

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Lockhart Independent School District

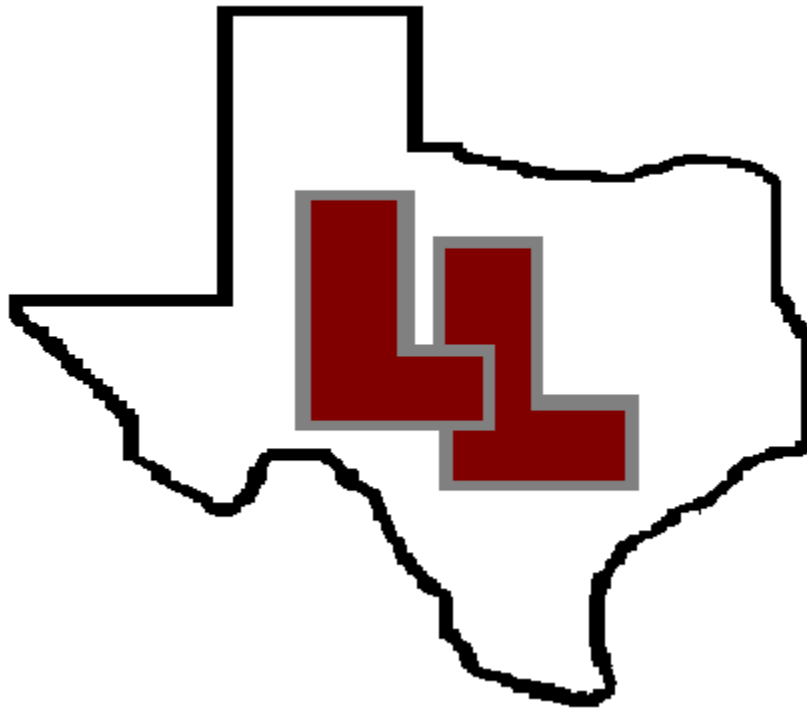
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Lockhart Independent School District  
Comprehensive Annual Financial Report  
For The Year Ended June 30, 2014

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## Introductory Section

# Lockhart Independent School District

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

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

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Rolando Treviño  
*Superintendent*

Tina Knudsen, CPA  
*Chief Financial Officer*

November 5, 2014

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

Dear Board of Trustees:

The Comprehensive Annual Financial Report of the Lockhart Independent School District (LISD) for the twelve months ended June 30, 2014 is hereby submitted. The District's Business Office prepared the report. This report conforms to generally accepted accounting principles and standards as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with school district management. We believe the data, as presented, are accurate in all material aspects; that it is presented in a manner designed to fairly present the financial position and the results of operations of the school district as measured by the financial activity of its various funds. Furthermore, we believe that all disclosures necessary to enable the reader to gain the full understanding of the District's financial affairs have been included in this report. Management's discussion and analysis beginning on page 13 provides further information.

The District is required to be audited under an annual single audit in conformity with the provisions of the Single Audit Act, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The Texas Education Agency also requires a Schedule of Expenditures of Federal Awards, findings and questioned costs, status of prior findings, and the auditors' 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 auditors' opinion is included in this report.

The 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 District provides elementary and secondary education (Pre-Kindergarten to 12<sup>th</sup> 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 2013-2014 total enrollment was 5,130 as of the Public Education Information Management System (PEIMS) snapshot date in October 2013. The District has 326 certified teachers, 81 other professional staff, and 223 paraprofessional and other auxiliary staff.

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

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

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

The District provides a comprehensive range of school programs and services as delineated by state statute, such as career and technology education, bilingual education, special education, gifted and talented education, fine arts, athletics, voluntary alternative education, disciplinary education and numerous remedial, 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 District does not operate any component units.

### **Budgetary Control**

Budgetary control is initiated when the Board 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 District's local policies can be found at the Districts website at <http://pol.tasb.org/Home/Index/245> in the Board of Trustees policy manual. For all administrators with line item or program responsibility, T.E.A regulations set the level of budgetary control at the major functional expenditure level.

Budgetary control is more restrictive at the district level. District Administrators are held responsible for maintaining and managing their budgets at the program, function and object level. All requested revisions that indicate a change in function require prior approval by the Board of Trustees. In addition, the Business Office conducts annual training for all staff to ensure District-wide compliance with budgetary controls.

## **Economic Condition and Outlook**

### **Local Economy**

Lockhart Independent School District (ISD) is located in and around the city of Lockhart which is the county seat and principal commercial center of Caldwell County. Lockhart is located about 30 miles southeast of Austin and 60 miles northeast of San Antonio. Over the past century, Caldwell County's economy has changed from cattle to cotton to oil. Lockhart ISD is an agricultural and manufacturing area that includes the City of Lockhart. Lockhart is the county seat and commercial center of Caldwell County. Though some of Caldwell County's employment still remains in the oil and gas industry, the local economy is primarily engaged in services, local government and agriculture. Caldwell County is 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 which passes through Caldwell County provides a thoroughfare for NAFTA-based traffic. The road opened for traffic in November 2012. The county is traversed by Interstate Highway 10, U.S. Highway 183 and State Highways 21, 80 and 304. The economic base includes minerals such as sand, oil, gravel and gas. Agricultural industries consist of nurseries, hay, eggs, cotton, broiler production and beef cattle.

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 District began a visioning process to create a strategic plan in the fall of 2014. The visioning process includes forecasts of possible trades needed in Caldwell County and aligning the trades to the District's career and technology offerings at Lockhart High School.

The Board of Trustees approved a Freeport Tax Exemption in April 2009. All three taxing entities: city, county and school district, have approved the exemption, offering businesses a "Triple Freeport Exemption", which should give Lockhart the additional tools needed to compete regionally and nationally to 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.

## **Projections**

Enrollment is currently at 5,358 in 2014-2015, an increase of 228 students from 2013-2014. The adopted 2014-2015 General Fund budget is \$40,028,737, an increase from \$37,182,673 in 2012-2013, or \$2,846,064. The increase in funding is attributable to an increase in state revenues for the new biennium, as well as increases student average daily attendance which generates more state revenues. The increase in funding funded a competitive pay and benefits plan for employees, school bus purchases, capital expenditures as well as additional classroom teachers.

