

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

Lockhart Independent School District
Comprehensive Annual Financial Report
For The Year Ended June 30, 2011

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Introductory Section

Lockhart Independent School District

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

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

Dr. Jose Parra
Superintendent

Tina Knudsen, CPA
Chief Financial Officer

October 28, 2011

Timoteo "Tim" Juarez, Jr., President
Board of Trustee Members
Lockhart Independent School District
P.O. Box 120
Lockhart, TX 78644

Dear Mr. Juarez and Members of the Board:

The Comprehensive Annual Financial Report of the Lockhart Independent School District (LISD) for the twelve months ended June 30, 2011 is hereby submitted. The District's Business Office prepared the report. This report conforms to generally accepted accounting principles and standards as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with the school district. We believe the data, as presented, are accurate in all material aspects; that it is presented in a manner designed to fairly present the financial position and the results of operations of the school district as measured by the financial activity of its various funds. Furthermore, we believe that all disclosures necessary to enable the reader to gain the full understanding of the District's financial affairs have been included in this report. Management's discussion and analysis beginning on page 13 provides further information.

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

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

The Reporting Entity and Its Services

Basic Information

This report includes all of the funds and account groups of the Lockhart ISD. The LISD provides elementary and secondary education (Pre-Kindergarten to 12th grade) to citizens within the school district. Lockhart Independent School District is an independent school district incorporated as a political subdivision of the State of Texas. The FY 2010-2011 total enrollment was 4,709. The LISD has 331 certified teachers, 82 other professional staff and 234 aides and other auxiliary staff.

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, such as career and technology education programs, bilingual education, special education, gifted and talented education, fine arts, athletics, voluntary alternative education, disciplinary education and numerous remedial, elective, and enrichment programs are provided at age-appropriate grades. Support activities include social work, student and staff daycare, after-school care, community education, student transportation, food service, administrative support, technology, maintenance and custodial services. The LISD does not operate any component units.

Budgetary Control

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.

Economic Condition and Outlook

Local Economy

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 of which segment five and six travel through Caldwell County and 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, 2011, the Chief Appraiser of the Caldwell County Appraisal District reported that all taxable properties in the District subject to appraisals to be valued at \$898,372,251. In addition to this certified value, there is \$282,830 that reflects the estimated taxpayers' opinion of value for those properties still under protest. The total tax rate for the 2010-2011 school year was \$1.1948 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 \$0.1548. However, the District receives the bulk of its funding from the state of Texas.

Projections

Enrollment is projected to be at 4,759 in 2011-2012, an increase of 50 students from 2010-2011. The adopted 2011-2012 General Fund budget is \$33,277,576, a decrease from \$34,036,180 in 2010-2011, or \$758,604. The decrease in funding is attributable to a state-wide decrease in state revenues flowing to school districts due to a decline in the state-wide economy. The district reduced its expenditures for 2011-2012 in anticipation of the reduction in state funding. The reduction focused primarily in reductions in staffing due to attrition, as well as contracted services.

Long-term Financial Policies

The ISD seizes opportunities to refinance long-term debt in the current favorable interest rate environment. Subsequent to fiscal year end, the ISD refinanced \$2.74 million in outstanding debt at a 4.815% net present value benefit and a savings of \$138,434, while holding constant the outstanding payment dates.

The ISD's General Fund balance has been constantly increasing over the past few years. The ISD has a policy of paying cash (pay as you go) when appropriate, for capital projects. Additionally, the Administration and the Board review multi-year forecasting annually and adjust the budget to compensate for projected revenue decreases and increases.

Relevant Financial Policies

The ISD's bank depository agreement between 2009 and 2011 provided for a floor of 1.25% interest income for deposits up to \$6.25 million, which is secured by collateral.

The 2011-2013 bank depository agreement provides for a floor of 0.85% in interest income and is also secured by collateral. In the 2011-2013 bank depository agreement, additional terms included above average certificates of deposit interest rates. The ISD secured \$2 million in General Fund one-year certificates of deposit in June 2011 at an interest rate of 2.0% and is secured by collateral.

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

Major Initiative

In the 2010-2011 school year, the ISD placed into operation a bus fleet of 48 buses which were purchased for approximately \$4 million. This marks the first time in approximately 20 years that the ISD owns its own buses. The ISD continues to out-source the management and bus drivers through a contracted service.

Awards and Acknowledgements

Awards

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

Lockhart I.S.D. has received nine Schools FIRST Superior Achievement ratings for the eight school years 2001-2002 through 2009-2010. 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, 2010. This was the sixth 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 seventh submission for Lockhart Independent School District.

Acknowledgements

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

Sincere appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining and monitoring the financial records of the district. Individual recognition is directed to Michelle Wylie, 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, by appointment, during normal office hours.

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, 2010

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.

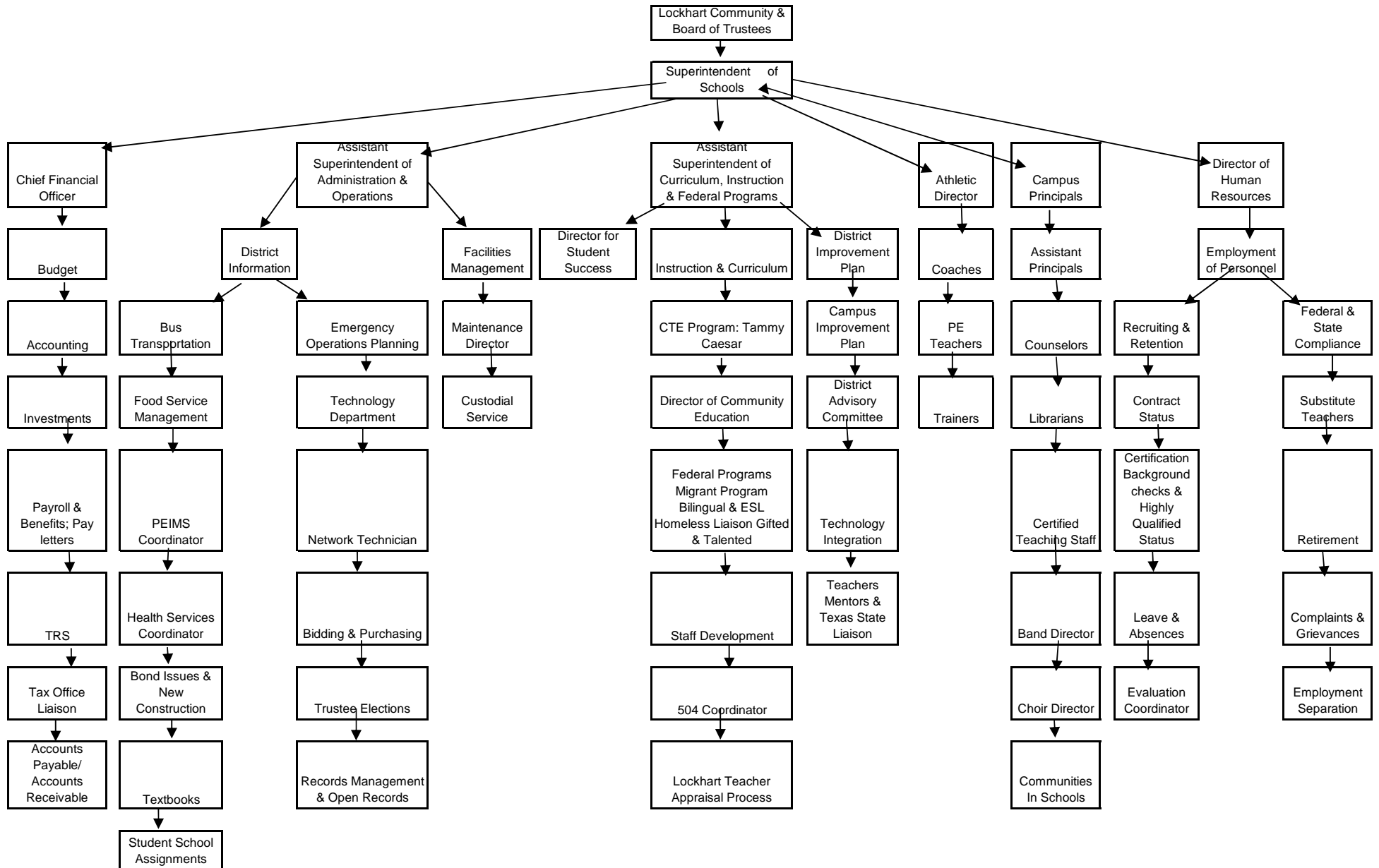


President

Executive Director

LOCKHART INDEPENDENT SCHOOL DISTRICT

Organizational Chart



LOCKHART INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2011

Elected Officials

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

Appointed Officials

<u>Name</u>	<u>Position</u>
Dr. Jose Parra	Superintendent
Larry Ramirez	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


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, 2011, at a meeting of the board of trustees of such school district on the 28 day of November, 2011.



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, 2011, 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's 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, 2011, 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 28, 2011, on our consideration of Lockhart Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's 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 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.

West, Davis & Company

West, Davis & Company, LLP
October 28, 2011

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, 2011. Please read it in conjunction with the independent auditors' report on page 11, and the District's Basic Financial Statements, which begin on page 19. 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 19 and 20). 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 22) 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 31) 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 19. 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 22 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 29 and 30. 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 \$19.8 million to \$20.8 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 \$13.6 million at June 30, 2011. The increase in governmental net assets was primarily the result of the District's purchase of a fleet of buses and an increase due to results from 2010-2011 operations. 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		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	23,116	25,365	68	73	23,184	25,438
Capital assets	31,557	32,099	-	-	31,557	32,099
Total assets	54,673	57,464	68	73	54,741	57,537
Long-term liabilities	27,054	28,285	-	-	27,054	28,285
Other liabilities	6,857	9,390	68	73	6,925	9,463
Total liabilities	33,911	37,675	68	73	33,979	37,748
Net Assets:						
Invested in capital assets net of related debt	4,577	3,863	-	-	4,577	3,863
Restricted	2,578	1,506	-	-	2,578	1,506
Unrestricted	13,607	14,420	-	-	13,607	14,420
Total net assets	20,762	19,789	-	-	20,762	19,789

Table II
Lockhart Independent School District

CHANGES IN NET ASSETS
in thousands

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	724	766	-	-	724	766
Operating grants and contributions	8,517	6,020	-	-	8,517	6,020
General Revenues:						
Maintenance and operations taxes	9,424	9,175	-	-	9,424	9,175
Debt Service taxes	1,408	1,655	-	-	1,408	1,655
Grants and Contributions not restricted to specific functions	24,229	25,647	98	107	24,327	25,754
Investment Earnings	88	87	-	-	88	87
Miscellaneous	820	748	596	634	1,416	1,382
Transfers	-178	-148	178	148	-	-
Total Revenue	<u>45,032</u>	<u>43,950</u>	<u>872</u>	<u>889</u>	<u>45,904</u>	<u>44,839</u>
Expenses:						
Instruction, curriculum and media services	24,938	24,559	-	-	24,938	24,559
Instructional and school leadership	3,293	3,102	-	-	3,293	3,102
Student support services	4,241	4,192	-	-	4,241	4,192
Child nutrition	2,607	2,482	-	-	2,607	2,482
Expenses (continued):						
Co-curricular activities	1,170	1,217	-	-	1,170	1,217
General administration	1,431	1,305	-	-	1,431	1,305
Plant maintenance, security and data processing	4,422	4,407	-	-	4,422	4,407
Community services	83	91	-	-	83	91
Debt services	960	1,152	-	-	960	1,152
Payments related to SSA	674	577	-	-	674	577
Intergovernmental Charges	241	243	-	-	241	243
Business-type activities	-	-	872	889	872	889
Total Expenses	<u>44,060</u>	<u>43,327</u>	<u>872</u>	<u>889</u>	<u>44,932</u>	<u>44,216</u>
Increase (Decrease) in net assets	972	623	-	-	972	623
Net assets at Beginning	<u>19,789</u>	<u>19,166</u>	<u>-</u>	<u>-</u>	<u>19,789</u>	<u>19,166</u>
Net assets at Ending	<u>20,761</u>	<u>19,789</u>	<u>-</u>	<u>-</u>	<u>20,761</u>	<u>19,789</u>

THE DISTRICT'S FUNDS

As the District completed this annual period, its General funds (as presented in the balance sheet on page 22) reported a fund balance of \$14.1 million, which is \$542 thousand more than last years' total of \$13.6 million. The increase in fund balance is mainly attributable to increased student enrollment and average daily attendance revenues that were not budgeted. State revenues increase when student average daily attendance increases.

