.2637		.2017		685,489,421
2005		1.386		.2027		699,992,351
2006		1.50		.19		724,621,146
2007		1.37		.17		753,235,584
2008		1.04		.162		764,288,852
2009		1.04		.185		823,703,755
2010 (School Year Under Audit)		1.04		.19		852,035,448

1000 Totals

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

10 Beginning Balance 7/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/10
\$ 266,842	\$ --	\$ 9,791	\$ 2,843	\$ (2,008)	\$ 252,200
63,162	--	2,513	285	(549)	59,815
69,217	--	3,443	478	(658)	64,638
87,610	--	18,217	2,908	10,143	76,628
96,711	--	23,977	3,507	9,141	78,368
134,849	--	43,698	5,535	10,863	96,479
202,652	--	74,064	9,190	10,422	129,820
275,286	--	114,541	17,842	51,064	193,967
712,531	--	332,204	58,219	27,336	349,444
--	10,480,036	8,245,119	1,505,920	(82,614)	646,383
<u>\$ 1,908,860</u>	<u>\$ 10,480,036</u>	<u>\$ 8,867,567</u>	<u>\$ 1,606,727</u>	<u>\$ 33,140</u>	<u>\$ 1,947,742</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2010

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ 2,720	\$ --	\$ 201,152	\$ 730,485	\$ --	\$ 121	\$ 934,478
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	51,595	--	--	--	51,595
6212	Audit Services	--	--	--	16,750	--	--	16,750
6213	Tax Appraisal and Collection	--	322,280	--	--	--	--	322,280
621X	Other Prof. Services	--	--	1,000	2,951	--	--	3,951
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	1,647	--	--	1,647
6240	Contr. Maint. and Repair	--	--	--	--	19,405	--	19,405
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	--	--	--
6290	Miscellaneous Contr.	5,983	--	--	97,783	--	--	103,766
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	729	--	--	--	--	--	729
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	7,104	--	3,246	24,130	--	--	34,480
6410	Travel, Subsistence, Stipends	4,223	--	3,261	15,319	--	--	22,803
6420	Ins. and Bonding Costs	--	--	--	12,651	--	--	12,651
6430	Election Costs	1,679	--	--	--	--	--	1,679
6490	Miscellaneous Operating	2,915	--	100	40,441	--	--	43,456
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 25,353 \$ 322,280 \$ 260,354 \$ 942,157 \$ 19,405 \$ 121 \$ 1,569,670

Total Expenditures for General and Special Revenue Funds (9) \$ 40,949,585

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,036,519
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 3,799,280
Food (Function 35, 6341 and 6499)	(13)	\$ 350
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 942,157

Subtotal 5,778,306

Net Allowed Direct Cost \$ 35,171,279

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 56,807,633
Historical Cost of Buildings over 50 years old	(16)	2,317,240
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	3,033,204
Historical Cost of Furniture & Equipment over 16 years old	(19)	250,932
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 215,951

(8) Note A - \$45,899 in Function 53 expenditures and \$243,278 in Function 99 expenditures are included in this report on administrative costs.

LOCKHART INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3**

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF JUNE 30, 2010

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ 13,581,806
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	--
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	990,793
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	2,446,573
5	Estimate of one month's average cash disbursements during the regular school session (9/1/10 - 5/31/11)	2,699,503
6	Estimate of delayed payments from state sources (58XX) including August payment delays	6,776,011
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	49,273
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	12,962,153
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ 619,653

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive

Undesignated Unreserved General Fund Fund Balance:

Maintenance and repair of facilities.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT J-4

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 663,535	\$ 647,214	\$ (16,321)
5800	State Program Revenues	45,400	34,027	(11,373)
5900	Federal Program Revenues	1,623,909	1,642,100	18,191
5020	Total Revenues	2,332,844	2,323,341	(9,503)
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	2,308,257	2,314,901	(6,644)
	Total Support Services - Student (Pupil)	2,308,257	2,314,901	(6,644)
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	79,083	78,968	115
	Total Support Services - Nonstudent Based	79,083	78,968	115
6030	Total Expenditures	2,387,340	2,393,869	(6,529)
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(54,496)	(70,528)	(16,032)
1200	Net Change in Fund Balance	(54,496)	(70,528)	(16,032)
0100	Fund Balance - Beginning	384,379	384,379	--
3000	Fund Balance - Ending	\$ 329,883	\$ 313,851	\$ (16,032)

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

MAINTENANCE TAX NOTE DEBT SERVICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5020	Total Revenues	\$ --	\$ --	\$ --
	EXPENDITURES:			
	Debt Service:			
0072	<i>Interest on Long-Term Debt</i>	29,802	29,801	1
	Total Debt Service	29,802	29,801	1
6030	Total Expenditures	29,802	29,801	1
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(29,802)	(29,801)	1
	Other Financing Sources (Uses):			
7915	<i>Transfers In</i>	29,802	29,801	(1)
7080	Total Other Financing Sources and (Uses)	29,802	29,801	(1)
0100	Fund Balance - Beginning	--	--	--
3000	Fund Balance - Ending	\$ --	\$ --	\$ --

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LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-6