## **Long-term Financial Policies**

The LISD General Fund balance has been constantly increasing over the past few years. LISD has a policy of paying cash (pay as you go) when appropriate, for capital projects. The District maintains a list of deferred capital improvement projects and when funds are available, initiates the completion of the projects. Additionally, the Administration and the Board review multi-year forecasting annually and adjust the budget to compensate for projected revenue decreases and increases. In 2013-2014, the District invested \$741 thousand in one-time capital improvement projects, using General Fund balance.

## **Relevant Financial Policies**

The 2013-2015 bank depository agreement provides for a floor of 0.85% in interest income and is secured by collateral. In the 2013-2015 bank depository agreement, additional terms included above average certificates of deposit interest rates. The ISD secured \$2.1 million in General Fund one-year certificates of deposit in June 2014 at an interest rate of 1.25% APR which is also secured by collateral.

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

## **Major Initiative**

In October 2013, the District received the results of a facility study which prioritized facilities needs, as well as a debt capacity report to identify the ability to fund identified needs. The demographic study identified some potential capacity challenges in the near future. The identified needs included a renovation of Lockhart High School, a new elementary school, and miscellaneous improvements at all other schools. As a result of the demographic study and needs assessments the Board of Trustees called a \$63.9 million bond election for May 3, 2014. The bond election passed. The district sold the bonds on July 29, 2014, shortly after fiscal year end. As part of the bond program, the

District management and the school board have committed \$2.8 million in the General Fund towards furniture, fixtures and equipment for the building program, which is expected to be complete in 2017.

## **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 77<sup>th</sup> 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 ISD has received the Schools FIRST Superior Achievement ratings for each of the twelve consecutive school years 2001-2002 through 2012-2013. 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, 2013. This was the ninth 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 will be submitting it to the GFOA to determine its eligibility for another certificate. This will be the tenth 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, Jennifer Velasquez, and Stefanie Cisneros 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)*

Rolando Treviño  
Superintendent of Schools

*(ORIGINAL SIGNATURE ON FILE)*

Tina Knudsen, CPA  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

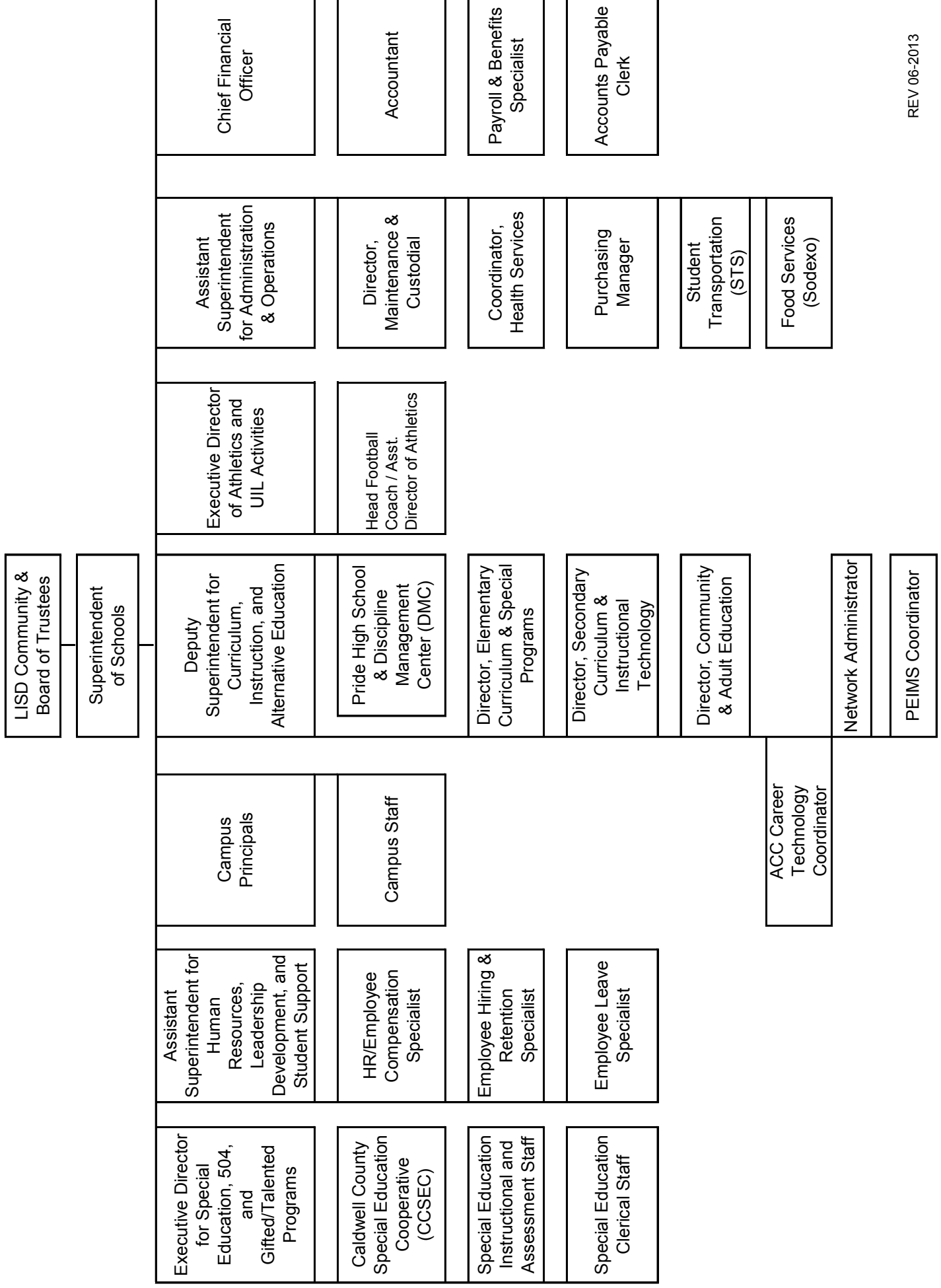
**Lockhart Independent School  
District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# LISD ORGANIZATIONAL CHART 2013-2014



# LOCKHART INDEPENDENT SCHOOL DISTRICT

## LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2014

### Elected Officials

<u>Name</u>	<u>Office</u>
Rick Womble	President
Brenda Spillmann	Vice-President
Jon Reyes	Secretary
Juan Alvarez, Jr.	Trustee
Carl Cisneros	Trustee
Tom Guyton	Trustee
Jessica Neyman	Trustee

### Appointed Officials

<u>Name</u>	<u>Position</u>
Rolando Trevino	Superintendent
Janie Wright	Deputy Superintendent Instruction, Fed/State Programs and Alternative Schools
Larry Ramirez	Assistant Superintendent Administration and Operations
Daniel Vera	Assistant Superintendent Human Resources, Leadership Development and Student Support Services
Tina Knudsen	Chief Financial Officer
Monica Parks	Executive Director of Special Education, 504 and Gifted and Talented
Sheila Henderson	Executive Director of Athletics and UIL Activities



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, 2014, at a meeting of the board of trustees of such school district on the 24 day of November, 2014.