The Districts' Debt Service fund reported a fund balance of \$2.4 million which is \$892 thousand more than last years' total of \$1.5 million. The Debt Service fund balance was more at June 30, 2011, as compared to 2010, due to tax collections for a large bond payment which was due on August 1, shortly after fiscal year end. 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 \$484 thousand as compared to \$2.0 million in 2010, which is \$1.5 million less than the previous year. The primary difference between fiscal 2010 and fiscal 2011 governmental funds was that the Bus Acquisition Fund was added in 2010 and it was a major fund in 2010 but not in 2011.

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 2010). 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 2011, the District had \$31.6 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 2010-2011 General Fund capital budget provided no funds for expenditures for new instructional facilities, however it budgeted \$514 thousand for capital expenditures. The \$514 thousand is comprised of \$401 thousand for parking improvements, \$15 thousand for air conditioning improvements and the remainder for building improvements.

Additionally, the district budgeted \$4.1 million for the acquisition of a bus fleet. As of June 30, 2010, \$2.7 million of the buses had been delivered in advance of the 2010-2011 school year. The remainder of the buses was 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 \$28.3 million in bonds outstanding and accumulated accretion on CAB's versus \$29.5 million last year. The decrease is attributable to scheduled payments on debt during fiscal 2011.

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 2011-2012 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates.

A steadily increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$33.2 million for the 2011-2012 fiscal year. The budget decreased from 2010-2011 to 2011-2012 by \$1.1 million, a direct result from state-wide revenue decreases. The majority of the district's budget decrease was attributed primarily to a staff reduction through attrition as well as reductions in contracted staff and supplies and materials.

The 2011-2012 budget froze pay for all employees but added an increase in the employer portion of health benefits, and included \$52 thousand in construction in progress from 2010-2011 for building improvements. The district is in the process of reviewing a 2011 demographic study report and a 2011 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 2011-2012 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, 2011

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 4,917,376	\$ 51,518	\$ 4,968,894
1120 <i>Current Investments</i>	8,538,815	--	8,538,815
1225 <i>Property Taxes Receivable (Net)</i>	866,987	--	866,987
1240 <i>Due from Other Governments</i>	7,638,933	--	7,638,933
1250 <i>Accrued Interest</i>	3,704	--	3,704
1260 <i>Internal Balances</i>	(960)	960	--
1290 <i>Other Receivables (Net)</i>	264,747	15,284	280,031
1300 <i>Inventories</i>	4,005	--	4,005
1410 <i>Deferred Expenses</i>	89,548	--	89,548
1420 <i>Capitalized Bond and Other Debt Issuance Costs</i>	792,747	--	792,747
Capital Assets:			
1510 <i>Land</i>	1,051,969	--	1,051,969
1520 <i>Buildings and Improvements, Net</i>	26,177,434	--	26,177,434
1530 <i>Furniture and Equipment, Net</i>	4,327,495	--	4,327,495
1000 Total Assets	<u>54,672,800</u>	<u>67,762</u>	<u>54,740,562</u>
LIABILITIES:			
2110 <i>Accounts Payable</i>	632,295	6,991	639,286
2140 <i>Interest Payable</i>	365,005	--	365,005
2165 <i>Accrued Liabilities</i>	3,632,566	56,986	3,689,552
2180 <i>Due to Other Governments</i>	101,879	--	101,879
2300 <i>Unearned Revenue</i>	855,126	3,785	858,911
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	1,269,997	--	1,269,997
2502 <i>Due in More Than One Year</i>	27,054,177	--	27,054,177
2000 Total Liabilities	<u>33,911,045</u>	<u>67,762</u>	<u>33,978,807</u>
NET ASSETS			
3200 <i>Invested in Capital Assets, Net of Related Debt</i>	4,576,902	--	4,576,902
Restricted For:			
3820 <i>Federal and State Programs</i>	47,619	--	47,619
3850 <i>Debt Service</i>	2,432,627	--	2,432,627
3860 <i>Capital Projects</i>	16,466	--	16,466
3870 <i>Campus Activities</i>	81,434	--	81,434
3900 <i>Unrestricted</i>	13,606,707	--	13,606,707
3000 Total Net Assets	<u>\$ 20,761,755</u>	<u>\$ --</u>	<u>\$ 20,761,755</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	1	3	4
		Program Revenues	
Data Control Codes	Functions/Programs	Charges for Services	Operating Grants and Contributions
	Expenses		
	Governmental Activities:		
11	Instruction	\$ --	\$ 5,112,402
12	Instructional Resources and Media Services	--	37,811
13	Curriculum and Staff Development	--	34,271
21	Instructional Leadership	--	96,722
23	School Leadership	--	135,181
31	Guidance, Counseling, & Evaluation Services	--	408,532
32	Social Work Services	--	--
33	Health Services	--	94,598
34	Student Transportation	--	204,112
35	Food Service	563,452	1,991,786
36	Cocurricular/Extracurricular Activities	113,200	39,780
41	General Administration	--	58,103
51	Plant Maintenance and Operations	47,738	134,296
52	Security and Monitoring Services	473	3,690
53	Data Processing Services	--	10,499
61	Community Services	--	14,488
72	Interest on Long-term Debt	--	--
73	Bond Issuance Costs and Fees	--	--
93	Payments Related to Shared Services Arrangements	--	140,523
99	Other Intergovernmental Charges	--	--
TG	Total Governmental Activities	724,863	8,516,794
	Business-type Activities:		
01	Summer Recreation	--	--
02	After School Program	--	--
03	Cubhouse Students	--	--
04	GED Adult Ed.	--	--
06	Cubhouse Employees	--	--
07	Community Ed. Adm.	--	--
TB	Total Business-type Activities	--	--
TP	Total Primary Government	\$ 724,863	\$ 8,516,794
	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
\$ (18,698,917)		\$ (18,698,917)
(726,010)		(726,010)
(328,584)		(328,584)
(496,477)		(496,477)
(2,564,844)		(2,564,844)
(1,362,936)		(1,362,936)
(191,079)		(191,079)
(314,061)		(314,061)
(1,665,716)		(1,665,716)
(51,715)		(51,715)
(1,017,197)		(1,017,197)
(1,370,436)		(1,370,436)
(3,870,944)		(3,870,944)
(131,391)		(131,391)
(225,529)		(225,529)
(68,001)		(68,001)
(906,126)		(906,126)
(53,323)		(53,323)
(533,766)		(533,766)
(241,348)		(241,348)
<u>(34,818,400)</u>		<u>(34,818,400)</u>
--	\$ (52,137)	(52,137)
--	(219,878)	(219,878)
--	(150,348)	(150,348)
--	(178,106)	(178,106)
--	(121,788)	(121,788)
--	(149,575)	(149,575)
--	<u>(871,832)</u>	<u>(871,832)</u>
<u>(34,818,400)</u>	<u>(871,832)</u>	<u>(35,690,232)</u>
9,424,259	--	9,424,259
1,408,009	--	1,408,009
87,638	--	87,638
24,228,545	97,937	24,326,482
819,682	596,366	1,416,048
(177,529)	177,529	--
<u>35,790,604</u>	<u>871,832</u>	<u>36,662,436</u>
972,204	--	972,204
19,789,551	--	19,789,551
<u>\$ 20,761,755</u>	<u>\$ --</u>	<u>\$ 20,761,755</u>

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

JUNE 30, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 4,361,232	\$ 1,257	\$ 554,887	\$ 4,917,376
1120 <i>Current Investments</i>	6,179,379	2,283,316	76,120	8,538,815
1225 <i>Taxes Receivable, Net</i>	741,073	125,914	--	866,987
1240 <i>Due from Other Governments</i>	6,526,953	150,104	961,876	7,638,933
1250 <i>Accrued Interest</i>	3,528	--	176	3,704
1260 <i>Due from Other Funds</i>	456,710	--	3,655	460,365
1290 <i>Other Receivables</i>	174,094	4,522	86,131	264,747
1300 <i>Inventories</i>	4,005	--	--	4,005
1410 <i>Deferred Expenditures</i>	83,673	--	5,875	89,548
1000 Total Assets	\$ 18,530,647	\$ 2,565,113	\$ 1,688,720	\$ 22,784,480
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 400,200	\$ --	\$ 232,095	\$ 632,295
2150 <i>Payroll Deductions & Withholdings</i>	403,360	--	32,055	435,415
2160 <i>Accrued Wages Payable</i>	2,769,779	--	427,372	3,197,151
2170 <i>Due to Other Funds</i>	85,374	--	375,951	461,325
2180 <i>Due to Other Governments</i>	5,358	--	96,521	101,879
2300 <i>Deferred Revenue</i>	742,469	125,914	40,187	908,570
2000 Total Liabilities	4,406,540	125,914	1,204,181	5,736,635
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 <i>Inventories</i>	4,005	--	--	4,005
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	385,339	385,339
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	--	16,466	16,466
3480 <i>Retirement of Long-Term Debt</i>	--	2,439,199	1,300	2,440,499
Committed Fund Balances:				
3510 <i>Construction</i>	552,420	--	--	552,420
3530 <i>Capital Expenditures for Equipment</i>	154,000	--	--	154,000
3545 <i>Other Committed Fund Balance</i>	--	--	81,434	81,434
3600 <i>Unassigned</i>	13,413,682	--	--	13,413,682
3000 Total Fund Balances	14,124,107	2,439,199	484,539	17,047,845
4000 Total Liabilities and Fund Balances	\$ 18,530,647	\$ 2,565,113	\$ 1,688,720	\$ 22,784,480

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, 2011

Total fund balances - governmental funds balance sheet	\$ 17,047,845
--	---------------

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.	31,556,899
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	866,987
Payables for bond principal which are not due in the current period are not reported in the funds.	(26,979,996)
Accumulated Accretion on capital appreciation bonds is not reported in the funds.	(1,344,178)
Payables for bond interest which are not due in the current period are not reported in the funds.	(365,005)
Bond premium is deferred and amortized over the life of the bonds but not in the funds.	(813,543)
Bond issuance costs are capitalized and amortized over the life of the bonds but not in the funds.	792,747
Rounding difference	(1)

Net assets of governmental activities - Statement of Net Assets	\$ <u>20,761,755</u>
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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, 2011**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 9,689,259	\$ 1,425,958	\$ 1,289,681	\$ 12,404,898
5800 <i>State Program Revenues</i>	23,434,477	1,275,435	507,949	25,217,861
5900 <i>Federal Program Revenues</i>	302,381	--	7,223,094	7,525,475
5020 Total Revenues	<u>33,426,117</u>	<u>2,701,393</u>	<u>9,020,724</u>	<u>45,148,234</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	18,674,877	--	3,778,986	22,453,863
0012 <i>Instructional Resources and Media Services</i>	685,043	--	37,022	722,065
0013 <i>Curriculum and Staff Development</i>	264,453	--	77,788	342,241
0021 <i>Instructional Leadership</i>	337,565	--	221,569	559,134
0023 <i>School Leadership</i>	2,533,907	--	11,878	2,545,785
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,189,783	--	481,941	1,671,724
0032 <i>Social Work Services</i>	20	--	180,057	180,077
0033 <i>Health Services</i>	314,797	--	71,375	386,172
0034 <i>Student Transportation</i>	1,442,055	--	1,652,440	3,094,495
0035 <i>Food Service</i>	--	--	2,497,766	2,497,766
0036 <i>Cocurricular/Extracurricular Activities</i>	1,108,366	--	23,584	1,131,950
0041 <i>General Administration</i>	1,341,816	--	4,865	1,346,681
0051 <i>Plant Maintenance and Operations</i>	3,258,049	--	562,666	3,820,715
0052 <i>Security and Monitoring Services</i>	127,632	--	150	127,782
0053 <i>Data Processing Services</i>	207,089	--	15,399	222,488
0061 <i>Community Services</i>	204	--	25,259	25,463
0071 <i>Principal on Long-term Debt</i>	--	915,000	345,000	1,260,000
0072 <i>Interest on Long-term Debt</i>	--	893,114	119,894	1,013,008
0073 <i>Bond Issuance Costs and Fees</i>	--	1,200	--	1,200
0081 <i>Capital Outlay</i>	514,391	--	--	514,391
0093 <i>Payments to Shared Service Arrangements</i>	--	--	674,289	674,289
0099 <i>Other Intergovernmental Charges</i>	241,348	--	--	241,348
6030 Total Expenditures	<u>32,241,395</u>	<u>1,809,314</u>	<u>10,781,928</u>	<u>44,832,637</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,184,722</u>	<u>892,079</u>	<u>(1,761,204)</u>	<u>315,597</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	465,990	465,990
8911 <i>Transfers Out</i>	(642,423)	--	(1,096)	(643,519)
7080 Total Other Financing Sources and (Uses)	<u>(642,423)</u>	<u>--</u>	<u>464,894</u>	<u>(177,529)</u>
1200 Net Change in Fund Balances	<u>542,299</u>	<u>892,079</u>	<u>(1,296,310)</u>	<u>138,068</u>
0100 Fund Balances - Beginning	<u>13,581,808</u>	<u>1,547,120</u>	<u>1,780,849</u>	<u>16,909,777</u>
3000 Fund Balances - Ending	<u>\$ 14,124,107</u>	<u>\$ 2,439,199</u>	<u>\$ 484,539</u>	<u>\$ 17,047,845</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, 2011*