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,631,002	\$ 1,662,517	\$ 31,515
5800	State Program Revenues	1,203,493	1,240,018	36,525
5020	Total Revenues	2,834,495	2,902,535	68,040
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	1,780,000	1,780,000	--
0072	Interest on Long-Term Debt	997,515	997,498	17
0073	Bond Issuance Costs and Fees	37,500	5,000	32,500
	Total Debt Service	2,815,015	2,782,498	32,517
6030	Total Expenditures	2,815,015	2,782,498	32,517
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	19,480	120,037	100,557
1200	Net Change in Fund Balance	19,480	120,037	100,557
0100	Fund Balance - Beginning	1,427,083	1,427,083	--
3000	Fund Balance - Ending	\$ 1,446,563	\$ 1,547,120	\$ 100,557

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

Independent Auditors' Report

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 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, 2010, which collectively comprise the Lockhart Independent School District' basic financial statements and have issued our report thereon dated October 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lockhart Independent School District' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in 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
October 27, 2010

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

Independent Auditors' Report

Report on Compliance with Requirements Applicable
To each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

Board of Trustees
Lockhart Independent School District
Lockhart, Texas

Members of the Board of Trustees:

Compliance

We have audited the compliance of Lockhart Independent School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Lockhart Independent School District' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lockhart Independent School District' management. Our responsibility is to express an opinion on Lockhart Independent School District' compliance based on our audit.

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

In our opinion, Lockhart Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
October 27, 2010

LOCKHART INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I Part A- Improving Basic Programs
84.027A	IDEA-B Formula
84.173A	IDEA-B Preschool
84.389a	ARRA-SSA ESEA Title I Part A Improving Basic Programs
84.391A	ARRA-SSA IDEA-PART B Formula
84.394A	ARRA OF 2009 Title XIV State Fiscal Stabilization Fund

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

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, 2010

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Direct Programs:			
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	227950	\$ 15,121
<i>Vocational Education - Technical Preparation</i>	84.243A	028-902	2,820
Total Direct Programs			<u>17,941</u>
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	10610101028902	1,133,567
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	10610101028902	--
Total CFDA Number 84.010A			<u>1,133,567</u>
<i>IDEA-B Formula *</i>	84.027A	106600010289026000	1,050,366
<i>Vocational Education - Basic Grant</i>	84.048A	10420006028902	59,157
<i>IDEA-B Preschool *</i>	84.173A	106610010289026000	41,127
<i>ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act</i>	84.186A	10691001028902	13,469
<i>Title II Part D Enhancing Education Through Technology *</i>	84.318X	10630001028902	5,140
<i>SSA English Language Acquisition and Language Enhancement</i>	84.365	227950	565
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	10694501028902	250,147
<i>ARRA-SSA Title II Part D-Enhancing Ed Thru Tech *</i>	84.386A	10553001028902	10,710
<i>ARRA - SSA ESEA Title I Part A - Improving Basic Programs *</i>	84.389A	10551001028902	257,067
<i>ARRA - SSA IDEA-Part B Formula *</i>	84.391A	10554001028902	1,041,042
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394A	10557001028902	1,318,559
Total Passed Through State Department of Education			<u>5,180,917</u>
Total U. S. Department of Education			<u>5,198,858</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Commodity Supplemental Food Program	10.550	028-902	96,688
School Breakfast Program *	10.553	71401001	390,161
National School Lunch Program *	10.555	71301001	1,155,071
Summer Food Service Program for Children *	10.559	17460016359001	22,880
Total Passed Through State Department of Education			<u>1,664,800</u>
Total U. S. Department of Agriculture			<u>1,664,800</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Programs:			
<i>National & Community Service Trust Act - Learn & Serve</i>	94.004	06KSWTX001	8,422
<i>National & Community Service Trust Act - Learn & Serve</i>	94.004	06KSWTX001	14,495
Total Direct Programs			<u>22,917</u>
Total Corporation for National and Community Service			<u>22,917</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,886,575</u></u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

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, 2010

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lockhart Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

LOCKHART INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2010*

<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 default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 1,304,543

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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	97
<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	106
<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	111
<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	116
<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	118
<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.

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LOCKHART INDEPENDENT SCHOOL DISTRICT**TABLE L-1**

NET ASSETS BY COMPONENT
 LAST NINE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (IN THOUSANDS OF DOLLARS)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government									
Invested in Capital Assets,									
Net of Related Debt	\$ 6,510	\$ 7,229	\$ 771	\$ 5,893	\$ 4,786	\$ 3,983	\$ 3,331	\$ 4,651	\$ 3,863
Restricted	1,239	1,493	10,698	1,091	1,401	1,235	2,597	2,752	1,506
Unrestricted	7,637	8,538	4,986	7,841	7,623	10,453	10,516	11,763	14,420
Total Primary Government Net Assets	\$ <u>15,386</u>	\$ <u>17,260</u>	\$ <u>16,455</u>	\$ <u>14,825</u>	\$ <u>13,810</u>	\$ <u>15,671</u>	\$ <u>16,444</u>	\$ <u>19,166</u>	\$ <u>19,789</u>