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

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

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

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## Financial Section

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

**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District ("the District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

### Other Information

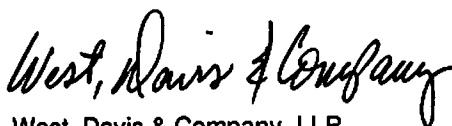
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lockhart Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014 on our consideration of Lockhart Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lockhart Independent School District's internal control over financial reporting and compliance.



West, Davis & Company, LLP  
Austin, TX  
November 5, 2014

## **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, 2014. 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 Position and the Statement of Activities (on pages 19 through 21). 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 Position 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 Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

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

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

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

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

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

The fund financial statements begin on page 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 Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains seven Community Education proprietary funds.

## The District as Trustee

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

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 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 position (Table I below) and changes in net position (Table II below) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased from \$21.5 million to \$23.5 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$12.9 million at June 30, 2014. The increase in governmental net position was primarily due to a 4.4% increase in student enrollment which generated an increase in state revenues. More information is presented in the paragraph following Table II on the next page.

**Table I**  
**Lockhart Independent School District**

**NET POSITION**  
in thousands

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	23,096	22,265	83	69	23,179	22,334
Capital assets	28,397	30,122	-	-	28,397	30,122
Total Assets	51,493	52,387	83	69	51,576	52,456
Long-term Liabilities	21,246	23,551	-	-	21,246	23,551
Other liabilities	6,727	7,337	83	69	6,810	7,406
Total liabilities	27,973	30,888	83	69	28,056	30,957
Net Position:						
Invested in capital assets net of related debt	6,682	6,487	-	-	6,682	6,487
Restricted	3,982	3,456	-	-	3,982	3,456
Unrestricted	12,856	11,555	-	-	12,856	11,555
Total net position	23,520	21,498	-	-	23,520	21,498



**Table II**  
**Lockhart Independent School District**

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	652	656	-	-	652	656
Operating grants and contributions	6,987	6,765	-	-	6,987	6,765
General Revenues:						
Maintenance and operations taxes	10,942	10,304	-	-	10,942	10,304
Debt Service taxes	1,474	1,442	-	-	1,474	1,442
Grants and Contributions not restricted to specific functions	27,212	24,169	86	83	27,298	24,252
Investment Earnings	60	66	-	-	60	66
Miscellaneous	1,139	995	514	534	1,653	1,529
Total Revenue	<u>48,466</u>	<u>44,397</u>	<u>600</u>	<u>617</u>	<u>49,066</u>	<u>45,014</u>
<b>Expenses:</b>						
Instruction, curriculum and media services	25,642	24,335	-	-	25,642	24,335
Instructional and school leadership	3,494	3,345	-	-	3,494	3,345
Student support services	4,407	4,133	-	-	4,407	4,133
Child Nutrition	3,203	3,013	-	-	3,203	3,013
Co-curricular activities	1,425	1,106	-	-	1,425	1,106
General administration	1,622	1,386	-	-	1,622	1,386
Plant maintenance, security and data processing	4,782	4,393	-	-	4,782	4,393
Community services	63	53	-	-	63	53
Debt services	544	1,028	-	-	544	1,028
Payments related to SSA	754	501	-	-	754	501
Intergovernmental Charges	287	268	-	-	287	268
Business-type activities	-	-	822	843	822	843
Total Expenses	<u>46,222</u>	<u>43,561</u>	<u>822</u>	<u>843</u>	<u>47,044</u>	<u>44,404</u>
Increase (Decrease) in net position	2,244	836	(222)	(226)	2,022	610
Transfers	(222)	(226)	222	226	-	-
Increase (Decrease) in net position	<u>2,022</u>	<u>610</u>	<u>-</u>	<u>-</u>	<u>2,022</u>	<u>610</u>
Net position at Beginning	<u>21,498</u>	<u>20,888</u>	<u>-</u>	<u>-</u>	<u>21,498</u>	<u>20,888</u>
Net position at Ending	<u>23,520</u>	<u>21,498</u>	<u>-</u>	<u>-</u>	<u>23,520</u>	<u>21,498</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 \$13.7 million, which is \$0.9 million more than last years' total of \$12.8 million. The increase in fund balance is mainly attributable to increased student average daily attendance which earned more state revenues than was previously anticipated.

The District's Debt Service fund reported a fund balance of \$2.7 million which is \$0.1 million more than last year's total of \$2.6 million. The Debt Service fund balance was \$0.1million more at June 30, 2014, as compared to 2013, due to an increase in 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 District's other governmental funds reported a fund balance of \$1.3 million as compared to \$891 thousand in 2013, which is \$453 thousand more than the previous year. The primary difference between fiscal 2013 and fiscal 2014 governmental funds was that the school nutrition fund balance increased by \$291 thousand due to more student meals served than in the prior year, combined with effective management of expenses in the fund, as well as \$135 thousand set aside in the Maintenance Tax Note Debt Service Fund to pay scheduled short term debt service payments.

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 2013). 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 2014, the District had \$28.3 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 \$28.3 million (net of accumulated depreciation) as compared to the previous years' \$30.1 million, was due to retirements of assets in the amount of \$55 thousand and the current year's depreciation expense in the amount of \$2.4 million.

The District's fiscal year 2013-2014 General Fund capital budget provided no funds for expenditures for new instructional facilities, however it budgeted \$956 thousand for capital expenditures. The \$956 thousand is comprised of \$59 thousand for parking/playground improvements, \$297 thousand for building improvements, \$336 thousand for vehicles, and \$33 thousand for capital outlay.

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 \$23.3 million in bonds outstanding, maintenance tax notes and accumulated accretion on CAB's versus \$25.4 million last year. The decrease of \$2.1 million is attributable to scheduled payments on debt during fiscal 2014.

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 2014-2015 budget and tax rates. Those factors include property values, increases in enrollment, the economy, projections of future budget years, and legislative mandates.