Net change in fund balances - total governmental funds	\$ 138,068
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,916,479
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,458,658)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(6,239)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,260,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(52,123)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(39,635)
(Increase) decrease in accrued interest from beginning of period to end of period.	146,517
Bond premiums are reported in the funds but not in the SOA.	67,795
	<hr/>
Change in net assets of governmental activities - Statement of Activities	\$ <u>972,204</u>

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

JUNE 30, 2011

Data Control Codes		Nonmajor Enterprise Funds
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 51,518
Receivables:		
1260	Due from Other Funds	10,677
1290	Other Receivables (net)	15,284
	Total Current Assets	<u>77,479</u>
1000	Total Assets	<u>\$ 77,479</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 6,991
2150	Payroll Deduction & Withholdings	8,046
2160	Accrued Wages Payable	48,940
2170	Due to Other Funds	9,717
2300	Unearned Revenues	3,785
	Total Current Liabilities	<u>77,479</u>
2000	Total Liabilities	<u>77,479</u>
NET ASSETS:		
3000	Total Net Assets	<u>\$ --</u>

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, 2011**

Data Control Codes		Nonmajor Enterprise Funds
OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 596,366
5800	<i>State Program Revenues</i>	97,937
5020	Total Revenues	<u>694,303</u>
OPERATING EXPENSES:		
6100	<i>Payroll Costs</i>	625,427
6200	<i>Professional and Contracted Services</i>	181,155
6300	<i>Supplies and Materials</i>	47,143
6400	<i>Other Operating Costs</i>	18,107
6030	Total Expenses	<u>871,832</u>
	Income (Loss) before Contributions and Transfers	(177,529)
7915	<i>Transfers In</i>	221,225
8911	<i>Transfers Out</i>	(43,696)
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, 2011

	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ 590,690
<i>Cash Received from Grants</i>	97,937
<i>Cash Payments to Employees for Services</i>	(625,486)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(236,611)
Net Cash Provided (Used) by Operating Activities	<u>(173,470)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Transfers From Other Funds</i>	221,225
<i>Transfers (To) Other Funds</i>	(43,696)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>177,529</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 4,059
Cash and Cash Equivalents at Beginning of Year	47,459
Cash and Cash Equivalents at End of Year	<u>\$ 51,518</u>
 Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (177,529)
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>	(411)
<i>Increase (Decrease) in Accounts Payable</i>	77
<i>Increase (Decrease) in Payroll Deductions</i>	932
<i>Increase (Decrease) in Accrued Wages Payable</i>	(991)
<i>Increase (Decrease) in Interfund Payables</i>	9,717
<i>Increase (Decrease) in Unearned Revenue</i>	(5,265)
Total Adjustments	<u>4,059</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (173,470)</u>

The accompanying notes are an integral part of this statement.

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

JUNE 30, 2011

JUNE 30, 2011		Private-purpose Trust Funds	
Data Control Codes		Scholarship Fund	Agency Funds
ASSETS:			
1110	Cash and Cash Equivalents	\$ 153,397	\$ 130,099
1250	Accrued Interest	247	--
1290	Other Receivables	--	83
1800	Restricted Assets	166,134	--
1000	Total Assets	<u>\$ 319,778</u>	<u>\$ 130,182</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 246
2190	Due to Student Groups	--	129,936
2300	Unearned Revenues	10	--
2000	Total Liabilities	<u>10</u>	<u>130,182</u>
NET ASSETS			
3800	Held in Trust	319,768	--
3000	Total Net Assets	<u>\$ 319,768</u>	<u>\$ --</u>

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, 2011*

	Private- Purpose Trusts	Scholarship Funds
Additions:		
Investment Income	\$ 2,222	
Gifts and Bequests	52,435	
Total Additions	54,657	
Deductions:		
Scholarship Awards	58,978	
Supplies and Materials	272	
Professional Services	--	
Total Deductions	59,250	
Change in Net Assets	(4,593)	
Net Assets-Beginning of the Year	324,361	
Net Assets-End of the Year	\$ 319,768	

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, 2011

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, 2011

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, 2011

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 property is recorded at 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.

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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

2. Deficit Fund Balance or Fund Net 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.

1. Cash Deposits:

At June 30, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,968,894 and the bank balance was \$5,774,271. The District's cash deposits at June 30, 2011 and during the period ended June 30, 2011 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

The District's investments at June 30, 2011 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	\$ 5,703,752	67%
Texas TERM	50 days average	AAA-m	2,835,063	33%
			<u>\$ 8,538,815</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.

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.

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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.

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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

D. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 626,112	\$ 425,857	\$ --	\$ 1,051,969
Construction in progress	2,743,387	--	2,743,387	--
Total capital assets not being depreciated	<u>3,369,499</u>	<u>425,857</u>	<u>2,743,387</u>	<u>1,051,969</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	56,807,633	124,590	--	56,932,223
Furniture and equipment	3,033,204	4,109,418	--	7,142,622
Total capital assets being depreciated	<u>59,840,837</u>	<u>4,234,008</u>	<u>--</u>	<u>64,074,845</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,755,075)	(1,999,716)	--	(30,754,791)
Furniture and equipment	(2,356,186)	(458,941)	--	(2,815,127)
Total accumulated depreciation	<u>(31,111,261)</u>	<u>(2,458,657)</u>	<u>--</u>	<u>(33,569,918)</u>
Total capital assets being depreciated, net	<u>28,729,576</u>	<u>1,775,351</u>	<u>--</u>	<u>30,504,927</u>
Governmental activities capital assets, net	<u>\$ 32,099,075</u>	<u>\$ 2,201,208</u>	<u>\$ 2,743,387</u>	<u>\$ 31,556,896</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,357,455
Instructional Resources and Media Services	41,756
Curriculum and Staff Development	20,614
Instructional Leadership	34,065
School Leadership	154,240
Guidance, Counseling, & Evaluation Services	99,744
Social Work Services	11,002
Health Services	22,487
Student Transportation	108,273
Food Services	150,154
Extracurricular Activities	66,408
General Administration	81,858
Plant Maintenance and Operations	232,263
Security and Monitoring Services	7,772
Data Processing Services	13,540
Community Services	57,026
	<u>\$ 2,458,657</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

E. Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds at June 30, 2011, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 375,951	Short-term loans
Other Governmental Funds	General Fund	3,655	Short-term loans
General Fund	Nonmajor Enterprise Funds	10,677	Short-term loans
Other Governmental Funds	Other Governmental Funds	80,759	Short-term loans
	Total	<u>\$ 471,042</u>	

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

Transfers to and from other funds at June 30, 2011, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Debt Service Maint. Tax Notes	\$ 465,990	Supplement other funds sources
General fund	Nonmajor Enterprise Funds	176,433	Supplement other funds sources
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	44,792	Supplement other funds sources
	Total	<u>\$ 687,215</u>	

F. Fund Balances

The District has nonspendable, restricted, committed and unassigned fund balance as follows.

Description	Amount
Nonspendable Fund Balances:	
Inventories	\$ 4,005
Restricted Fund Balances:	
Federal/State Funds Grant Restrictions	\$ 385,339
Capital Acquisitions & Contractual Obligations	16,466
Retirement of Long Term Debt	2,440,499
	<u>\$ 2,842,304</u>
Committed Fund Balances:	
General Fund:	
Construction	\$ 552,420
Equipment	154,000
Campus Activity	81,434
	<u>\$ 787,854</u>
Unassigned:	<u>\$ 13,413,682</u>
Total Fund Balance	<u><u>\$ 17,047,845</u></u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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, 2011, 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%	\$ 4,385,000	\$ --	\$ 350,000	\$ 4,035,000	\$ 635,000
2006	9.52	3.66%	9,189,997	--	280,000	8,909,997	64,997
2007	8.83	3.92%	8,555,000	--	85,000	8,470,000	90,000
2008	2.3	3.75-4.50%	2,015,000	--	200,000	1,815,000	120,000
2010	4.095	3.50%	4,095,000	--	345,000	3,750,000	360,000
Accumulated Accretion on CAB			1,304,543	39,635	--	1,344,178	--
Total governmental activities			<u>\$ 29,544,540</u>	<u>\$ 39,635</u>	<u>\$ 1,260,000</u>	<u>\$ 28,324,175</u>	<u>\$ 1,269,997</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, 2011, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
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	2,100,000	703,676	2,803,676
2017-2021	9,485,000	3,654,906	13,139,906
2022-2026	6,330,000	859,799	7,189,799
2027-2031	1,860,000	73,500	1,933,500
Totals	<u>\$ 26,979,997</u>	<u>\$ 9,460,340</u>	<u>\$ 36,440,337</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, 2011, 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>

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 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

I. Pension Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending June 30, 2011, 2010 and 2009 were \$1,497,487, \$1,437,795 and \$1,416,841, respectively. The District paid additional state contributions for the years ending June 30, 2011, 2010 and 2009 in the amount of \$432,353, \$394,332 and \$361,721, respectively, on portion of the employees' salaries that exceeded the statutory minimum and contributions from federal and private grants.

J. Health Care Coverage

During the period ended June 30, 2011, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$279 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).

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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 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 2011, 2010 and 2009. 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 fiscal years ended 2011, 2010, and 2009, the State's contributions to TRS-Care were \$227,713, \$219,998, and \$211,767, respectively, the active member contributions were \$148,013, \$142,999, and \$137,648, respectively, and the school district's contributions were \$125,242, \$120,999, and \$116,472, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended 2011, 2010, and 2009 the subsidy payments received by TRS-Care on behalf of the District were \$68,469, \$62,610, and \$55,283, respectively.

L. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at June 30, 2011.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

M. 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	\$ 558,501	\$ 88,388
Luling ISD	172,488	23,182
Navarro ISD	118,076	25,093
Prairie Lea ISD	29,228	3,860
Total	<u>\$ 878,293</u>	<u>\$ 140,523</u>

N. 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 \$372,757. 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>2010</u>	<u>2011</u>
Unpaid claims, beginning of the fiscal year	\$ 147,270	146,562
Incurred claims	248,979	372,757
Claim payments	(249,687)	(328,528)
Unpaid claims, end of the fiscal year	<u>\$ 146,562</u>	<u>190,791</u>

O. Subsequent Event

In September 2011, the District refunded \$2,740,000 in outstanding Series 2002 Building Bonds. This refunding resulted in a net present value benefit of \$131,919 or 4.815% of the refunding bond principal.