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST NINE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental Activities:				
Instruction	\$ 18,241,316	\$ 18,402,439	\$ 19,636,033	\$ 20,017,666
Instructional Resources & Media Services	609,507	689,749	595,253	1,083,496
Curriculum & Staff Development	438,791	467,695	252,812	176,491
Instructional Leadership	408,898	336,292	333,054	433,641
School Leadership	1,733,027	1,879,974	1,918,365	2,281,989
Guidance, Counseling & Evaluation Svcs	1,174,471	1,481,468	1,330,424	1,460,320
Social Work Services	44,692	18,356	21,975	153,976
Health Services	281,113	244,321	260,700	288,065
Student Transportation	1,212,407	1,422,838	1,535,965	1,562,747
Food Service	1,520,669	1,584,515	1,674,175	1,932,024
Cocurricular/Extracurricular Activities	1,324,617	1,421,622	1,433,830	1,177,877
General Administration	1,123,867	1,095,303	1,278,978	1,469,071
Plant Maintenance & Operations	3,008,920	3,171,783	3,289,466	3,600,117
Security & Monitoring Services	39,172	44,023	81,390	120,850
Data Processing Services	630,669	356,086	358,488	227,977
Community Services	1,319,419	1,374,852	1,265,257	1,056,004
Interest on Long-Term Debt	1,173,463	1,713,077	1,826,642	1,539,946
Bond Issuance Costs & Fees	--	11,006	13,527	95,947
Payments Related to SSA's	424,568	405,642	452,230	387,167
Other Intergovernmental Charges	--	--	--	--
Total Governmental Activities Expenses	34,709,586	36,121,041	37,558,564	39,065,371
Total Primary Government Expenses	\$ 34,709,586	\$ 36,121,041	\$ 37,558,564	\$ 39,065,371
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 29,740	\$ 924,349	\$ 1,307,598	\$ 244,034
Curriculum & Staff Development	--	--	--	--
Instructional Leadership	--	--	--	--
Guidance, Counseling & Evaluation Svcs	--	--	--	--
Student Transportation	--	--	--	--
Food Services	562,017	682,357	628,304	645,291
Cocurricular/Extracurricular Activities	460,843	388,295	393,345	90,959
General Administration	--	--	--	--
Plant Maintenance & Operations	--	--	--	--
Security & Monitoring Services	--	--	--	--
Community Services	--	--	--	--
Other Activities	508,302	448,728	129,708	973,469
Operating Grants and Contributions	8,271,803	6,995,179	6,602,377	5,006,376
Total Governmental Activities Program Rev.	9,832,705	9,438,908	9,061,332	6,960,129
Total Primary Government Program Rev.	9,832,705	9,438,908	9,061,332	6,960,129
Net (Expense)/Revenue				
Governmental Activities	\$ (24,876,881)	\$ (26,682,133)	\$ (28,497,232)	\$ (32,105,242)
Total Primary Government Net Expense	\$ (24,876,881)	\$ (26,682,133)	\$ (28,497,232)	\$ (32,105,242)

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

TABLE L-2

Fiscal Year					
	2006	2007	2008	2009	2010
\$	20,392,666	\$ 19,873,324	\$ 22,165,983	\$ 22,306,425	\$ 23,448,148
	1,073,048	742,381	686,262	745,650	786,278
	141,502	153,623	343,372	351,557	324,272
	499,002	399,373	437,458	501,038	552,081
	2,323,042	2,164,177	2,486,360	2,500,856	2,549,598
	1,534,457	1,515,025	1,607,917	1,632,916	1,723,302
	214,988	203,554	200,342	193,996	191,717
	358,395	364,341	435,281	384,847	402,739
	1,543,043	1,471,497	1,663,148	1,694,203	1,874,478
	1,848,389	1,813,603	2,005,005	2,082,702	2,481,645
	1,039,678	873,588	1,009,164	1,151,084	1,216,754
	1,482,512	1,361,457	1,522,086	1,281,659	1,304,514
	3,700,807	3,371,101	3,629,965	3,896,398	4,052,169
	155,173	153,385	149,721	125,324	124,360
	208,777	207,365	236,327	243,801	230,952
	1,024,296	870,314	923,126	38,843	91,136
	2,038,849	1,747,319	1,046,314	1,083,372	1,136,473
	144,278	158,110	57,695	59,457	15,497
	570,358	302,516	375,840	334,927	577,552
	--	--	--	237,876	243,278
	40,293,260	37,746,053	40,981,366	40,846,931	43,326,943
\$	40,293,260	\$ 37,746,053	\$ 40,981,366	\$ 40,846,931	\$ 43,326,943
\$	229,953	\$ 240,433	\$ 241,195	\$ 170,398	--
	--	200	--	2	--
	--	81,674	94,188	93,754	--
	--	126,958	140,748	124,161	--
	--	7	20,810	38,775	--
	658,243	596,352	623,484	591,554	591,536
	76,230	97,126	90,769	114,138	92,349
	--	1,816	2,416	2,342	--
	--	63,132	64,916	76,287	79,106
	--	9	3,441	6,707	385
	--	531,085	567,390	--	--
	979,506	--	--	--	2,464
	5,427,937	5,378,881	6,048,948	6,137,485	6,020,113
	7,371,869	7,117,673	7,898,305	7,355,603	6,785,953
	7,371,869	7,117,673	7,898,305	7,355,603	6,785,953
\$	(32,921,391)	\$ (30,628,380)	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)
\$	(32,921,391)	\$ (30,628,380)	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST NINE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2002	2003	2004
Net (Expense)/Revenue			
Governmental Activities	\$ (24,876,881)	\$ (26,682,133)	\$ (28,497,232)
Total Primary Government Net Expense	<u>(24,876,881)</u>	<u>(26,682,133)</u>	<u>(28,497,232)</u>
General Revenues & Other Changes in Net Assets			
Governmental Activities:			
Property Taxes:			
Levied for General Purposes	6,510,875	7,229,428	8,372,940
Levied for Debt Service	730,507	1,012,926	1,400,283
Investment Earnings	220,449	342,642	277,719
Unrestricted Grants and Contributions	19,194,425	18,781,573	16,725,219
Miscellaneous	663,955	1,189,181	916,431
Total Governmental Activities	<u>27,320,211</u>	<u>28,555,750</u>	<u>27,692,592</u>
Total Primary Government	<u>27,320,211</u>	<u>28,555,750</u>	<u>27,692,592</u>
Change in Net Assets			
Governmental Activities	2,443,330	1,873,617	(804,640)
Total Primary Government	<u>\$ 2,443,330</u>	<u>\$ 1,873,617</u>	<u>\$ (804,640)</u>