A steadily increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$40.0 million for the 2014-2015 fiscal year. The budget increased from 2013-2014 to 2014-2015 by \$2.8 million, a direct result from increased student average daily attendance which generates more state revenues, and increased state revenues appropriations. The District is experiencing moderate to high level growth in student enrollment. The majority of the District's budget increase was attributed primarily to the implementation of a competitive pay and benefits plan as well as appropriations for capital outlay, some of which included two new buses. The 2014-2015 budget provided a pay increase for all employees and added an increase in the employer portion of health benefits.

In the spring of 2014, the District reviewed the 2013 demographic study report and a 2013 facilities report to anticipate any projects needed in the future. As a result of the review, the District called a bond election in February 2014 for a May 2014 bond election. The May 2014 bond election passed. The District approved the debt issuance on July 29, 2014 to finance the building projects and renovations. The major projects included new construction and renovations to Lockhart High School, building one new elementary school, and various renovations at all of the remaining campuses.

Future enrollments are forecasted to have moderate to high enrollment growth and property values are forecast to gradually increase, which will continue to produce revenues that will support projected expenditures in the near future. For the 2014-2015 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 POSITION

JUNE 30, 2014

Data Control Codes		1	2	3
		Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 3,549,325	\$ 60,171	\$ 3,609,496
1120	Current Investments	11,145,010	--	11,145,010
1225	Property Taxes Receivable (Net)	914,433	--	914,433
1240	Due from Other Governments	7,082,987	--	7,082,987
1250	Accrued Interest	2,245	--	2,245
1260	Internal Balances	(10,341)	10,341	--
1290	Other Receivables (Net)	216,826	12,120	228,946
1410	Unrealized Expenses	195,491	460	195,951
Capital Assets:				
1510	Land	2,412,786	--	2,412,786
1520	Buildings and Improvements, Net	22,519,240	--	22,519,240
1530	Furniture and Equipment, Net	3,465,150	--	3,465,150
1000	Total Assets	<u>51,493,152</u>	<u>83,092</u>	<u>51,576,244</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	456,756	8,096	464,852
2140	Interest Payable	307,942	--	307,942
2165	Accrued Liabilities	3,737,911	58,790	3,796,701
2180	Due to Other Governments	98,140	--	98,140
2300	Unearned Revenue	76,609	16,206	92,815
Noncurrent Liabilities:				
2501	Due Within One Year	2,050,000	--	2,050,000
2502	Due in More Than One Year	21,246,032	--	21,246,032
2000	Total Liabilities	<u>27,973,390</u>	<u>83,092</u>	<u>28,056,482</u>
<b>NET POSITION:</b>				
3200	Net Investment in Capital Assets	6,682,176	--	6,682,176
Restricted For:				
3820	Federal and State Programs	955,554	--	955,554
3850	Debt Service	2,895,540	--	2,895,540
3870	Campus Activities	130,600	--	130,600
3900	Unrestricted	12,855,892	--	12,855,892
3000	Total Net Position	<u>\$ 23,519,762</u>	<u>\$ --</u>	<u>\$ 23,519,762</u>

The accompanying notes are an integral part of this statement.

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	Functions/Programs	1  Expenses	3  Program Revenues		4  Operating Grants and Contributions
			Charges for Services		
	Governmental Activities:				
11	Instruction	\$ 24,767,625	\$ --		\$ 3,207,068
12	Instructional Resources and Media Services	665,913	--		28,433
13	Curriculum and Staff Development	208,221	--		14,122
21	Instructional Leadership	623,622	--		28,973
23	School Leadership	2,869,896	--		137,513
31	Guidance, Counseling, & Evaluation Services	1,739,127	--		318,172
32	Social Work Services	113,030	--		1,655
33	Health Services	426,452	--		87,694
34	Student Transportation	2,127,960	--		108,897
35	Food Service	3,202,728	458,179		2,781,559
36	Cocurricular/Extracurricular Activities	1,425,266	104,567		38,116
41	General Administration	1,621,938	--		56,329
51	Facilities Maintenance and Operations	4,321,452	89,028		135,310
52	Security and Monitoring Services	219,855	228		2,331
53	Data Processing Services	240,789	--		11,058
61	Community Services	63,198	--		8,431
72	Interest on Long-term Debt	538,218	--		--
73	Bond Issuance Costs and Fees	5,285	--		--
93	Payments Related to Shared Services Arrangements	754,017	--		21,222
99	Other Intergovernmental Charges	287,287	--		--
TG	Total Governmental Activities	<u>46,221,879</u>	<u>652,002</u>		<u>6,986,883</u>
	Business-type Activities:				
01	Summer Recreation	68,076	--		--
02	After School Program	168,030	--		--
03	Cubhouse Students	154,164	--		--
04	GED Adult Ed.	104,135	--		--
06	Cubhouse Employees	140,172	--		--
07	Community Ed. Adm.	163,660	--		--
08	Teen Parents	23,907	--		--
TB	Total Business-type Activities	<u>822,144</u>	<u>--</u>		<u>--</u>
TP	Total Primary Government	<u>\$ 47,044,023</u>	<u>\$ 652,002</u>		<u>\$ 6,986,883</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Grants and Contributions Not Restricted to Specific Programs				
MI	Miscellaneous				
FR	Transfers				
TR	Total General Revenues and Transfers				
CN	Change in Net Position				
NB	Net Position - Beginning				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.



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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (21,560,557)		\$ (21,560,557)
(637,480)		(637,480)
(194,099)		(194,099)
(594,649)		(594,649)
(2,732,383)		(2,732,383)
(1,420,955)		(1,420,955)
(111,375)		(111,375)
(338,758)		(338,758)
(2,019,063)		(2,019,063)
37,010		37,010
(1,282,583)		(1,282,583)
(1,565,609)		(1,565,609)
(4,097,114)		(4,097,114)
(217,296)		(217,296)
(229,731)		(229,731)
(54,767)		(54,767)
(538,218)		(538,218)
(5,285)		(5,285)
(732,795)		(732,795)
(287,287)		(287,287)
<u>(38,582,994)</u>		<u>(38,582,994)</u>
--	\$ (68,076)	(68,076)
--	(168,030)	(168,030)
--	(154,164)	(154,164)
--	(104,135)	(104,135)
--	(140,172)	(140,172)
--	(163,660)	(163,660)
--	(23,907)	(23,907)
--	<u>(822,144)</u>	<u>(822,144)</u>
<u>(38,582,994)</u>	<u>(822,144)</u>	<u>(39,405,138)</u>
10,942,480	--	10,942,480
1,473,590	--	1,473,590
59,676	--	59,676
27,212,317	86,384	27,298,701
1,139,080	513,336	1,652,416
(222,424)	222,424	--
<u>40,604,719</u>	<u>822,144</u>	<u>41,426,863</u>
<u>2,021,725</u>	<u>--</u>	<u>2,021,725</u>
21,498,037	--	21,498,037
<u>\$ 23,519,762</u>	<u>\$ --</u>	<u>\$ 23,519,762</u>