Required Supplementary Information

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 9,641,910	\$ 9,656,864	\$ 9,689,259	\$ 32,395
5800	State Program Revenues	22,958,062	23,345,336	23,434,477	89,141
5900	Federal Program Revenues	215,100	215,892	302,381	86,489
5020	Total Revenues	32,815,072	33,218,092	33,426,117	208,025
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	18,871,759	18,860,070	18,674,877	185,193
0012	Instructional Resources and Media Services	686,849	698,849	685,043	13,806
0013	Curriculum and Staff Development	298,090	297,080	264,453	32,627
	Total Instruction & Instr. Related Services	19,856,698	19,855,999	19,624,373	231,626
Instructional and School Leadership:					
0021	Instructional Leadership	339,236	339,236	337,565	1,671
0023	School Leadership	2,570,878	2,574,790	2,533,907	40,883
	Total Instructional & School Leadership	2,910,114	2,914,026	2,871,472	42,554
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,252,459	1,254,959	1,189,783	65,176
0032	Social Work Services	20	20	20	--
0033	Health Services	326,773	332,473	314,797	17,676
0034	Student (Pupil) Transportation	1,255,085	1,460,085	1,442,055	18,030
0036	Cocurricular/Extracurricular Activities	1,141,085	1,158,487	1,108,366	50,121
	Total Support Services - Student (Pupil)	3,975,422	4,206,024	4,055,021	151,003
Administrative Support Services:					
0041	General Administration	1,395,573	1,393,173	1,341,816	51,357
	Total Administrative Support Services	1,395,573	1,393,173	1,341,816	51,357
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,342,477	3,353,845	3,258,049	95,796
0052	Security and Monitoring Services	128,997	136,695	127,632	9,063
0053	Data Processing Services	219,592	211,592	207,089	4,503
	Total Support Services - Nonstudent Based	3,691,066	3,702,132	3,592,770	109,362
Ancillary Services:					
0061	Community Services	413	418	204	214
	Total Ancillary Services	413	418	204	214
Capital Outlay:					
0081	Capital Outlay	--	607,910	514,391	93,519
	Total Capital Outlay	--	607,910	514,391	93,519
0099	Other Intergovernmental Charges	275,000	241,350	241,348	2
	Total Intergovernmental Charges	275,000	241,350	241,348	2
6030	Total Expenditures	32,104,286	32,921,032	32,241,395	679,637

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

Page 2 of 2

		1	2	3	Variance with Final Budget
Data Control Codes		Budgeted Amounts			Positive
		Original	Final	Actual	(Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	710,786	297,060	1,184,722	887,662
	Other Financing Sources (Uses):				
8911	Transfers Out	(683,819)	(682,725)	(642,423)	40,302
7080	Total Other Financing Sources and (Uses)	(683,819)	(682,725)	(642,423)	40,302
1200	Net Change in Fund Balance	26,967	(385,665)	542,299	927,964
0100	Fund Balance - Beginning	13,581,808	13,581,808	13,581,808	--
3000	Fund Balance - Ending	\$ 13,608,775	\$ 13,196,143	\$ 14,124,107	\$ 927,964

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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, 2011

Data Control Codes	Special Revenue Funds	Debt Service Fund Maintenance Tax Note Debt Service	Capital Projects Fund Bus Fleet Acquisition	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 554,720	\$ --	\$ 167	\$ 554,887
1120 <i>Current Investments</i>	58,521	1,300	16,299	76,120
1240 <i>Due from Other Governments</i>	961,876	--	--	961,876
1250 <i>Accrued Interest</i>	176	--	--	176
1260 <i>Due from Other Funds</i>	3,655	--	--	3,655
1290 <i>Other Receivables</i>	86,131	--	--	86,131
1410 <i>Deferred Expenditures</i>	5,875	--	--	5,875
1000 Total Assets	<u>\$ 1,670,954</u>	<u>\$ 1,300</u>	<u>\$ 16,466</u>	<u>\$ 1,688,720</u>
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 232,095	\$ --	\$ --	\$ 232,095
2150 <i>Payroll Deductions & Withholdings</i>	32,055	--	--	32,055
2160 <i>Accrued Wages Payable</i>	427,372	--	--	427,372
2170 <i>Due to Other Funds</i>	375,951	--	--	375,951
2180 <i>Due to Other Governments</i>	96,521	--	--	96,521
2300 <i>Deferred Revenue</i>	40,187	--	--	40,187
2000 Total Liabilities	<u>1,204,181</u>	<u>--</u>	<u>--</u>	<u>1,204,181</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	385,339	--	--	385,339
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	--	16,466	16,466
3480 <i>Retirement of Long-Term Debt</i>	--	1,300	--	1,300
Committed Fund Balances:				
3545 <i>Other Committed Fund Balance</i>	81,434	--	--	81,434
3000 Total Fund Balances	<u>466,773</u>	<u>1,300</u>	<u>16,466</u>	<u>484,539</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,670,954</u>	<u>\$ 1,300</u>	<u>\$ 16,466</u>	<u>\$ 1,688,720</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	Special Revenue Funds	Debt Service Fund Maintenance Tax Note Debt Service	Capital Projects Fund Bus Fleet Acquisition	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 1,287,077	\$ 204	\$ 2,400	\$ 1,289,681
5800 <i>State Program Revenues</i>	507,949	--	--	507,949
5900 <i>Federal Program Revenues</i>	7,223,094	--	--	7,223,094
5020 <i>Total Revenues</i>	9,018,120	204	2,400	9,020,724
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	3,778,986	--	--	3,778,986
0012 <i>Instructional Resources and Media Services</i>	37,022	--	--	37,022
0013 <i>Curriculum and Staff Development</i>	77,788	--	--	77,788
0021 <i>Instructional Leadership</i>	221,569	--	--	221,569
0023 <i>School Leadership</i>	11,878	--	--	11,878
0031 <i>Guidance, Counseling, & Evaluation Services</i>	481,941	--	--	481,941
0032 <i>Social Work Services</i>	180,057	--	--	180,057
0033 <i>Health Services</i>	71,375	--	--	71,375
0034 <i>Student Transportation</i>	319,500	--	1,332,940	1,652,440
0035 <i>Food Service</i>	2,497,766	--	--	2,497,766
0036 <i>Cocurricular/Extracurricular Activities</i>	23,584	--	--	23,584
0041 <i>General Administration</i>	4,865	--	--	4,865
0051 <i>Plant Maintenance and Operations</i>	562,666	--	--	562,666
0052 <i>Security and Monitoring Services</i>	150	--	--	150
0053 <i>Data Processing Services</i>	15,399	--	--	15,399
0061 <i>Community Services</i>	25,259	--	--	25,259
0071 <i>Principal on Long-term Debt</i>	--	345,000	--	345,000
0072 <i>Interest on Long-term Debt</i>	--	119,894	--	119,894
0093 <i>Payments to Shared Service Arrangements</i>	674,289	--	--	674,289
6030 <i>Total Expenditures</i>	8,984,094	464,894	1,332,940	10,781,928
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	34,026	(464,690)	(1,330,540)	(1,761,204)
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	465,990	--	465,990
8911 <i>Transfers Out</i>	--	--	(1,096)	(1,096)
7080 <i>Total Other Financing Sources and (Uses)</i>	--	465,990	(1,096)	464,894
1200 <i>Net Change in Fund Balances</i>	34,026	1,300	(1,331,636)	(1,296,310)
0100 <i>Fund Balances - Beginning</i>	432,747	--	1,348,102	1,780,849
3000 <i>Fund Balances - Ending</i>	\$ 466,773	\$ 1,300	\$ 16,466	\$ 484,539

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

Data Control Codes		211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	222 National and Community Service Trust	224 IDEA-B Formula
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 10,709	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	176,394	1,182	--	238,254
1250	Accrued Interest	--	--	--	--
1260	Due from Other Funds	2,832	--	--	--
1290	Other Receivables	--	--	--	--
1410	Deferred Expenditures	85	--	--	1,085
1000	Total Assets	<u>\$ 179,311</u>	<u>\$ 1,182</u>	<u>\$ 10,709</u>	<u>\$ 239,339</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 975	\$ --	\$ --	\$ 34,690
2150	Payroll Deductions & Withholdings	12,206	--	--	8,094
2160	Accrued Wages Payable	156,786	--	--	130,711
2170	Due to Other Funds	9,344	1,182	--	65,844
2180	Due to Other Governments	--	--	--	--
2300	Deferred Revenue	--	--	10,709	--
2000	Total Liabilities	<u>179,311</u>	<u>1,182</u>	<u>10,709</u>	<u>239,339</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 179,311</u>	<u>\$ 1,182</u>	<u>\$ 10,709</u>	<u>\$ 239,339</u>

225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	266 ARRA of 2009 Title XIV State Fiscal Stabilization
\$ --	\$ 224,947	\$ --	\$ --	\$ --
--	58,521	--	--	--
5,511	--	4,998	60,068	278,442
--	176	--	--	--
--	823	--	--	--
--	85,191	--	--	--
--	--	--	--	--
<u>\$ 5,511</u>	<u>\$ 369,658</u>	<u>\$ 4,998</u>	<u>\$ 60,068</u>	<u>\$ 278,442</u>
\$ --	\$ 35,289	\$ --	\$ --	\$ --
470	--	347	3,813	--
4,538	2,640	3,829	38,834	616
503	(6,004)	822	1,711	277,826
--	13	--	15,710	--
--	--	--	--	--
<u>5,511</u>	<u>31,938</u>	<u>4,998</u>	<u>60,068</u>	<u>278,442</u>
--	337,720	--	--	--
--	--	--	--	--
<u>--</u>	<u>337,720</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 5,511</u>	<u>\$ 369,658</u>	<u>\$ 4,998</u>	<u>\$ 60,068</u>	<u>\$ 278,442</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

Data Control Codes		359 ESEA Title I Part A Improving Basic Programs - ARRA	361 Enhancing Ed. w/ Technology ARRA	364 IDEA - Part B Formula - ARRA	365 IDEA-Part B Preschool ARRA
ASSETS:					
1110	Cash and Cash Equivalents	\$ 7,299	\$ 83	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	20,438	--	161,251	305
1250	Accrued Interest	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Deferred Expenditures	--	--	--	--
1000	Total Assets	<u>\$ 27,737</u>	<u>\$ 83</u>	<u>\$ 161,251</u>	<u>\$ 305</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 160,078	\$ 305
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	18,437	--	--	--
2170	Due to Other Funds	9,300	83	1,173	--
2180	Due to Other Governments	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>27,737</u>	<u>83</u>	<u>161,251</u>	<u>305</u>
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 27,737</u>	<u>\$ 83</u>	<u>\$ 161,251</u>	<u>\$ 305</u>

385 Supplemental Visually Impaired	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment
\$ 2,238	\$ --	\$ --	\$ 97	\$ 47,893
--	--	--	--	--
--	9,246	--	1,656	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	3,485	--	--
<u>\$ 2,238</u>	<u>\$ 9,246</u>	<u>\$ 3,485</u>	<u>\$ 1,753</u>	<u>\$ 47,893</u>
\$ --	\$ --	\$ --	\$ --	\$ 189
--	595	--	--	--
--	3,464	--	1,660	--
2,238	5,187	1,284	93	--
--	--	--	--	--
--	--	2,201	--	85
<u>2,238</u>	<u>9,246</u>	<u>3,485</u>	<u>1,753</u>	<u>274</u>
--	--	--	--	47,619
--	--	--	--	--
--	--	--	--	47,619
<u>\$ 2,238</u>	<u>\$ 9,246</u>	<u>\$ 3,485</u>	<u>\$ 1,753</u>	<u>\$ 47,893</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

Data Control Codes		426 Texas Educator Excellence Award Program	429 State Funded Special Revenue Fund	437 Special Education	450 Medicaid COOP
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 100,426	\$ 51,781
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	3,525	606	--	--
1250	Accrued Interest	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	354
1410	Deferred Expenditures	--	575	645	--
1000	Total Assets	\$ 3,525	\$ 1,181	\$ 101,071	\$ 52,135
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 21	\$ --
2150	Payroll Deductions & Withholdings	--	--	6,530	--
2160	Accrued Wages Payable	--	--	65,857	--
2170	Due to Other Funds	3,525	1,181	--	--
2180	Due to Other Governments	--	--	28,663	52,135
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	3,525	1,181	101,071	52,135
FUND BALANCES:					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 3,525	\$ 1,181	\$ 101,071	\$ 52,135

461 Campus Activity Funds	484 Lions Club	486 Target	491 Wal-Mart	492 Headstart
\$ 81,507	\$ 372	\$ 97	\$ 80	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	586
--	--	--	--	--
<u>\$ 81,507</u>	<u>\$ 372</u>	<u>\$ 97</u>	<u>\$ 80</u>	<u>\$ 586</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
73	--	--	--	586
--	--	--	--	--
--	372	97	80	--
<u>73</u>	<u>372</u>	<u>97</u>	<u>80</u>	<u>586</u>
--	--	--	--	--
81,434	--	--	--	--
<u>81,434</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 81,507</u>	<u>\$ 372</u>	<u>\$ 97</u>	<u>\$ 80</u>	<u>\$ 586</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

Data Control Codes	494 Parent Teacher Organization	495 Miscellaneous Grants Fund	496 Athletic Booster Club	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:				
1110 Cash and Cash Equivalents	\$ 7,429	\$ 1,214	\$ 18,548	\$ 554,720
1120 Current Investments	--	--	--	58,521
1240 Due from Other Governments	--	--	--	961,876
1250 Accrued Interest	--	--	--	176
1260 Due from Other Funds	--	--	--	3,655
1290 Other Receivables	--	--	--	86,131
1410 Deferred Expenditures	--	--	--	5,875
1000 Total Assets	<u>\$ 7,429</u>	<u>\$ 1,214</u>	<u>\$ 18,548</u>	<u>\$ 1,670,954</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ 548	\$ 232,095
2150 Payroll Deductions & Withholdings	--	--	--	32,055
2160 Accrued Wages Payable	--	--	--	427,372
2170 Due to Other Funds	--	--	--	375,951
2180 Due to Other Governments	--	--	--	96,521
2300 Deferred Revenue	7,429	1,214	18,000	40,187
2000 Total Liabilities	<u>7,429</u>	<u>1,214</u>	<u>18,548</u>	<u>1,204,181</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	385,339
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	--	81,434
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>466,773</u>
4000 Total Liabilities and Fund Balances	<u>\$ 7,429</u>	<u>\$ 1,214</u>	<u>\$ 18,548</u>	<u>\$ 1,670,954</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, 2011