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

TABLE L-3

Fiscal Year					
2005	2006	2006	2008	2009	2010
\$ (32,105,242)	\$ (32,921,404)	\$ (30,628,380)	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)
<u>(32,105,242)</u>	<u>(32,921,404)</u>	<u>(30,628,380)</u>	<u>(33,083,061)</u>	<u>(33,491,328)</u>	<u>(36,540,990)</u>
9,450,848	10,535,713	10,525,082	8,092,297	8,545,050	9,175,212
1,386,796	1,356,970	1,322,110	1,255,819	1,501,822	1,655,572
405,202	532,972	565,756	597,263	227,937	87,264
18,482,913	18,237,919	19,664,964	23,480,775	25,637,405	25,646,703
749,193	1,242,401	411,709	430,192	301,129	599,547
<u>30,474,952</u>	<u>31,905,975</u>	<u>32,489,621</u>	<u>33,856,346</u>	<u>36,213,343</u>	<u>37,164,298</u>
<u>30,474,952</u>	<u>31,905,975</u>	<u>32,489,621</u>	<u>33,856,346</u>	<u>36,213,343</u>	<u>37,164,298</u>
(1,630,290)	(1,015,429)	1,861,241	773,285	2,722,015	623,308
<u>\$ (1,630,290)</u>	<u>\$ (1,015,429)</u>	<u>\$ 1,861,241</u>	<u>\$ 773,285</u>	<u>\$ 2,722,015</u>	<u>\$ 623,308</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	5,397,548	6,597,295	7,693,491	7,298,389	6,920,005
Total General Fund	<u>\$ 5,397,548</u>	<u>\$ 6,597,295</u>	<u>\$ 7,693,491</u>	<u>\$ 7,298,389</u>	<u>\$ 6,920,005</u>
All Other Governmental Funds					
Reserved					
Special Revenue Funds					
State & Federal Programs	\$ 76,634	\$ 799,218	\$ 78,873	\$ 59,678	\$ 415,099
Other - Special Revenue	--	51,288	1,044,026	497,912	--
Food Service	23,650	57,177	167,386	220,319	235,648
Capital Acquisitions	389,685	142,201	13,707,934	6,277,633	106,923
Debt Service	188,850	188,850	167,948	213,009	368,305
Unreserved					
State & Federal Programs	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 678,819</u>	<u>\$ 1,238,734</u>	<u>\$ 15,166,167</u>	<u>\$ 7,268,551</u>	<u>\$ 1,125,975</u>
Total All Governmental Funds	<u>\$ 6,076,367</u>	<u>\$ 7,836,029</u>	<u>\$ 22,859,658</u>	<u>\$ 14,566,940</u>	<u>\$ 8,045,980</u>