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 2,330,362	\$ 26,024	\$ 1,192,939	\$ 3,549,325
1120 Current Investments	7,937,620	2,735,612	471,778	11,145,010
1225 Taxes Receivable, Net	796,848	117,585	--	914,433
1240 Due from Other Governments	6,702,047	--	380,940	7,082,987
1250 Accrued Interest	2,091	--	154	2,245
1260 Due from Other Funds	160,767	--	64	160,831
1290 Other Receivables	171,113	6,127	39,586	216,826
1410 Unrealized Expenditures	193,411	--	2,080	195,491
1000 Total Assets	<u>18,294,259</u>	<u>2,885,348</u>	<u>2,087,541</u>	<u>23,267,148</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 409,245	\$ --	\$ 47,511	\$ 456,756
2150 Payroll Deductions & Withholdings	403,719	--	44,342	448,061
2160 Accrued Wages Payable	2,903,302	--	386,548	3,289,850
2170 Due to Other Funds	10,741	--	160,431	171,172
2180 Due to Other Governments	25,782	20,804	51,554	98,140
2300 Unearned Revenue	819,811	117,585	53,647	991,043
2000 Total Liabilities	<u>4,572,600</u>	<u>138,389</u>	<u>744,033</u>	<u>5,455,022</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	955,554	955,554
3480 Retirement of Long-Term Debt	--	2,746,959	153,336	2,900,295
3490 Other Restrictions of Fund Balance	--	--	130,600	130,600
Committed Fund Balances:				
3510 Construction	450,000	--	--	450,000
3545 Other Committed Fund Balance	3,057,211	--	104,018	3,161,229
3600 Unassigned	10,214,448	--	--	10,214,448
3000 Total Fund Balances	<u>13,721,659</u>	<u>2,746,959</u>	<u>1,343,508</u>	<u>17,812,126</u>
4000 Total Liabilities and Fund Balances	<u>\$ 18,294,259</u>	<u>\$ 2,885,348</u>	<u>\$ 2,087,541</u>	<u>\$ 23,267,148</u>

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2014

Total fund balances - governmental funds balance sheet	\$ 17,812,126
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	28,397,177
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	914,434
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,715,000)
Accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(923,112)
Payables for bond interest which are not due in the current period are not reported in the funds.	(307,942)
Bond premiums are recorded in the SNA but not in the funds.	(657,920)
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	\$ <u>23,519,762</u>

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 11,252,141	\$ 1,480,675	\$ 1,558,740	\$ 14,291,556
5800 State Program Revenues	27,051,747	943,766	447,764	28,443,277
5900 Federal Program Revenues	228,255	--	5,527,167	5,755,422
5020 Total Revenues	<u>38,532,143</u>	<u>2,424,441</u>	<u>7,533,671</u>	<u>48,490,255</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	20,542,851	--	2,902,365	23,445,216
0012 Instructional Resources and Media Services	583,842	--	49,206	633,048
0013 Curriculum and Staff Development	186,116	--	11,035	197,151
0021 Instructional Leadership	403,760	--	186,530	590,290
0023 School Leadership	2,714,162	--	3,378	2,717,540
0031 Guidance, Counseling, & Evaluation Services	1,175,322	--	470,105	1,645,427
0032 Social Work Services	106,826	--	--	106,826
0033 Health Services	338,757	--	64,906	403,663
0034 Student Transportation	2,139,646	--	184,789	2,324,435
0035 Food Service	20,992	--	3,016,044	3,037,036
0036 Cocurricular/Extracurricular Activities	1,285,406	--	63,828	1,349,234
0041 General Administration	1,530,921	--	3,791	1,534,712
0051 Facilities Maintenance and Operations	3,995,326	--	96,632	4,091,958
0052 Security and Monitoring Services	231,421	--	2,733	234,154
0053 Data Processing Services	227,956	--	--	227,956
0061 Community Services	5,644	--	8,754	14,398
0071 Principal on Long-term Debt	--	1,525,000	395,000	1,920,000
0072 Interest on Long-term Debt	--	792,981	71,750	864,731
0073 Bond Issuance Costs and Fees	--	5,285	--	5,285
0081 Capital Outlay	356,240	--	3,000	359,240
0093 Payments to Shared Service Arrangements	606,135	--	147,882	754,017
0099 Other Intergovernmental Charges	287,287	--	--	287,287
6030 Total Expenditures	<u>36,738,610</u>	<u>2,323,266</u>	<u>7,681,728</u>	<u>46,743,604</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,793,533</u>	<u>101,175</u>	<u>(148,057)</u>	<u>1,746,651</u>
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	600,566	600,566
7949 Other Resources	--	9	466	475
8911 Transfers Out	(822,990)	--	--	(822,990)
7080 Total Other Financing Sources and (Uses)	<u>(822,990)</u>	<u>9</u>	<u>601,032</u>	<u>(221,949)</u>
1200 Net Change in Fund Balances	<u>970,543</u>	<u>101,184</u>	<u>452,975</u>	<u>1,524,702</u>
0100 Fund Balances - Beginning	12,751,116	2,645,775	890,533	16,287,424
3000 Fund Balances - Ending	<u>\$ 13,721,659</u>	<u>\$ 2,746,959</u>	<u>\$ 1,343,508</u>	<u>\$ 17,812,126</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, 2014

Net change in fund balances - total governmental funds	\$ 1,524,702
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	740,660
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,465,448)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(24,702)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,920,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	35,235
(Increase) decrease in accrued interest from beginning of period to end of period.	71,538
Bond premiums are reported in the funds but not in the SOA.	<u>219,740</u>
Change in net position of governmental activities - Statement of Activities	\$ <u><u>2,021,725</u></u>