Data Control Codes		204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	4,597	1,139,699	14,195	1,619,185
5020	Total Revenues	4,597	1,139,699	14,195	1,619,185
EXPENDITURES:					
Current:					
0011	Instruction	4,597	873,449	--	1,350,760
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	8,872	--	6,010
0021	Instructional Leadership	--	16,691	14,195	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	156,911	--	97,294
0032	Social Work Services	--	--	--	--
0033	Health Services	--	70,296	--	--
0034	Student Transportation	--	--	--	164,892
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	13,480	--	229
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	4,597	1,139,699	14,195	1,619,185
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	243 Career and Tech Technical	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting
\$ --	\$ 605,293	\$ 2,762	\$ --	\$ --
--	24,036	--	--	--
31,545	1,975,439	--	47,535	274,694
31,545	2,604,768	2,762	47,535	274,694
31,545	--	2,762	46,785	271,724
--	--	--	--	--
--	--	--	750	2,970
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	2,497,766	--	--	--
--	--	--	--	--
--	83,134	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
31,545	2,580,900	2,762	47,535	274,694
--	23,868	--	--	--
--	23,868	--	--	--
--	313,852	--	--	--
\$ --	\$ 337,720	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	262 Enhancing Education through Technology	266 ARRA of 2009 Title XIV State Fiscal Stabilization	359 ESEA Title I Part A Improving Basic Programs - ARRA	361 Enhancing Ed. w/ Technology ARRA
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	3,148	--	--
5900 <i>Federal Program Revenues</i>	7,227	1,248,654	246,122	8,802
5020 <i>Total Revenues</i>	7,227	1,251,802	246,122	8,802
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	7,227	339,258	182,217	8,802
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	11,431	36,747	--
0021 <i>Instructional Leadership</i>	--	24,500	--	--
0023 <i>School Leadership</i>	--	--	6,722	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	15,813	--
0032 <i>Social Work Services</i>	--	180,000	--	--
0033 <i>Health Services</i>	--	--	1,037	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Plant Maintenance and Operations</i>	--	461,720	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0053 <i>Data Processing Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	3,586	--
0093 <i>Payments to Shared Service Arrangements</i>	--	234,893	--	--
6030 <i>Total Expenditures</i>	7,227	1,251,802	246,122	8,802
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--	--	--
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	\$ --	\$ --	\$ --	\$ --

364 IDEA - Part B Formula - ARRA	365 IDEA-Part B Preschool ARRA	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	30,946	4,607	30,942
453,384	581	--	--	--
<u>453,384</u>	<u>581</u>	<u>30,946</u>	<u>4,607</u>	<u>30,942</u>
107,225	276	--	--	30,942
--	--	--	--	--
2,802	--	--	4,607	--
--	--	--	--	--
--	--	--	--	--
11,963	--	--	--	--
--	--	--	--	--
--	--	--	--	--
32,509	--	24,324	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
317	--	6,622	--	--
298,568	305	--	--	--
<u>453,384</u>	<u>581</u>	<u>30,946</u>	<u>4,607</u>	<u>30,942</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</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, 2011

Data Control Codes	411 Technology Allotment	429 State Funded Special Revenue Fund	437 Special Education	450 Medicaid COOP
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 552	\$ --	\$ 498,764	\$ --
5800 <i>State Program Revenues</i>	124,524	7,993	281,753	--
5900 <i>Federal Program Revenues</i>	--	--	--	151,435
5020 <i>Total Revenues</i>	<u>125,076</u>	<u>7,993</u>	<u>780,517</u>	<u>151,435</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	86,873	7,993	312,413	10,912
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	--	--	--
0021 <i>Instructional Leadership</i>	--	--	166,183	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	199,960	--
0032 <i>Social Work Services</i>	--	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	97,775	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	4,186	--
0051 <i>Plant Maintenance and Operations</i>	14,893	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0053 <i>Data Processing Services</i>	15,399	--	--	--
0061 <i>Community Services</i>	--	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	140,523
6030 <i>Total Expenditures</i>	<u>117,165</u>	<u>7,993</u>	<u>780,517</u>	<u>151,435</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	7,911	--	--	--
1200 <i>Net Change in Fund Balances</i>	<u>7,911</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 <i>Fund Balances - Beginning</i>	39,708	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ 47,619</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

461 Campus Activity Funds	482 TASB Risk Management	484 Lions Club	485 Meadows Foundation	486 Target
\$ 144,484	\$ 2,500	\$ 1,315	\$ 500	\$ 596
--	--	--	--	--
--	--	--	--	--
144,484	2,500	1,315	500	596
83,783	--	1,315	--	596
35,471	--	--	--	--
3,599	--	--	--	--
--	--	--	--	--
5,156	--	--	--	--
--	--	--	--	--
57	--	--	--	--
42	--	--	--	--
--	--	--	--	--
--	--	--	--	--
12,536	--	--	--	--
679	--	--	--	--
239	2,500	--	--	--
150	--	--	--	--
--	--	--	--	--
525	--	--	500	--
--	--	--	--	--
142,237	2,500	1,315	500	596
2,247	--	--	--	--
2,247	--	--	--	--
79,187	--	--	--	--
\$ 81,434	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes		488	491
		Mitchell Ward	Wal-Mart
REVENUES:			
5700	Local and Intermediate Sources	\$ 1,504	\$ 1,000
5800	State Program Revenues	--	--
5900	Federal Program Revenues	--	--
5020	Total Revenues	1,504	1,000
EXPENDITURES:			
Current:			
0011	Instruction	250	--
0012	Instructional Resources and Media Services	1,254	--
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	--	1,000
0041	General Administration	--	--
0051	Plant Maintenance and Operations	--	--
0052	Security and Monitoring Services	--	--
0053	Data Processing Services	--	--
0061	Community Services	--	--
0093	Payments to Shared Service Arrangements	--	--
6030	Total Expenditures	1,504	1,000
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	496	Total
Headstart	Parent Teacher Organization	Athletic Booster Club	Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 7,306	\$ 11,893	\$ 8,608	\$ 1,287,077
--	--	--	507,949
--	--	--	7,223,094
7,306	11,893	8,608	9,018,120
7,306	9,976	--	3,778,986
--	297	--	37,022
--	--	--	77,788
--	--	--	221,569
--	--	--	11,878
--	--	--	481,941
--	--	--	180,057
--	--	--	71,375
--	--	--	319,500
--	--	--	2,497,766
--	1,440	8,608	23,584
--	--	--	4,865
--	180	--	562,666
--	--	--	150
--	--	--	15,399
--	--	--	25,259
--	--	--	674,289
7,306	11,893	8,608	8,984,094
--	--	--	34,026
--	--	--	34,026
--	--	--	432,747
\$ --	\$ --	\$ --	\$ 466,773

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2011

Data Control Codes		Enterprise Fund Summer Recreation	Enterprise Fund After School Program	Enterprise Fund Cubhouse Students
	ASSETS:			
	Current Assets:			
1110	Cash and Cash Equivalents	\$ 8,444	\$ 19,872	\$ 17,313
	Receivables:			
1260	Due from Other Funds	--	--	--
1290	Other Receivables (net)	1,125	30	--
	Total Current Assets	9,569	19,902	17,313
1000	Total Assets	\$ 9,569	\$ 19,902	\$ 17,313
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	\$ 2,485	\$ (843)	\$ 842
2150	Payroll Deduction & Withholdings	--	2,772	2,637
2160	Accrued Wages Payable	3,299	17,973	13,834
2170	Due to Other Funds	--	--	--
2300	Unearned Revenues	3,785	--	--
	Total Current Liabilities	9,569	19,902	17,313
2000	Total Liabilities	9,569	19,902	17,313
	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.	
\$ --	\$ 5,794	\$ 95	\$ 51,518
--	10,677	--	10,677
14,129	--	--	15,284
<u>14,129</u>	<u>16,471</u>	<u>95</u>	<u>77,479</u>
\$ <u>14,129</u>	\$ <u>16,471</u>	\$ <u>95</u>	\$ <u>77,479</u>
\$ 4,412	\$ --	\$ 95	\$ 6,991
--	2,637	--	8,046
--	13,834	--	48,940
9,717	--	--	9,717
--	--	--	3,785
<u>14,129</u>	<u>16,471</u>	<u>95</u>	<u>77,479</u>
<u>14,129</u>	<u>16,471</u>	<u>95</u>	<u>77,479</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
OPERATING REVENUES:				
5700	Local and Intermediate Sources	\$ 70,013	\$ 202,979	\$ --
5800	State Program Revenues	894	15,036	56,872
5020	Total Revenues	70,907	218,015	56,872
OPERATING EXPENSES:				
6100	Payroll Costs	41,662	203,243	135,806
6200	Professional and Contracted Services	4,151	4,911	2,265
6300	Supplies and Materials	4,326	10,884	11,235
6400	Other Operating Costs	1,998	840	1,042
6030	Total Expenses	52,137	219,878	150,348
	Income (Loss) before Contributions and Transfers	18,770	(1,863)	(93,476)
7915	Transfers In	--	1,863	93,476
8911	Transfers Out	(18,770)	--	--
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.	
\$ 202,815	\$ 106,004	\$ 14,555	\$ 596,366
217	13,858	11,060	97,937
203,032	119,862	25,615	694,303
2,831	115,035	126,850	625,427
153,868	997	14,963	181,155
9,656	5,444	5,598	47,143
11,751	312	2,164	18,107
178,106	121,788	149,575	871,832
24,926	(1,926)	(123,960)	(177,529)
--	1,926	123,960	221,225
(24,926)	--	--	(43,696)
--	--	--	--
--	--	--	--
\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Summer Recreation	After School Program	Cubhouse Students
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 63,978	\$ 203,000	\$ --
Cash Received from Grants	894	15,036	56,872
Cash Payments to Employees	(42,537)	(202,539)	(135,224)
Cash Payments to Suppliers for Goods and Services	(9,805)	(17,478)	(13,709)
Net Cash Provided (Used) by Operating Activities	<u>12,530</u>	<u>(1,981)</u>	<u>(92,061)</u>
Cash Flows from Non-capital Financing Activities:			
Transfers From (To) Other Funds	(18,770)	1,863	93,476
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(18,770)</u>	<u>1,863</u>	<u>93,476</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,240)	(118)	1,415
Cash and Cash Equivalents at Beginning of Year	14,684	19,990	15,898
Cash and Cash Equivalents at End of Year	<u>\$ 8,444</u>	<u>\$ 19,872</u>	<u>\$ 17,313</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 18,770	\$ (1,863)	\$ (93,476)
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	(1,040)	291	--
Increase (Decrease) in Accounts Payable	670	(843)	833
Increase (Decrease) in Payroll Deductions	(63)	206	392
Increase (Decrease) in Accrued Wages Payable	(812)	498	190
Increase (Decrease) in Interfund Payables	--	--	--
Increase (Decrease) in Unearned Revenue	(4,995)	(270)	--
Total Adjustments	<u>(6,240)</u>	<u>(118)</u>	<u>1,415</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 12,530</u>	<u>\$ (1,981)</u>	<u>\$ (92,061)</u>

GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	Total Nonmajor Enterprise Funds (See Exhibit D-3)
\$ 203,153	\$ 106,004	\$ 14,555	\$ 590,690
217	13,858	11,060	97,937
(3,110)	(114,452)	(127,624)	(625,486)
(166,115)	(6,753)	(22,751)	(236,611)
<u>34,145</u>	<u>(1,343)</u>	<u>(124,760)</u>	<u>(173,470)</u>
 (24,926)	 1,926	 123,960	 177,529
<u>(24,926)</u>	<u>1,926</u>	<u>123,960</u>	<u>177,529</u>
 9,219	 583	 (800)	 4,059
(9,219)	5,211	895	47,459
\$ <u>--</u>	\$ <u>5,794</u>	\$ <u>95</u>	\$ <u>51,518</u>
 \$ 24,926	 \$ (1,926)	 \$ (123,960)	 \$ (177,529)
 --	 --	 --	 --
 --	 --	 --	 --
 338	 --	 --	 (411)
(557)	--	(26)	77
(7)	404	--	932
(272)	179	(774)	(991)
9,717	--	--	9,717
--	--	--	(5,265)
<u>9,219</u>	<u>583</u>	<u>(800)</u>	<u>4,059</u>
\$ <u>34,145</u>	\$ <u>(1,343)</u>	\$ <u>(124,760)</u>	\$ <u>(173,470)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