TABLE L-4

Fiscal Year				
2006	2007	2008	2009	2010
\$ --	\$ --	\$ --	\$ --	\$ --
6,867,836	9,414,955	10,861,727	12,999,892	13,581,806
<u>\$ 6,867,836</u>	<u>\$ 9,414,955</u>	<u>\$ 10,861,727</u>	<u>\$ 12,999,892</u>	<u>\$ 13,581,806</u>
\$ 686,952	\$ 212,443	\$ --	\$ --	\$ --
--	620,013	--	--	--
285,033	339,244	361,363	384,379	300,631
36,934	14,768	63	140,217	1,466,997
387,544	2,531,910	2,249,329	1,427,084	1,547,120
--	--	776,783	504,037	13,220
<u>\$ 1,396,463</u>	<u>\$ 3,718,378</u>	<u>\$ 3,387,538</u>	<u>\$ 2,455,717</u>	<u>\$ 3,327,968</u>
<u>\$ 8,264,299</u>	<u>\$ 13,133,333</u>	<u>\$ 14,249,265</u>	<u>\$ 15,455,609</u>	<u>\$ 16,909,774</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Local & Intermediate Sources	\$ 9,136,143	\$ 12,542,534	\$ 12,869,713	\$ 13,287,369	\$ 14,106,416
State Program Revenues	20,194,373	20,453,530	20,867,716	18,390,205	19,074,218
Federal Program Revenues	4,034,360	4,117,470	4,554,017	4,750,626	4,411,204
Total Revenues	<u>33,364,876</u>	<u>37,113,534</u>	<u>38,291,446</u>	<u>36,428,200</u>	<u>37,591,838</u>
Expenditures					
Instruction	15,548,854	17,380,192	17,551,634	18,645,318	18,926,028
Instructional Resources & Media Services	625,621	575,094	658,007	625,678	1,060,576
Curriculum & Staff Development	439,967	421,981	451,824	243,295	182,809
Instructional Leadership	412,616	395,050	320,421	366,701	417,953
School Leadership	1,719,524	1,632,301	1,800,620	1,796,789	2,122,938
Guidance, Counseling & Evaluation Svcs	1,118,181	1,135,905	1,417,985	1,286,327	1,411,004
Social Work Services	77,456	43,137	18,356	21,971	144,703
Health Services	280,006	267,966	228,450	247,047	271,354
Student Transportation	1,379,958	1,212,407	1,359,355	1,453,528	1,562,747
Food Service	1,582,454	1,505,653	1,521,032	1,674,175	1,797,484
Cocurricular/Extracurricular Activities	1,070,484	1,268,016	1,374,010	1,363,667	1,151,689
General Administration	809,378	1,061,302	1,031,820	1,222,287	1,376,574
Plant Maintenance & Operations	2,691,670	2,844,522	3,028,946	3,084,433	3,376,086
Security & Monitoring Services	64,358	36,965	44,023	97,761	270,566
Data Processing Services	355,214	598,183	393,112	337,440	213,621
Community Services	1,151,705	1,292,495	1,311,369	1,221,596	993,352
Principal on Long-Term Debt	1,500,684	1,545,000	1,680,000	1,630,000	1,515,000
Interest on Long-Term Debt	1,083,057	1,042,197	1,636,139	1,617,429	1,503,536
Bond Issuance Costs & Fees	4,678	--	4,957	7,478	68,099
Capital Outlay	532,701	671,590	2,337,197	7,345,450	5,444,566
Payments Related to SSA's	367,252	408,067	389,771	432,548	365,125
Other Intergovernmental Charges	--	--	--	--	--
Total Expenditures	<u>32,815,818</u>	<u>35,338,023</u>	<u>38,559,028</u>	<u>44,720,918</u>	<u>44,175,810</u>
Excess of Revenues Over (Under) Expenditures	549,058	1,775,511	(267,582)	(8,292,718)	(6,583,972)
Other Financing Sources (Uses)					
Capital-Related Debt					
Issued (Regular Bonds)	--	--	15,255,419	--	1,799,996
Transfers In	--	--	24,017	25,002	19,519
Premium or Discount On Issuance of Bonds	--	--	--	--	127,862
Other Resources	53,838	--	35,792	--	--
Transfers Out	--	--	(24,017)	(25,002)	(19,519)
Payment to Bond Refunding Escrow Agent	--	--	--	--	(1,864,835)
Other Uses	(60,224)	--	--	--	--
Total Other Financing Sources (Uses)	<u>(6,386)</u>	<u>--</u>	<u>15,291,211</u>	<u>--</u>	<u>63,023</u>
Net Change in Fund Balances	<u>\$ 542,672</u>	<u>\$ 1,775,511</u>	<u>\$ 15,023,629</u>	<u>\$ (8,292,718)</u>	<u>\$ (6,520,949)</u>
Debt Service As A Percentage Of Noncapital Expenditures	8.0%	7.5%	9.2%	8.7%	8.0%

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

TABLE L-5

Fiscal Year				
2006	2007	2008	2009	2010
\$ 15,552,911	\$ 14,329,507	\$ 12,510,367	\$ 11,913,158	\$ 12,355,561
18,954,740	20,570,257	24,770,185	26,929,603	24,528,449
4,707,536	4,435,281	4,699,343	4,836,167	7,134,601
<u>39,215,187</u>	<u>39,335,045</u>	<u>41,979,895</u>	<u>43,678,928</u>	<u>44,018,611</u>
19,164,621	18,483,169	20,909,101	21,081,337	22,440,694
1,000,486	684,514	643,004	696,213	741,132
136,160	146,480	323,970	332,941	308,188
479,088	380,653	420,121	480,277	531,011
2,153,972	1,986,486	2,318,483	2,327,350	2,394,845
1,478,758	1,457,775	1,530,697	1,552,915	1,645,691
200,335	187,405	187,203	180,479	180,020
337,231	340,864	411,886	362,359	382,871
1,543,043	1,471,497	1,663,148	1,694,203	4,601,694
1,853,439	1,846,094	2,005,005	2,082,702	2,338,556
963,081	801,949	947,782	1,072,398	1,230,172
1,373,574	1,249,847	1,419,258	1,223,157	1,225,325
3,430,826	3,259,680	3,409,800	3,631,770	3,832,326
206,839	141,038	176,983	116,750	116,997
195,211	191,919	222,141	227,441	216,900
953,904	805,265	863,375	38,843	33,319
1,635,000	35,000	1,179,998	2,359,996	1,780,000
1,326,544	608,695	1,628,841	1,267,941	1,027,299
117,978	110,150	9,735	51,550	5,000
--	81,622	217,581	1,004,209	657,970
570,358	302,516	375,840	334,927	577,552
--	--	--	237,876	243,278
<u>39,120,448</u>	<u>34,572,618</u>	<u>40,863,952</u>	<u>42,357,634</u>	<u>46,510,840</u>
94,739	4,762,427	1,115,943	1,321,294	(2,492,229)
9,524,996	8,835,000	--	2,345,000	4,095,000
2,658	--	6,430	108	29,801
469,931	565,901	--	34,629	--
3,723	--	--	--	--
(2,658)	--	(6,430)	(164,058)	(178,405)
(9,875,073)	(9,294,294)	--	(2,330,629)	--
--	--	(37)	--	--
<u>123,577</u>	<u>106,607</u>	<u>(37)</u>	<u>(114,950)</u>	<u>3,946,396</u>
\$ <u>218,316</u>	\$ <u>4,869,034</u>	\$ <u>1,115,906</u>	\$ <u>1,206,344</u>	\$ <u>1,454,167</u>
7.9%	2.2%	6.9%	8.9%	6.1%