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

## ENTERPRISE FUNDS

JUNE 30, 2014

Data Control Codes		Nonmajor Enterprise Funds
<b>ASSETS:</b>		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 60,171
Receivables:		
1260	Due from Other Funds	10,677
1290	Other Receivables (net)	12,120
1410	Unrealized Expenses	460
	Total Current Assets	83,428
1000	Total Assets	83,428
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	Accounts Payable	\$ 8,096
2150	Payroll Deduction & Withholdings	8,793
2160	Accrued Wages Payable	49,997
2170	Due to Other Funds	336
2300	Unearned Revenues	16,206
	Total Current Liabilities	83,428
2000	Total Liabilities	83,428
<b>NET POSITION:</b>		
3000	Total Net Position	\$ -

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes		Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>		
5700	Local and Intermediate Sources	\$ 513,336
5800	State Program Revenues	86,384
5020	Total Revenues	<u>599,720</u>
<b>OPERATING EXPENSES:</b>		
6100	Payroll Costs	647,192
6200	Professional and Contracted Services	119,016
6300	Supplies and Materials	42,784
6400	Other Operating Costs	13,152
6030	Total Expenses	<u>822,144</u>
	Income (Loss) before Contributions and Transfers	(222,424)
7915	Transfers In	268,677
8911	Transfers Out	<u>(46,253)</u>
1300	Change in Net Position	--
0100	Total Net Position - Beginning	--
3300	Total Net Position - Ending	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

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**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 505,441
Cash Received from Grants	93,309
Cash Payments to Employees for Services	(641,685)
Cash Payments to Other Suppliers for Goods and Services	(175,990)
Net Cash Provided (Used) by Operating Activities	<u>(218,925)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Transfers From Other Funds	268,677
Transfers (To) Other Funds	(46,253)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>222,424</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,499
Cash and Cash Equivalents at Beginning of Year	56,672
Cash and Cash Equivalents at End of Year	<u>\$ 60,171</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (222,424)
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	(8,355)
Increase (Decrease) in Accounts Payable	1,224
Increase (Decrease) in Payroll Deductions	(153)
Increase (Decrease) in Accrued Wages Payable	5,660
Increase (Decrease) in Interfund Payables	(2,262)
Increase (Decrease) in Unearned Revenue	7,385
Total Adjustments	<u>3,499</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (218,925)</u>

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

JUNE 30, 2014

JUNE 30, 2014		Private-purpose Trust Funds	
Data Control Codes		Scholarship Fund	Agency Funds
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 221,910	\$ 157,284
1250	Accrued Interest	154	--
1290	Other Receivables	--	129
1800	Restricted Assets	150,645	--
1000	Total Assets	372,709	157,413
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 19,667
2190	Due to Student Groups	--	137,746
2300	Unearned Revenues	10	--
2000	Total Liabilities	10	157,413
<b>NET POSITION:</b>			
3800	Held in Trust	372,699	--
3000	Total Net Position	\$ 372,699	\$ --

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Private- Purpose Trusts	Scholarship Funds
<b>Additions:</b>		
Investment Income	\$ 2,216	
Gifts and Bequests	60,067	
Total Additions	62,283	
<b>Deductions:</b>		
Scholarships and Awards	67,946	
Supplies and Materials	151	
Professional Services	--	
Total Deductions	68,097	
<b>Change in Net Assets</b>	(5,814)	
Net Position-Beginning of the Year	378,513	
Net Position-End of the Year	\$ 372,699	

The accompanying notes are an integral part of this statement.

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# **LOCKHART INDEPENDENT SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2014**

#### **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.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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.

**Debt Service Fund:** This fund accounts for taxes assessed for and payments of debt service on outstanding bonded debt.

In addition, the District reports the following fund types:

**Enterprise Funds:** These funds are used to report the activities of after school programs, child care programs, community education 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.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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.

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. 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

d. Receivable and Payable Balances

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

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

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

e. Interfund Activity

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

f. Use of Estimates

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

g. 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.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are made only by a formal resolution of the Board of Trustees. 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. There is no official or body authorized to assign amounts to a specific purpose.

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.



**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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.

i. Deferred Outflows and Inflows of Resources

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

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

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

**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

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**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, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,609,496 and the bank balance was \$4,337,227. The District's cash deposits at June 30, 2014 and during the period ended June 30, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

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

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

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

The District's investments at June 30, 2014 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	\$ 2,857,027	26%
Lone Star Investment Pool	51 days average	AAA-m	5,300,509	48%
Texas Class Investment Pool	49 days average	AAA-m	2,987,474	27%
			<u>\$ 11,145,010</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. The District does not have a formal investment policy that limits credit risk.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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.

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.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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 Class is a Local Government Investment Pool. Texas Class is governed by a board of trustees, elected annually by its participants. The AAA-m rated fund invests only in securities allowed by the Texas Public Funds Investment Act.

Lone Star Investment Pool is a Local Government Investment Pool. Lone Star is distributed by First Public, LLC, a subsidiary of the Texas Association of School Boards. The AAA-m rated fund invests only in securities allowed by the Texas Public Funds Investment Act.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land and improvements	\$ 2,412,786	\$ --	\$ --	\$ 2,412,786
Construction in progress	1,196,551	--	1,196,551	--
Total capital assets not being depreciated	<u>3,609,337</u>	<u>--</u>	<u>1,196,551</u>	<u>2,412,786</u>
Capital assets being depreciated:				
Buildings and improvements	57,761,001	1,555,792	--	59,316,793
Furniture and equipment	7,165,290	381,420	55,429	7,491,281
Total capital assets being depreciated	<u>64,926,291</u>	<u>1,937,212</u>	<u>55,429</u>	<u>66,808,074</u>
Less accumulated depreciation for:				
Buildings and improvements	(34,771,830)	(2,025,726)	--	(36,797,556)
Furniture and equipment	(3,641,838)	(439,722)	(55,429)	(4,026,131)
Total accumulated depreciation	<u>(38,413,668)</u>	<u>(2,465,448)</u>	<u>(55,429)</u>	<u>(40,823,687)</u>
Total capital assets being depreciated, net	<u>26,512,623</u>	<u>(528,236)</u>	<u>--</u>	<u>25,984,387</u>
Governmental activities capital assets, net	<u>\$ 30,121,960</u>	<u>\$ (528,236)</u>	<u>\$ 1,196,551</u>	<u>\$ 28,397,173</u>