Data Control Codes		888 Bluebonnet Activity Funds	891 Clear Fork Activity Fund	892 Navarro Activity Fund
ASSETS:				
1110	<i>Cash and Cash Equivalents</i>	\$ 82	\$ 174	\$ 19,335
1290	<i>Other Receivables</i>	--	83	--
1000	Total Assets	\$ 82	\$ 257	\$ 19,335
LIABILITIES:				
Current Liabilities:				
2110	<i>Accounts Payable</i>	\$ --	\$ --	\$ --
2190	<i>Due to Student Groups</i>	82	257	19,335
2000	Total Liabilities	82	257	19,335
NET ASSETS				
3000	Total Net Assets	\$ --	\$ --	\$ --

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)
\$ 8,685	\$ 86,980	\$ 11,853	\$ 2,990	\$ 130,099
--	--	--	--	83
<u>\$ 8,685</u>	<u>\$ 86,980</u>	<u>\$ 11,853</u>	<u>\$ 2,990</u>	<u>\$ 130,182</u>
\$ --	\$ --	\$ 246	\$ --	\$ 246
8,685	86,980	11,607	2,990	129,936
<u>8,685</u>	<u>86,980</u>	<u>11,853</u>	<u>2,990</u>	<u>130,182</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

EXHIBIT H-9

Data Control Codes	97 Balance July 1, 2010	5030 Additions	6050 Deductions	98 Balance June 30, 2011
STUDENT ACTIVITIES:				
ASSETS				
<i>Cash & Temporary Investments</i>	\$ 114,541	\$ 376,353	\$ 360,795	\$ 130,099
<i>Due from Other Funds</i>	--	83	--	83
Total Assets	<u>\$ 114,541</u>	<u>\$ 376,436</u>	<u>\$ 360,795</u>	<u>\$ 130,182</u>
LIABILITIES				
<i>Due to Other Funds</i>	\$ 27	\$ 219	\$ --	\$ 246
<i>Due to Student Groups</i>	114,514	376,217	360,795	129,936
Total Liabilities	<u>\$ 114,541</u>	<u>\$ 376,436</u>	<u>\$ 360,795</u>	<u>\$ 130,182</u>
COMBINING STATEMENT:				
<i>Cash & Temporary Investments</i>				
<i>Bluebonnet</i>	\$ 180	\$ 7,224	\$ 7,159	\$ 245
<i>Clear Fork</i>	423	13,441	13,607	257
<i>Navarro</i>	20,801	9,975	11,441	19,335
<i>Junior High</i>	9,829	42,531	43,675	8,685
<i>High School</i>	73,064	272,446	258,530	86,980
<i>Plum Creek</i>	7,216	21,245	16,854	11,607
<i>Freshman Campus</i>	3,082	9,437	9,529	2,990
	<u>\$ 114,595</u>	<u>\$ 376,299</u>	<u>\$ 360,795</u>	<u>\$ 130,099</u>
<i>Due from Other Funds</i>				
<i>Bluebonnet</i>	\$ --	\$ 83	\$ --	\$ 83
<i>Due to Other Funds</i>				
<i>High School</i>	<u>\$ 27</u>	<u>\$ 219</u>	<u>\$ --</u>	<u>\$ 246</u>
Due to Student Groups				
<i>Bluebonnet</i>	\$ 99	\$ 7,142	\$ 7,159	\$ 82
<i>Clear Fork</i>	423	13,441	13,607	257
<i>Navarro</i>	20,801	9,975	11,441	19,335
<i>Junior High</i>	9,829	42,531	43,675	8,685
<i>High School</i>	73,064	272,446	258,530	86,980
<i>Plum Creek</i>	7,216	21,245	16,854	11,607
<i>Freshman Campus</i>	3,082	9,437	9,529	2,990
	<u>\$ 114,514</u>	<u>\$ 376,217</u>	<u>\$ 360,795</u>	<u>\$ 129,936</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, 2011*

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2002 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.04		.19		852,035,448
2011 (School Year Under Audit)		1.04		.1548		898,857,968

1000 Totals

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

10 Beginning Balance 7/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/11
\$ 312,015	\$ --	\$ 3,304	\$ 846	\$ (3,574)	\$ 304,291
64,638	--	1,253	174	(1,034)	62,177
76,628	--	2,292	366	(1,103)	72,867
78,368	--	5,273	771	(1,097)	71,227
96,479	--	18,427	2,334	(1,182)	74,536
129,820	--	34,015	4,221	(969)	90,615
193,967	--	78,256	12,190	(1,280)	102,241
349,444	--	141,250	24,787	1,335	184,742
646,383	--	253,738	46,357	(15,666)	330,622
--	10,739,555	8,672,996	1,290,146	(135,030)	641,383
<u>\$ 1,947,742</u>	<u>\$ 10,739,555</u>	<u>\$ 9,210,804</u>	<u>\$ 1,382,192</u>	<u>\$ (159,600)</u>	<u>\$ 1,934,701</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 2,800	\$ --	\$ 211,733	\$ 787,934	\$ --	\$ --	\$ 1,002,467
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	--	--	160,587	--	--	--	160,587
6212	Audit Services	--	--	--	16,750	--	--	16,750
6213	Tax Appraisal and Collection	--	300,292	--	--	--	--	300,292
621X	Other Prof. Services	--	--	--	390	5,000	--	5,390
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	3,147	--	--	3,147
6240	Contr. Maint. and Repair	--	--	--	--	15,401	--	15,401
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	6,743	--	--	6,743
6290	Miscellaneous Contr.	4,217	--	--	68,444	--	--	72,661
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	612	--	--	--	--	--	612
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	7,018	--	3,076	18,667	--	--	28,761
6410	Travel, Subsistence, Stipends	3,675	--	2,649	13,671	--	--	19,995
6420	Ins. and Bonding Costs	--	--	--	12,511	--	--	12,511
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	3,713	--	--	30,299	--	--	34,012
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 22,035 \$ 300,292 \$ 378,045 \$ 958,556 \$ 20,401 \$ -- \$ 1,679,329

Total Expenditures for General and Special Revenue Funds (9) \$ 41,225,489

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 583,539
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 3,820,715
Food (Function 35, 6341 and 6499)	(13)	\$ 2,025
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 958,556

Subtotal 5,364,835

Net Allowed Direct Cost \$ 35,860,654

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 56,932,223
Historical Cost of Buildings over 50 years old	(16)	2,307,240
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	7,142,622
Historical Cost of Furniture & Equipment over 16 years old	(19)	479,093
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 215,951

(8) Note A - \$91,300 in Function 53 expenditures and \$241,348 in Function 99 expenditures are included in this report on administrative costs.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT J-3

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 664,661	\$ 605,293	\$ (59,368)
5800	State Program Revenues	44,798	24,036	(20,762)
5900	Federal Program Revenues	1,975,439	1,975,439	--
5020	Total Revenues	2,684,898	2,604,768	(80,130)
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	2,631,292	2,497,766	133,526
	Total Support Services - Student (Pupil)	2,631,292	2,497,766	133,526
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	84,389	83,134	1,255
	Total Support Services - Nonstudent Based	84,389	83,134	1,255
6030	Total Expenditures	2,715,681	2,580,900	134,781
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(30,783)	23,868	54,651
1200	Net Change in Fund Balance	(30,783)	23,868	54,651
0100	Fund Balance - Beginning	313,852	313,852	--
3000	Fund Balance - Ending	\$ 283,069	\$ 337,720	\$ 54,651

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

MAINTENANCE TAX NOTE DEBT SERVICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ 204	\$ 204
5020	Total Revenues	--	204	204
	EXPENDITURES:			
	Debt Service:			
0071	<i>Principal on Long-Term Debt</i>	345,000	345,000	--
0072	<i>Interest on Long-Term Debt</i>	149,695	119,894	29,801
	Total Debt Service	494,695	464,894	29,801
6030	Total Expenditures	494,695	464,894	29,801
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(494,695)	(464,690)	30,005
	Other Financing Sources (Uses):			
7915	<i>Transfers In</i>	464,895	465,990	1,095
7080	Total Other Financing Sources and (Uses)	464,895	465,990	1,095
1200	Net Change in Fund Balance	(29,800)	1,300	31,100
0100	Fund Balance - Beginning	--	--	--
3000	Fund Balance - Ending	\$ (29,800)	\$ 1,300	\$ 31,100

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,440,125	\$ 1,425,958	\$ (14,167)
5800	State Program Revenues	1,065,234	1,275,435	210,201
5020	Total Revenues	<u>2,505,359</u>	<u>2,701,393</u>	<u>196,034</u>
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	915,000	915,000	--
0072	Interest on Long-Term Debt	893,115	893,114	1
0073	Bond Issuance Costs and Fees	22,500	1,200	21,300
	Total Debt Service	<u>1,830,615</u>	<u>1,809,314</u>	<u>21,301</u>
6030	Total Expenditures	<u>1,830,615</u>	<u>1,809,314</u>	<u>21,301</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	674,744	892,079	217,335
1200	Net Change in Fund Balance	674,744	892,079	217,335
0100	Fund Balance - Beginning	1,547,120	1,547,120	--
3000	Fund Balance - Ending	<u>\$ 2,221,864</u>	<u>\$ 2,439,199</u>	<u>\$ 217,335</u>

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, 2011, which collectively comprise the Lockhart Independent School District's basic financial statements and have issued our report thereon dated October 28, 2011. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lockhart Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lockhart Independent School District's internal control over financial reporting.

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

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

This report is intended solely for the information and use of 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.

West, Davis & Company

West, Davis & Company, LLP
October 28, 2011

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

Independent Auditors' Report

Report on Compliance with Requirements That Could Have a Direct and
Material Effect on each Major Program and on Internal Control Over Compliance
In Accordance With OMB Circular A-133

Board of Trustees
Lockhart Independent School District
Lockhart, Texas

Members of the Board of Trustees:

Compliance

We have audited Lockhart Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lockhart Independent School District's major federal programs for the year ended June 30, 2011. Lockhart Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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's management. Our responsibility is to express an opinion on Lockhart Independent School District's compliance based on our audit.

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

In our opinion, Lockhart Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

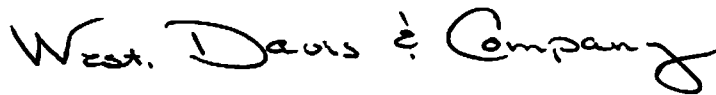
Internal Control Over Compliance

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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lockhart Independent School District's internal control over compliance.

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

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 28, 2011

LOCKHART INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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 OMB 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
84.392A	ARRA-SSA IDEA Part B, Preschool
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, 2011

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	028-902	\$ 14,195
<i>Career and Technical - Technical Preparation</i>	84.243A	028-902	2,762
Total Direct Programs			<u>16,957</u>
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	10610101028902	11,738
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	11610101028902	1,151,976
Total CFDA Number 84.010A			<u>1,163,714</u>
<i>IDEA-B Formula *</i>	84.027A	106600010289026000	48,264
<i>IDEA-B Formula *</i>	84.027A	116600010289026000	1,604,515
Total CFDA Number 84.027A			<u>1,652,779</u>
<i>Career and Technical - Basic Grant</i>	84.048A	11420006028902	48,664
<i>IDEA-B Preschool *</i>	84.173A	116610010289026000	31,545
<i>ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act</i>	84.186A	10691001028902	4,709
<i>Title II Part D Enhancing Education Through Technology *</i>	84.318X	10630001028902	7,403
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	10694501028902	10,471
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367A	11694501028902	270,188
Total CFDA Number 84.367A			<u>280,659</u>
<i>ARRA - SSA Title II Part D Subpart 1-Enhancing Education Through</i>	84.386A	10553001028902	9,016
<i>ARRA - SSA ESEA Title I Part A - Improving Basic Programs *</i>	84.389A	10551001028902	252,103
<i>ARRA - SSA IDEA-Part B Formula *</i>	84.391A	10554001028902	453,384
<i>ARRA - SSA IDEA Part B, Preschool *</i>	84.392A	10555001028902	581
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394A	10557001028902	1,248,655
Total Passed Through State Department of Education			<u>5,153,211</u>
Total U. S. Department of Education			<u>5,170,168</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Commodity Supplemental Food Program	10.550	028-902	94,523
School Breakfast Program *	10.553	71401101	596,213
National School Lunch Program *	10.555	71301101	1,277,014
Summer Food Service Program for Children *	10.559	028-902	7,689
Total Passed Through State Department of Education			<u>1,975,439</u>
Total U. S. Department of Agriculture			<u>1,975,439</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,145,607