LOCKHART INDEPENDENT SCHOOL DISTRICT

ASSESSED 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
2001	235,055,179	38,140,740	30,645,840	246,141,231	69,903,392	480,079,598
2002	265,406,668	43,459,364	33,513,120	276,029,675	72,548,026	545,860,801
2003	321,830,773	50,886,476	39,279,310	308,460,017	76,871,694	643,584,882
2004	341,269,132	55,386,144	39,388,830	330,737,954	81,248,279	685,533,781
2005	351,699,404	57,458,280	43,693,830	382,874,649	135,721,232	700,004,931
2006	364,338,244	59,909,477	48,968,260	397,694,033	146,288,868	724,621,146
2007	392,234,612	67,512,510	46,841,160	435,255,953	151,748,415	790,095,820
2008	428,246,312	70,043,307	46,881,510	412,915,111	154,017,893	804,068,347
2009	441,209,562	75,266,445	46,273,560	461,750,451	159,917,239	864,582,779
2010	449,390,158	78,494,266	46,320,345	493,111,825	177,104,027	890,212,567

Source: Caldwell County Appraisal District

TABLE L-6

Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1.4277	433,525,331	110.739%
1.4100	494,636,643	110.356%
1.4391	584,417,836	110.124%
1.4654	621,125,434	110.370%
1.5887	635,490,445	110.152%
1.6900	649,386,987	111.585%
1.5400	707,452,438	111.682%
1.2020	721,880,828	111.385%
1.2225	771,874,834	112.011%
1.2300	790,114,157	112.669%

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
2001	1.2948	0.1329	1.4277	0.5761	0.4857
2002	1.2665	0.1435	1.4100	0.5447	0.4766
2003	1.2637	0.1754	1.4391	0.5409	0.5166
2004	1.2637	0.2017	1.4654	0.5674	0.5566
2005	1.3860	0.2027	1.5887	0.5992	0.5700
2006	1.5000	0.1900	1.6900	0.6297	0.6150
2007	1.3700	0.1700	1.5400	0.6437	0.6350
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

Source: Caldwell County Appraisal District

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2010			2001		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
LCRA Transmission Srv Corp	\$ 9,217,090	1	1.03%	\$ --		--
Flint Hills Resources LP (TPL)	4,945,700	2	0.56%	--		--
Southwestern Bell Telephone	4,712,060	3	0.53%	6,386,450	1	1.33%
Bluebonnet Electric Cooperative	4,042,160	4	0.45%	3,377,510	6	0.70%
H.E. Butt Grocery	3,774,690	5	0.42%	3,733,090	4	0.78%
Union Pacific RR Company	3,705,940	6	0.42%	--		--
Economy Realty Ltd	3,016,790	7	0.34%	--		--
Hoskins, Fred W.	2,840,920	8	0.32%	2,597,260	7	0.54%
Walmart Properties Inc	2,746,480	9	0.31%	3,506,740	5	0.73%
Dormae Products, INC	2,626,560	10	0.30%	--		--
Koch Refining	--	--	--	4,244,340	2	0.88%
Kewaunee Scientific Eqp. Corp.	--	--	--	3,980,360	3	0.83%
Lockhart Village Partners LP	--	--	--	1,692,540	8	0.35%
Frazier Land & Cattle Co., LLC	--	--	--	1,551,300	9	0.32%
First Lockhart National Bank	--	--	--	1,534,156	10	0.32%
Total	\$ 41,628,390		4.68%	\$ 32,603,746		6.79%

Source: Caldwell County Appraisal District, District Records

TABLE L-9

LOCKHART INDEPENDENT SCHOOL DISTRICT*PROPERTY 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				
2001	\$	6,470,101	\$	5,939,877	\$	91.81%	\$	445,862	\$	6,385,739	98.70%
2002		7,276,619		6,734,738		92.55%		416,528		7,151,266	98.28%
2003		8,768,635		8,121,451		92.62%		464,065		8,585,516	97.91%
2004		9,519,615		8,860,817		93.08%		327,833		9,188,650	96.52%
2005		10,570,504		9,846,508		93.15%		83,925		9,930,433	93.94%
2006		11,659,603		10,888,562		93.39%		335,418		11,223,980	96.26%
2007		11,599,828		10,819,529		93.27%		399,326		11,218,855	96.72%
2008		9,186,752		8,540,510		92.97%		280,877		8,821,387	96.02%
2009		10,090,371		9,276,179		91.93%		390,424		9,666,603	95.80%
2010		10,480,036		9,751,039		93.04%		--		9,751,039	93.04%