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Depreciation was charged to functions as follows:

Instruction	\$ 1,322,409
Instructional Resources and Media Services	32,865
Curriculum and Staff Development	11,070
Instructional Leadership	33,332
School Leadership	152,356
Guidance, Counseling, & Evaluation Services	93,700
Social Work Services	6,204
Health Services	22,789
Student Transportation	139,623
Food Services	177,749
Extracurricular Activities	76,032
General Administration	87,226
Plant Maintenance and Operations	234,779
Security and Monitoring Services	13,681
Data Processing Services	12,833
Community Services	48,800
	<u>\$ 2,465,448</u>

**E. Interfund Balances and Activities**

Due To and From Other Funds

Balances due to and due from other funds at June 30, 2014, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 160,431	Payroll costs
Other Governmental Funds	General Fund	64	Payroll costs
Nonmajor Enterprise Funds	Other Governmental Funds	10,677	Cost of service allocations
General Fund	Nonmajor Enterprise Funds	336	Cost of service allocations
	Total	<u>\$ 171,508</u>	

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

Transfers to and from other funds at June 30, 2014, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Maintenance Tax Debt Service	\$ 600,566	General Fund tax collections for maintenance note debt service
General fund	Nonmajor Enterprise Funds	222,424	General Fund support of internal service functions
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	46,253	Allocated costs
	Total	<u>\$ 869,243</u>	

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**F. Fund Balances**

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

Description	Amount
Restricted Fund Balances:	
Federal/State Funds Grant Restrictions	\$ 955,554
Campus Activity	130,600
Retirement of Long Term Debt	2,900,295
	<u>3,986,449</u>
Committed Fund Balances:	
Construction	450,000
Other:	
Furniture, fixtures and equipment	2,800,000
Miscellaneous	257,211
	<u>3,057,211</u>
Food service equipment	104,018
	<u>3,161,229</u>
Unassigned:	<u>10,214,448</u>
Total Fund Balance	<u>\$ 17,812,126</u>

**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, 2014, are as follows:

Series	Original Issue (Millions)	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>							
2006	9.52	3.66%	\$ 8,180,000	\$ --	\$ 690,000	\$ 7,490,000	\$ 720,000
2007	8.83	3.92%	8,290,000	--	95,000	8,195,000	100,000
2008	2.3	3.75-4.50%	1,565,000	--	135,000	1,430,000	135,000
2011	2.74	2.00%	2,670,000	--	605,000	2,065,000	695,000
2012	2.93	2.00-3.00%	2,930,000	--	395,000	2,535,000	400,000
			<u>23,635,000</u>	<u>--</u>	<u>1,920,000</u>	<u>21,715,000</u>	<u>2,050,000</u>
Accumulated Accretion on CAB			958,347	59,390	94,625	923,112	--
Premium on Bonds Issued			877,660	--	219,740	657,920	--
Total governmental activities			<u>\$ 25,471,007</u>	<u>\$ 59,390</u>	<u>\$ 2,234,365</u>	<u>\$ 23,296,032</u>	<u>\$ 2,050,000</u>

Reflected in Statement of Net Position

Due Within One Year	\$ 2,050,000
Due in More Than One Year	21,246,032
	<u>\$ 23,296,032</u>

The bonded debt detailed above was issued for the construction of school facilities or to refinance debt issued for that purpose. The Series 2006, 2007, 2008 and 2011 bonds were issued to refund outstanding school building bonds. The Series 2010 tax and revenue notes were issued to purchase school buses. The Series 2012 tax and revenue notes refunded the original 2010 tax and revenue notes.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2014, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 2,050,000	\$ 714,444	\$ 2,764,444
2016	2,090,000	656,516	2,746,516
2017	2,125,000	597,253	2,722,253
2018	1,583,024	1,137,623	2,720,647
2019	1,601,964	1,095,384	2,697,348
2020-2024	8,675,000	1,428,017	10,103,017
2025-2029	3,590,000	287,728	3,877,728
Totals	<u>\$ 21,714,988</u>	<u>\$ 5,916,965</u>	<u>\$ 27,631,953</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, 2014, 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	\$ 10,905,000
Series 2010	3,015,000
Total	<u>\$ 13,920,000</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 2014, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (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](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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. In certain instances the reporting district is required to make all or a portion of the state's contribution. The District paid additional state contributions on the portion of the employee's salaries that exceeded the statutory minimum and contributions from federal and private grants.

Contributions to TRS for the past three fiscal years are exhibited in the table below.

Year	State		Member		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	6.80%	\$ 1,775,552	6.40%	\$ 1,671,107	6.80%	\$ 485,414
2013	6.40%	1,616,994	6.40%	1,616,994	6.40%	408,458
2012	6.00%	1,354,147	6.40%	1,561,692	6.00%	380,182

J. Health Care Coverage

During the period ended June 30, 2014, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$336 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 I1).

K. Retiree Health Plan

1. TRS-Care

a) Plan Description

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

b) Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based



**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage.

Contribution rates and amounts are shown in the table below.

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 153,049	1.00%	\$ 235,460	0.55%	\$ 129,503
2013	0.65%	164,217	0.50%	114,014	0.55%	138,955
2012	0.65%	138,271	1.00%	212,725	0.55%	116,999

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$73,225, \$71,462, and \$64,143, 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, 2014.

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:

Member Districts	Special Ed. Expenditures	Medicaid Expenditures
Lockhart ISD	\$ 823,994	\$ 10,368
Luling ISD	244,971	2,153
Prairie Lea ISD	44,540	410
Total	<u>\$ 1,113,505</u>	<u>\$ 12,931</u>

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

N. Workers' Compensation Insurance

Employees of the District were covered by a workers' compensation insurance plan (the plan). Contributions are made based upon rates established for the District's various types of employees. A third party administrator acts on behalf of the District.

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 has an aggregate deductible workers' compensation insurance plan. The District pays \$47,491 in administrative costs to TASB. The maximum workers compensation program cost for 2014 is \$211,429.

O. Subsequent Event

On May 3, 2014 voters authorized the issuance of \$58.5 million in School Building Bonds. Proceeds from the sale of the Bonds will be used for the construction of school buildings in the District including, to (i) make additions and renovations to Lockhart High School, (ii) build a new elementary school, (iii) make District-wide improvements to schools, and (iv) pay the costs associated with the issuance of the Bonds.

In July 2014 the District issued \$58.5 million in School Building Bonds relating to the authorization in the paragraph above.