* 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, 2011

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, 2011*

<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?	\$ 1,344,178

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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	86
<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	95
<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	100
<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	105
<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	107
<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

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(IN THOUSANDS OF DOLLARS)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 4,577
Restricted	1,239	1,493	10,698	1,091	1,401	1,235	2,620	2,752	1,506	2,578
Unrestricted	7,637	8,538	4,986	7,841	7,623	10,453	10,493	11,763	14,420	13,607
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>	<u>\$ 20,762</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

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

LAST TEN 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	2011
\$ 20,392,666	\$ 19,873,324	\$ 22,165,983	\$ 22,306,425	\$ 23,448,148	\$ 23,811,319
1,073,048	742,381	686,262	745,650	786,278	763,821
141,502	153,623	343,372	351,557	324,272	362,855
499,002	399,373	437,458	501,038	552,081	593,199
2,323,042	2,164,177	2,486,360	2,500,856	2,549,598	2,700,025
1,534,457	1,515,025	1,607,917	1,632,916	1,723,302	1,771,468
214,988	203,554	200,342	193,996	191,717	191,079
358,395	364,341	435,281	384,847	402,739	408,659
1,543,043	1,471,497	1,663,148	1,694,203	1,874,478	1,869,828
1,848,389	1,813,603	2,005,005	2,082,702	2,481,645	2,606,953
1,039,678	873,588	1,009,164	1,151,084	1,216,754	1,170,177
1,482,512	1,361,457	1,522,086	1,281,659	1,304,514	1,428,539
3,700,807	3,371,101	3,629,965	3,896,398	4,052,169	4,052,978
155,173	153,385	149,721	125,324	124,360	135,554
208,777	207,365	236,327	243,801	230,952	236,028
1,024,296	870,314	923,126	38,843	91,136	82,489
2,038,849	1,747,319	1,046,314	1,083,372	1,136,473	906,126
144,278	158,110	57,695	59,457	15,497	53,323
570,358	302,516	375,840	334,927	577,552	674,289
--	--	--	237,876	243,278	241,348
40,293,260	37,746,053	40,981,366	40,846,931	43,326,943	44,060,057
\$ 40,293,260	\$ 37,746,053	\$ 40,981,366	\$ 40,846,931	\$ 43,326,943	\$ 44,060,057
\$ 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	563,452
76,230	97,126	90,769	114,138	92,349	113,200
--	1,816	2,416	2,342	--	--
--	63,132	64,916	76,287	79,106	47,738
--	9	3,441	6,707	385	473
--	531,085	567,390	--	--	--
979,506	--	--	--	2,464	--
5,427,937	5,378,881	6,048,948	6,137,485	6,020,113	8,516,794
7,371,869	7,117,673	7,898,305	7,355,603	6,785,953	9,241,657
7,371,869	7,117,673	7,898,305	7,355,603	6,785,953	9,241,657
\$ (32,921,391)	\$ (30,628,380)	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)
\$ (32,921,391)	\$ (30,628,380)	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2002	2003	2004	2005
Net (Expense)/Revenue				
Governmental Activities	\$ (24,876,881)	\$ (26,682,133)	\$ (28,497,232)	\$ (32,105,242)
Total Primary Government Net Expense	<u>(24,876,881)</u>	<u>(26,682,133)</u>	<u>(28,497,232)</u>	<u>(32,105,242)</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	9,450,848
Levied for Debt Service	730,507	1,012,926	1,400,283	1,386,796
Investment Earnings	220,449	342,642	277,719	405,202
Unrestricted Grants and Contributions	19,194,425	18,781,573	16,725,219	18,482,913
Miscellaneous	663,955	1,189,181	916,431	749,193
Total Governmental Activities	<u>27,320,211</u>	<u>28,555,750</u>	<u>27,692,592</u>	<u>30,474,952</u>
Total Primary Government	<u>27,320,211</u>	<u>28,555,750</u>	<u>27,692,592</u>	<u>30,474,952</u>
Change in Net Assets				
Governmental Activities	2,443,330	1,873,617	(804,640)	(1,630,290)
Total Primary Government	<u>\$ 2,443,330</u>	<u>\$ 1,873,617</u>	<u>\$ (804,640)</u>	<u>\$ (1,630,290)</u>

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

TABLE L-3

Fiscal Year					
2006	2006	2008	2009	2010	2011
\$ (32,921,404)	\$ (30,628,380)	\$ (33,083,061)	\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)
<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>	<u>(34,818,400)</u>
10,535,713	10,525,082	8,092,297	8,545,050	9,175,212	9,424,259
1,356,970	1,322,110	1,255,819	1,501,822	1,655,572	1,408,009
532,972	565,756	597,263	227,937	87,264	87,638
18,237,919	19,664,964	23,480,775	25,637,405	25,646,703	24,228,545
1,242,401	411,709	430,192	301,129	599,547	642,153
<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>35,790,604</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>35,790,604</u>
(1,015,429)	1,861,241	773,285	2,722,015	623,308	972,204
\$ <u>(1,015,429)</u>	\$ <u>1,861,241</u>	\$ <u>773,285</u>	\$ <u>2,722,015</u>	\$ <u>623,308</u>	\$ <u>972,204</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	6,597,295	7,693,491	7,298,389	6,920,005	6,867,836
Nonspendable					
Inventories					
Committed					
Construction					
Capital Expenditures					
Unassigned					
Total General Fund	<u>\$ 6,597,295</u>	<u>\$ 7,693,491</u>	<u>\$ 7,298,389</u>	<u>\$ 6,920,005</u>	<u>\$ 6,867,836</u>
All Other Governmental Funds					
Reserved					
Special Revenue Funds					
Federal & State Programs	\$ 799,218	\$ 78,873	\$ 59,678	\$ 415,099	\$ 686,952
Other - Special Revenue	51,288	1,044,026	497,912	--	--
Food Service	57,177	167,386	220,319	235,648	285,033
Capital Acquisitions	142,201	13,707,934	6,277,633	106,923	36,934
Debt Service	188,850	167,948	213,009	368,305	387,544
Unreserved					
State & Federal Programs	--	--	--	--	--
Restricted					
Federal/State Grant Restrictions					
Capital Acquisitions & Contractual Obligations					
Retirement of Long-Term Debt					
Committed					
Other Committed					
Total All Other Governmental Funds	<u>\$ 1,238,734</u>	<u>\$ 15,166,167</u>	<u>\$ 7,268,551</u>	<u>\$ 1,125,975</u>	<u>\$ 1,396,463</u>
Total All Governmental Funds	<u>\$ 7,836,029</u>	<u>\$ 22,859,658</u>	<u>\$ 14,566,940</u>	<u>\$ 8,045,980</u>	<u>\$ 8,264,299</u>

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

TABLE L-4

Fiscal Year				
2007	2008	2009	2010	2011
\$ --	\$ --	\$ --	\$ --	\$
9,414,955	10,861,727	12,999,892	13,581,806	
				4,005
				552,420
				154,000
				13,413,682
<u>\$ 9,414,955</u>	<u>\$ 10,861,727</u>	<u>\$ 12,999,892</u>	<u>\$ 13,581,806</u>	<u>\$ 14,124,107</u>
\$ 212,443	\$ --	\$ --	\$ --	\$
620,013	--	--	--	
339,244	361,363	384,379	300,631	
14,768	63	140,217	1,466,997	
2,531,910	2,249,329	1,427,084	1,547,120	
--	776,783	504,037	13,220	
				385,339
				16,466
				2,440,499
				81,434
<u>\$ 3,718,378</u>	<u>\$ 3,387,538</u>	<u>\$ 2,455,717</u>	<u>\$ 3,327,968</u>	<u>\$ 2,923,738</u>
<u>\$ 13,133,333</u>	<u>\$ 14,249,265</u>	<u>\$ 15,455,609</u>	<u>\$ 16,909,774</u>	<u>\$ 17,047,845</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Local & Intermediate Sources	\$ 12,542,534	\$ 12,869,713	\$ 13,287,369	\$ 14,106,416	\$ 15,552,911
State Program Revenues	20,453,530	20,867,716	18,390,205	19,074,218	18,954,740
Federal Program Revenues	4,117,470	4,554,017	4,750,626	4,411,204	4,707,536
Total Revenues	<u>37,113,534</u>	<u>38,291,446</u>	<u>36,428,200</u>	<u>37,591,838</u>	<u>39,215,187</u>
Expenditures					
Instruction	17,380,192	17,551,634	18,645,318	18,926,028	19,164,621
Instructional Resources & Media Services	575,094	658,007	625,678	1,060,576	1,000,486
Curriculum & Staff Development	421,981	451,824	243,295	182,809	136,160
Instructional Leadership	395,050	320,421	366,701	417,953	479,088
School Leadership	1,632,301	1,800,620	1,796,789	2,122,938	2,153,972
Guidance, Counseling & Evaluation Svcs	1,135,905	1,417,985	1,286,327	1,411,004	1,478,758
Social Work Services	43,137	18,356	21,971	144,703	200,335
Health Services	267,966	228,450	247,047	271,354	337,231
Student Transportation	1,212,407	1,359,355	1,453,528	1,562,747	1,543,043
Food Service	1,505,653	1,521,032	1,674,175	1,797,484	1,853,439
Cocurricular/Extracurricular Activities	1,268,016	1,374,010	1,363,667	1,151,689	963,081
General Administration	1,061,302	1,031,820	1,222,287	1,376,574	1,373,574
Plant Maintenance & Operations	2,844,522	3,028,946	3,084,433	3,376,086	3,430,826
Security & Monitoring Services	36,965	44,023	97,761	270,566	206,839
Data Processing Services	598,183	393,112	337,440	213,621	195,211
Community Services	1,292,495	1,311,369	1,221,596	993,352	953,904
Principal on Long-Term Debt	1,545,000	1,680,000	1,630,000	1,515,000	1,635,000
Interest on Long-Term Debt	1,042,197	1,636,139	1,617,429	1,503,536	1,326,544
Bond Issuance Costs & Fees	--	4,957	7,478	68,099	117,978
Capital Outlay	671,590	2,337,197	7,345,450	5,444,566	--
Payments Related to SSA's	408,067	389,771	432,548	365,125	570,358
Other Intergovernmental Charges	--	--	--	--	--
Total Expenditures	<u>35,338,023</u>	<u>38,559,028</u>	<u>44,720,918</u>	<u>44,175,810</u>	<u>39,120,448</u>
Excess of Revenues Over (Under) Expenditures	1,775,511	(267,582)	(8,292,718)	(6,583,972)	94,739
Other Financing Sources (Uses)					
Capital-Related Debt					
Issued (Regular Bonds)	--	15,255,419	--	1,799,996	9,524,996
Transfers In	--	24,017	25,002	19,519	2,658
Premium or Discount					
On Issuance of Bonds	--	--	--	127,862	469,931
Other Resources	--	35,792	--	--	3,723
Transfers Out	--	(24,017)	(25,002)	(19,519)	(2,658)
Payment to Bond Refunding					
Escrow Agent	--	--	--	(1,864,835)	(9,875,073)
Other Uses	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>15,291,211</u>	<u>--</u>	<u>63,023</u>	<u>123,577</u>
Net Change in Fund Balances	<u>\$ 1,775,511</u>	<u>\$ 15,023,629</u>	<u>\$ (8,292,718)</u>	<u>\$ (6,520,949)</u>	<u>\$ 218,316</u>
Debt Service As A Percentage Of Noncapital Expenditures	7.5%	9.2%	8.7%	8.0%	7.9%