Source: Caldwell County Appraisal District, District Records

LOCKHART INDEPENDENT SCHOOL DISTRICT

*RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>	<u>Notes Payable</u>	<u>Capital Leases</u>
2001	19,677,982	4.10%	611	225,000	322,102
2002	34,607,925	6.71%	1,024	150,000	--
2003	33,619,224	5.26%	965	224,091	--
2004	32,649,994	4.76%	919	--	--
2005	31,134,993	4.45%	857	--	--
2006	29,499,990	4.07%	807	--	--
2007	29,464,990	3.91%	802	--	--
2008	28,324,980	3.71%	790	--	--
2009	25,924,984	3.15%	703	--	--
2010	24,144,984	2.83%	643	4,095,000	--

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

*RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS*

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total		
2001	19,677,982	19,677,982	3.80%	953
2002	34,607,925	34,607,925	5.40%	1,696
2003	33,619,224	33,619,224	4.90%	1,600
2004	32,649,994	32,649,994	4.70%	1,531
2005	33,446,361	33,446,361	4.60%	1,535
2006	31,134,991	31,134,991	4.10%	1,499
2007	32,659,978	32,659,978	4.30%	1,567
2008	28,324,980	28,324,980	3.40%	1,384
2009	25,924,984	25,924,984	3.10%	1,266
2010	24,144,984	24,144,984	2.80%	1,179

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>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Caldwell County	\$ 8,707,357	66.870%	\$ 5,822,610
City of Lockhart	9,255,912	100.000%	9,255,912
Lockhart ISD	28,592,900	100.000%	<u>28,592,900</u>
 Total Direct and Overlapping Debt			 \$ <u>43,671,422</u>

Sources: Texas Municipal Report.

LOCKHART INDEPENDENT SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt Limit	\$ 33,637,971	\$ 38,210,256	\$ 43,924,454	\$ 43,505,202	\$ 48,999,465
Total Net Debt Applicable to Limit	<u>19,489,132</u>	<u>34,367,787</u>	<u>33,451,276</u>	<u>32,436,985</u>	<u>30,766,688</u>
Legal Debt Margin	\$ <u>14,148,839</u>	\$ <u>3,842,469</u>	\$ <u>10,473,178</u>	\$ <u>11,068,217</u>	\$ <u>18,232,777</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	57.94%	89.94%	76.16%	74.56%	62.79%

Source: Texas Municipal Reports

TABLE L-13

	Fiscal Year				
	2006	2007	2008	2009	2010
\$	49,167,235	\$ 52,726,491	\$ 53,500,220	\$ 57,777,176	\$ 59,642,483
	<u>30,747,447</u>	<u>26,933,080</u>	<u>25,455,661</u>	<u>24,497,901</u>	<u>22,597,864</u>
\$	<u>18,419,788</u>	<u>\$ 25,793,411</u>	<u>\$ 28,044,559</u>	<u>\$ 33,279,275</u>	<u>\$ 37,044,619</u>
	62.54%	51.08%	47.58%	42.40%	37.89%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 852,035,471
Debt Limit (7% of Assessed Value)	59,642,483
Debt Applicable to Limit:	
General Obligation Bonds	24,144,984
Less: Amount Set Aside for Repayment of	
General Obligation Debt	<u>1,547,120</u>
Total Net Debt Applicable to Limit	<u>22,597,864</u>
Legal Debt Margin	<u>\$ 37,044,619</u>

TABLE L-14

LOCKHART INDEPENDENT SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income	Unemployment Rate
2001	32,194	691,953	20,018	5.00%
2002	33,799	700,300	20,053	6.70%
2003	34,846	717,144	20,088	7.40%
2004	35,510	752,494	20,196	6.50%
2005	36,335	812,775	20,748	5.30%
2006	36,542	833,016	21,992	4.90%
2007	36,720	872,891	23,849	4.50%
2008	35,843	872,891	24,499	5.40%
2009	36,899	872,891	24,499	8.30%
2010	37,533	872,891	24,499	8.70%

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

** This most recent data published was in 2007.

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lockhart ISD	661	1	4.50%	550	1	3.80%
Serta Dormae Mfg.	174	2	1.20%	--		
The GEO Group, Inc.	159	3	1.10%	--		
Pegasus	151	4	1.00%	--		
H.E.B. Food Store	147	5	1.00%	75	8	0.50%
City of Lockhart	143	6	1.00%	105	5	0.70%
Wal-Mart	117	7	0.80%	100	6	0.70%
Golden Age Home	110	8	0.80%	110	4	0.80%
Chisholm Trail Rehab Center	76	9	0.50%	67	9	0.50%
Livengood Feed	64	10	0.40%	--		
Wackenhut Corrections				244	2	1.70%
Caldwell County				160	3	1.10%
Kewaunee Scientific Corp.				81	7	0.60%
First Lockhart National Bank				50	10	0.30%
Total	1,802			1,542		

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

	Full-Time Equivalent Employees as of Year End								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction	380	383	387	378	415	392	398	402	403
Instructional Resources & Media Services	12	12	12	13	14	14	14	14	14
Instructional Leadership	8	6	4	4	4	4	4	4	4
School Leadership	36	36	36	38	40	40	40	40	40
Guidance & Counseling	21	21	22	27	27	27	27	28	28
Health Services	9	9	8	9	8	9	9	9	9
Food Service	46	46	41	43	45	45	45	45	45
Cocurricular/Extracurricular Activities	1	1	1	3	3	2	2	2	2
General Administration	23	23	26	18	18	17	17	17	17
Plant Maintenance & Operations	64	64	66	66	75	71	70	70	70
Security & Monitoring Services	2	2	2	3	3	2	2	2	2
Data Processing Services	2	2	3	3	3	3	3	3	3
Community Services	20	20	33	32	31	31	29	28	28
Total	624	625	641	637	686	657	660	664	665

Source: In-house District information

Note: Information for 1999 to 2001 was not available in this format.