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

TABLE L-5

Fiscal Year				
2007	2008	2009	2010	2011
\$ 14,329,507	\$ 12,510,367	\$ 11,913,158	\$ 12,355,561	\$ 12,404,898
20,570,257	24,770,185	26,929,603	24,528,449	25,217,861
4,435,281	4,699,343	4,836,167	7,134,601	7,525,475
<u>39,335,045</u>	<u>41,979,895</u>	<u>43,678,928</u>	<u>44,018,611</u>	<u>45,148,234</u>
18,483,169	20,909,101	21,081,337	22,440,694	22,453,863
684,514	643,004	696,213	741,132	722,065
146,480	323,970	332,941	308,188	342,241
380,653	420,121	480,277	531,011	559,134
1,986,486	2,318,483	2,327,350	2,394,845	2,545,785
1,457,775	1,530,697	1,552,915	1,645,691	1,671,724
187,405	187,203	180,479	180,020	180,077
340,864	411,886	362,359	382,871	386,172
1,471,497	1,663,148	1,694,203	4,601,694	3,094,495
1,846,094	2,005,005	2,082,702	2,338,556	2,497,766
801,949	947,782	1,072,398	1,230,172	1,131,950
1,249,847	1,419,258	1,223,157	1,225,325	1,346,681
3,259,680	3,409,800	3,631,770	3,832,326	3,820,715
141,038	176,983	116,750	116,997	127,782
191,919	222,141	227,441	216,900	222,488
805,265	863,375	38,843	33,319	25,463
35,000	1,179,998	2,359,996	1,780,000	1,260,000
608,695	1,628,841	1,267,941	1,027,299	1,013,008
110,150	9,735	51,550	5,000	1,200
81,622	217,581	1,004,209	657,970	514,391
302,516	375,840	334,927	577,552	674,289
--	--	237,876	243,278	241,348
<u>34,572,618</u>	<u>40,863,952</u>	<u>42,357,634</u>	<u>46,510,840</u>	<u>44,832,637</u>
4,762,427	1,115,943	1,321,294	(2,492,229)	315,597
8,835,000	--	2,345,000	4,095,000	--
--	6,430	108	29,801	465,990
565,901	--	34,629	--	--
--	--	--	--	--
--	(6,430)	(164,058)	(178,405)	(643,519)
(9,294,294)	--	(2,330,629)	--	--
<u>--</u>	<u>(37)</u>	<u>--</u>	<u>--</u>	<u>--</u>
106,607	(37)	(114,950)	3,946,396	(177,529)
<u>\$ 4,869,034</u>	<u>\$ 1,115,906</u>	<u>\$ 1,206,344</u>	<u>\$ 1,454,167</u>	<u>\$ 138,068</u>
2.2%	6.9%	8.9%	6.1%	5.3%

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
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
2011	455,430,540	86,491,452	63,658,435	411,788,514	91,546,890	925,822,051

Source: Caldwell County Appraisal District

TABLE L-6

<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1.4100	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%
1.1948	827,929,833	111.824%

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
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
2011	1.0400	0.1548	1.1948	0.6910	0.7292

Source: Caldwell County Appraisal District

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2011			2002		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
LCRA Transmission Srv Corp	\$ 25,374,570	1	2.74%	\$ --		--
TJ Lambert Construction	11,960,470	2	1.29%	--		--
Economy Realty Ltd	6,249,180	3	0.67%	--		--
Flint Hills Resources LP (TPL)	5,349,690	4	0.58%	--		--
Lockhart Golden Age Home	4,876,240	5	0.53%	--		--
Dormae Products, INC	4,260,160	6	0.46%	--		--
Bluebonnet Electric Cooperative	4,179,330	7	0.45%	3,830,210	5	0.70%
Union Pacific RR Company	4,099,240	8	0.44%	1,820,960	10	0.33%
Southwestern Bell Telephone	4,037,630	9	0.44%	6,736,400	1	1.23%
Lockhart DMA Housing LLC	3,974,890	10	0.43%	--	--	--
Koch Refining	--	--	--	4,508,360	2	0.83%
Kewaunee Scientific Eqp. Corp.	--	--	--	3,903,420	3	0.72%
H.E. Butt Grocery	--	--	--	3,864,919	4	0.71%
Walmart Properties Inc	--	--	--	3,551,780	6	0.65%
Hoskins, Fred W.	--	--	--	2,827,330	7	0.52%
Lockhart Village Partners LP	--	--	--	1,989,000	8	0.36%
Maxwell Molding	--	--	--	1,890,870	9	0.35%
Total	\$ <u>74,361,400</u>		<u>8.03%</u>	\$ <u>34,923,249</u>		<u>6.40%</u>

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
2002	7,276,619	6,734,738	92.55%	483,433	7,218,171	99.20%
2003	8,768,635	8,121,451	92.62%	574,316	8,695,767	99.17%
2004	9,519,615	8,860,817	93.08%	632,992	9,493,809	99.73%
2005	10,570,504	9,846,508	93.15%	582,081	10,428,589	98.66%
2006	11,659,603	10,888,562	93.39%	632,526	11,521,088	98.81%
2007	11,599,828	10,819,529	93.27%	650,384	11,469,913	98.88%
2008	9,186,752	8,540,510	92.97%	503,708	9,044,218	98.45%
2009	10,090,371	9,276,179	91.93%	556,461	9,832,640	97.45%
2010	10,480,036	9,751,039	93.04%	300,095	10,051,134	95.91%
2011	10,739,555	9,963,142	92.77%	--	9,963,142	92.77%

Source: Caldwell County Appraisal District, District Records

TABLE L-10

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>Bonded Debt Per Capita</u>	<u>Bonded Debt As a % of Personal Income</u>	<u>Notes Payable</u>
2002	34,607,925	6.71%	1,696	0.06%	150,000
2003	33,619,224	5.26%	1,600	0.06%	224,091
2004	32,649,994	4.76%	1,531	0.06%	--
2005	31,134,993	4.45%	1,535	0.06%	--
2006	29,499,990	4.07%	1,499	0.07%	--
2007	29,464,990	3.91%	1,567	0.07%	--
2008	28,324,980	3.71%	1,384	0.09%	--
2009	25,924,984	3.14%	1,266	0.10%	--
2010	24,144,984	2.83%	1,175	0.10%	4,095,000
2011	23,229,997	2.58%	1,131	0.11%	3,750,000

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	Bonded Debt As a % Personal Income	Per Capita
	General Obligation Bonds	Total			
2002	34,607,925	34,607,925	6.70%	0.06%	1,696
2003	33,619,224	33,619,224	5.30%	0.06%	1,600
2004	32,649,994	32,649,994	4.80%	0.06%	1,531
2005	33,446,361	33,446,361	4.80%	0.06%	1,535
2006	31,134,991	31,134,991	4.30%	0.07%	1,499
2007	32,659,978	32,659,978	4.30%	0.07%	1,567
2008	28,324,980	28,324,980	3.70%	0.09%	1,384
2009	25,924,984	25,924,984	3.10%	0.10%	1,266
2010	24,144,984	24,144,984	2.80%	0.10%	1,175
2011	23,229,997	23,229,997	2.60%	0.11%	1,131

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	\$ 8,800,000	60.310%	\$ 5,307,280
City of Lockhart	16,365,000	100.000%	<u>16,365,000</u>
Total Overlapping Debt			21,672,280
Lockhart ISD	26,976,167	100.000%	<u>26,976,167</u>
Total Direct and Overlapping Debt			<u>\$ 48,648,447</u>

Sources: Texas Municipal Report.

LOCKHART INDEPENDENT SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$ 38,210,256	\$ 43,924,454	\$ 43,505,202	\$ 48,999,465	\$ 49,167,235
Total Net Debt Applicable to Limit	<u>34,367,787</u>	<u>33,451,276</u>	<u>32,436,985</u>	<u>30,766,688</u>	<u>30,747,447</u>
Legal Debt Margin	\$ <u>3,842,469</u>	\$ <u>10,473,178</u>	\$ <u>11,068,217</u>	\$ <u>18,232,777</u>	\$ <u>18,419,788</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	89.94%	76.16%	74.56%	62.79%	62.54%

Source: Texas Municipal Reports

TABLE L-13

Fiscal Year				
2007	2008	2009	2010	2011
\$ 52,726,491	\$ 53,500,220	\$ 57,777,176	\$ 59,642,483	\$ 62,920,060
<u>26,933,080</u>	<u>25,455,661</u>	<u>24,497,901</u>	<u>22,597,864</u>	<u>20,790,785</u>
\$ <u>25,793,411</u>	\$ <u>28,044,559</u>	\$ <u>33,279,275</u>	\$ <u>37,044,619</u>	\$ <u>42,129,275</u>
51.08%	47.58%	42.40%	37.89%	33.04%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 898,857,997
Debt Limit (7% of Assessed Value)	62,920,060
Debt Applicable to Limit:	
General Obligation Bonds	23,229,984
Less: Amount Set Aside for Repayment of	
General Obligation Debt	<u>2,439,199</u>
Total Net Debt Applicable to Limit	<u>20,790,785</u>
Legal Debt Margin	\$ <u>42,129,275</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
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	25,714	8.30%
2010	37,533	957,644	25,328	8.60%
2011	37,087	957,644	25,328	8.90%

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lockhart ISD	637	1	32.38%	550	1	31.52%
The GEO Group, Inc.	234	2	11.90%	--		
Serta Dormae Mfg.	174	3	8.85%	--		
H.E.B. Food Store	160	4	8.13%	75	8	4.30%
Wal-Mart	125	5	6.35%	100	6	5.73%
Golden Age Home	110	6	5.59%	110	4	6.30%
Pegasus	90	7	4.58%	--		
City of Lockhart	88	8	4.47%	105	5	6.02%
Chisholm Trail Rehab Center	60	9	3.05%	67	9	3.84%
Livengood Feed	60	10	3.05%	--		
Wackenhut Corrections				244	2	13.98%
Caldwell County				160	3	9.17%
Kewaunee Scientific Corp.				81	7	4.64%
First Lockhart National Bank				50	10	2.87%
Total	1,967			1,745		

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TABLE L-16

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

	Full-Time Equivalent Employees as of Year End									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction	380	383	387	378	415	392	398	402	403	410
Instructional Resources & Media Services	12	12	12	13	14	14	14	14	14	14
Instructional Leadership	8	6	4	4	4	4	4	4	4	4
School Leadership	36	36	36	38	40	40	40	40	40	41
Guidance & Counseling	21	21	22	27	27	27	27	28	28	28
Health Services	9	9	8	9	8	9	9	9	9	9
Food Service	46	46	41	43	45	45	45	45	45	45
Cocurricular/Extracurricular Activities	1	1	1	3	3	2	2	2	2	2
General Administration	23	23	26	18	18	17	17	17	17	17
Plant Maintenance & Operations	64	64	66	66	75	71	70	70	70	71
Security & Monitoring Services	2	2	2	3	3	2	2	2	2	2
Data Processing Services	2	2	3	3	3	3	3	3	3	3
Community Services	20	20	33	32	31	31	29	28	28	28
Total	624	625	641	637	686	657	660	664	665	674

Source: In-house District information

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>
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
2011	4,709	32,883,746	6,983	1.5%	46,472,736

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
7,811	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%
9,869	-2%	331	14.2	69.3%

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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>
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	43,942	48,263
2011	41,500	57,780	Not Available	Not Available

Sources: AEIS Reports, District Records

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2002	2003	2004	2005	2006
School					
Elementary					
Carver Kindergarten (1953)					
Square Feet	52,578	52,578	52,578	52,578	52,578
Capacity	385	385	385	385	385
Enrollment	--	--	--	--	388
Clear Fork (1953)					
Square Feet	57,113	57,113	57,113	57,113	57,113
Capacity	441	441	441	441	441
Enrollment	--	--	--	--	419
Plum Creek (1986)					
Square Feet	67,233	67,233	67,233	67,233	67,233
Capacity	449	449	449	449	449
Enrollment	--	--	--	--	449
Navarro (1972)					
Square Feet	55,573	55,573	55,573	55,573	55,573
Capacity	415	415	415	415	415
Enrollment	--	--	--	--	421
Bluebonnet (2005)					
Square Feet	--	--	--	64,992	64,992
Capacity	--	--	--	479	479
Enrollment	--	--	--	--	468
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	--	--	--	--	1,019
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	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	831
Pride High School (1992)					
Square Feet	10,647	10,647	10,647	10,647	10,647
Capacity	58	58	58	58	58
Enrollment	--	--	--	--	57
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				
2007	2008	2009	2010	2011
52,578	52,578	52,578	52,578	52,578
385	385	385	385	385
417	360	391	427	445
57,113	57,113	57,113	57,113	57,113
441	441	441	441	441
414	424	412	409	423
67,233	67,233	67,233	67,233	67,233
449	449	449	449	449
458	462	422	441	451
55,573	55,573	55,573	55,573	55,573
415	415	415	415	415
417	414	407	417	426
64,992	64,992	64,992	64,992	64,992
479	479	479	479	479
482	525	531	583	580
152,105	152,105	152,105	152,105	152,105
1,036	1,036	1,036	1,036	1,036
999	963	992	1,039	1,058
71,057	71,057	71,057	71,057	71,057
361	361	362	327	327
319	335	343	330	350
175,180	175,180	175,180	175,180	175,180
924	924	924	924	924
850	874	963	990	945
10,647	10,647	10,647	10,647	10,647
58	58	58	58	58
43	43	62	31	31
8,088	8,088	8,088	8,088	8,088
40	40	41	41	41
--	--	--	--	--