LOCKHART INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses</u>
2001	4,420	24,426,224	5,526	1.0%	32,815,818
2002	4,524	25,443,691	5,624	1.8%	35,338,023
2003	4,453	26,404,985	5,930	5.4%	38,559,028
2004	4,466	26,468,132	5,927	-0.1%	44,720,918
2005	4,492	28,247,587	6,288	6.1%	44,175,819
2006	4,542	29,124,436	6,412	2.0%	39,120,448
2007	4,451	27,513,024	6,181	-3.6%	44,358,556
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

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

Source: AEIS Reports

TABLE L-17

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
7,424	-21%	302	14.6	48.2%
7,811	5%	297	15.2	46.7%
8,659	11%	304	14.7	51.8%
10,014	16%	303	14.7	53.6%
9,834	-2%	375	14.6	55.0%
8,613	-12%	330	13.8	58.0%
9,966	16%	317	14.0	60.2%
9,221	-7%	324	13.7	59.7%
10,121	10%	327	13.9	62.6%
10,071	0%	327	14.2	67.1%

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LOCKHART INDEPENDENT SCHOOL DISTRICT*TEACHER BASE SALARIES**LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>County Average Salary</u>	<u>Statewide Average Salary</u>
2001	\$ 28,350	43,400	34,960	38,361
2002	30,000	44,834	35,941	39,232
2003	32,500	47,937	36,838	39,974
2004	32,500	47,937	38,233	40,478
2005	33,500	48,957	37,903	41,011
2006	33,500	49,844	38,515	41,744
2007	36,250	52,344	40,758	44,897
2008	38,100	55,300	41,300	46,179
2009	39,000	56,300	42,762	47,159
2010	40,200	57,230	Not Available	Not Available

Sources: AEIS Reports, District Records

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2001	2002	2003	2004	2005
School					
Elementary					
Carver Kindergarten (1953)					
Square Feet	52,578	52,578	52,578	52,578	52,578
Capacity	385	385	385	385	385
Enrollment	--	--	--	--	--
Clear Fork (1953)					
Square Feet	57,113	57,113	57,113	57,113	57,113
Capacity	441	441	441	441	441
Enrollment	--	--	--	--	--
Plum Creek (1986)					
Square Feet	67,233	67,233	67,233	67,233	67,233
Capacity	449	449	449	449	449
Enrollment	--	--	--	--	--
Navarro (1972)					
Square Feet	55,573	55,573	55,573	55,573	55,573
Capacity	415	415	415	415	415
Enrollment	--	--	--	--	--
Bluebonnet (2005)					
Square Feet	--	--	--	--	64,992
Capacity	--	--	--	--	479
Enrollment	--	--	--	--	--
School					
Secondary					
Lockhart Junior High (2000)					
Square Feet	152,105	152,105	152,105	152,105	152,105
Capacity	1,036	1,036	1,036	1,036	1,036
Enrollment	--	--	--	--	--
Lockhart HS Freshman Campus (1923)					
Square Feet	71,057	71,057	71,057	71,057	71,057
Capacity	361	361	361	361	361
Enrollment	--	--	--	--	352
Lockhart High School (1965)					
Square Feet	175,180	175,180	175,180	175,180	175,180
Capacity	924	924	924	924	924
Enrollment	--	--	--	--	831
Pride High School (1992)					
Square Feet	10,647	10,647	10,647	10,647	10,647
Capacity	58	58	58	58	58
Enrollment	--	--	--	--	--
Discipline Mgmt Center (1997)					
Square Feet	8,088	8,088	8,088	8,088	8,088
Capacity	40	40	40	40	40
Enrollment	--	--	--	--	--

Source: District records.

Capacity above is Functional Capacity. Prior years' data is not available.

TABLE L-19

Fiscal Year				
2006	2007	2008	2009	2010
52,578	52,578	52,578	52,578	52,578
385	385	385	385	385
388	417	360	391	427
57,113	57,113	57,113	57,113	57,113
441	441	441	441	441
419	414	424	412	409
67,233	67,233	67,233	67,233	67,233
449	449	449	449	449
449	458	462	422	441
55,573	55,573	55,573	55,573	55,573
415	415	415	415	415
421	417	414	407	417
64,992	64,992	64,992	64,992	64,992
479	479	479	479	479
468	482	525	531	583
152,105	152,105	152,105	152,105	152,105
1,036	1,036	1,036	1,036	1,036
1,019	999	963	992	1,039
71,057	71,057	71,057	71,057	71,057
361	361	361	362	327
352	319	335	343	330
175,180	175,180	175,180	175,180	175,180
924	924	924	924	924
831	850	874	963	990
10,647	10,647	10,647	10,647	10,647
58	58	58	58	58
57	43	43	62	31
8,088	8,088	8,088	8,088	8,088
40	40	40	41	41
--	--	--	--	--