## 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, 2014

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 10,918,104	\$ 10,969,853	\$ 11,252,141	\$ 282,288
5800	State Program Revenues	26,039,311	27,309,248	27,051,747	(257,501)
5900	Federal Program Revenues	225,258	226,113	228,255	2,142
5020	Total Revenues	37,182,673	38,505,214	38,532,143	26,929
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	20,772,104	21,328,235	20,542,851	785,384
0012	Instructional Resources and Media Services	634,656	625,483	583,842	41,641
0013	Curriculum and Staff Development	224,148	254,678	186,116	68,562
	Total Instruction & Instr. Related Services	21,630,908	22,208,396	21,312,809	895,587
Instructional and School Leadership:					
0021	Instructional Leadership	424,242	409,938	403,760	6,178
0023	School Leadership	2,743,735	2,723,651	2,714,162	9,489
	Total Instructional & School Leadership	3,167,977	3,133,589	3,117,922	15,667
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,188,526	1,196,926	1,175,322	21,604
0032	Social Work Services	107,882	108,832	106,826	2,006
0033	Health Services	342,091	353,012	338,757	14,255
0034	Student (Pupil) Transportation	1,915,205	2,158,033	2,139,646	18,387
0035	Food Services	3,500	21,500	20,992	508
0036	Cocurricular/Extracurricular Activities	1,348,858	1,366,885	1,285,406	81,479
	Total Support Services - Student (Pupil)	4,906,062	5,205,188	5,066,949	138,239
Administrative Support Services:					
0041	General Administration	1,498,120	1,624,479	1,530,921	93,558
	Total Administrative Support Services	1,498,120	1,624,479	1,530,921	93,558
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	4,005,728	4,122,810	3,995,326	127,484
0052	Security and Monitoring Services	110,521	249,884	231,421	18,463
0053	Data Processing Services	253,746	253,671	227,956	25,715
	Total Support Services - Nonstudent Based	4,369,995	4,626,365	4,454,703	171,662
Ancillary Services:					
0061	Community Services	408	7,644	5,644	2,000
	Total Ancillary Services	408	7,644	5,644	2,000
Capital Outlay:					
0081	Capital Outlay	--	553,913	356,240	197,673
	Total Capital Outlay	--	553,913	356,240	197,673
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	650,936	650,936	606,135	44,801
0099	Other Intergovernmental Charges	267,117	287,288	287,287	1
	Total Intergovernmental Charges	918,053	938,224	893,422	44,802
6030	Total Expenditures	36,491,523	38,297,798	36,738,610	1,559,188

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2014

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	691,150	207,416	1,793,533	1,586,117
	Other Financing Sources (Uses):				
8911	Transfers Out	(691,150)	(691,150)	(822,990)	(131,840)
7080	Total Other Financing Sources and (Uses)	(691,150)	(691,150)	(822,990)	(131,840)
1200	Net Change in Fund Balance	--	(483,734)	970,543	1,454,277
0100	Fund Balance - Beginning	12,751,116	12,751,116	12,751,116	--
3000	Fund Balance - Ending	\$ 12,751,116	\$ 12,267,382	\$ 13,721,659	\$ 1,454,277

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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, 2014

Data Control Codes		Special Revenue Funds	Debt Service Fund Maintenance Tax Note Debt Service	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 1,039,603	\$ 153,336	\$ 1,192,939
1120	Current Investments	471,778	--	471,778
1240	Due from Other Governments	380,940	--	380,940
1250	Accrued Interest	154	--	154
1260	Due from Other Funds	64	--	64
1290	Other Receivables	39,586	--	39,586
1410	Unrealized Expenditures	2,080	--	2,080
1000	<b>Total Assets</b>	<b>1,934,205</b>	<b>153,336</b>	<b>2,087,541</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 47,511	\$ --	\$ 47,511
2150	Payroll Deductions & Withholdings	44,342	--	44,342
2160	Accrued Wages Payable	386,548	--	386,548
2170	Due to Other Funds	160,431	--	160,431
2180	Due to Other Governments	51,554	--	51,554
2300	Unearned Revenue	53,647	--	53,647
2000	<b>Total Liabilities</b>	<b>744,033</b>	<b>--</b>	<b>744,033</b>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	955,554	--	955,554
3480	Retirement of Long-Term Debt	--	153,336	153,336
3490	Other Restrictions of Fund Balance	130,600	--	130,600
Committed Fund Balances:				
3545	Other Committed Fund Balance	104,018	--	104,018
3000	<b>Total Fund Balances</b>	<b>1,190,172</b>	<b>153,336</b>	<b>1,343,508</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,934,205</b>	<b>\$ 153,336</b>	<b>\$ 2,087,541</b>



**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes		Special Revenue Funds	Debt Service Fund Maintenance Tax Note Debt Service	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 1,558,440	\$ 300	\$ 1,558,740
5800	State Program Revenues	447,764	--	447,764
5900	Federal Program Revenues	5,527,167	--	5,527,167
5020	Total Revenues	<u>7,533,371</u>	<u>300</u>	<u>7,533,671</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	2,902,365	--	2,902,365
0012	Instructional Resources and Media Services	49,206	--	49,206
0013	Curriculum and Staff Development	11,035	--	11,035
0021	Instructional Leadership	186,530	--	186,530
0023	School Leadership	3,378	--	3,378
0031	Guidance, Counseling, & Evaluation Services	470,105	--	470,105
0033	Health Services	64,906	--	64,906
0034	Student Transportation	184,789	--	184,789
0035	Food Service	3,016,044	--	3,016,044
0036	Cocurricular/Extracurricular Activities	63,828	--	63,828
0041	General Administration	3,791	--	3,791
0051	Facilities Maintenance and Operations	96,632	--	96,632
0052	Security and Monitoring Services	2,733	--	2,733
0061	Community Services	8,754	--	8,754
0071	Principal on Long-term Debt	--	395,000	395,000
0072	Interest on Long-term Debt	--	71,750	71,750
0081	Capital Outlay	3,000	--	3,000
0093	Payments to Shared Service Arrangements	147,882	--	147,882
6030	Total Expenditures	<u>7,214,978</u>	<u>466,750</u>	<u>7,681,728</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>318,393</u>	<u>(466,450)</u>	<u>(148,057)</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	600,566	600,566
7949	Other Resources	--	466	466
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>601,032</u>	<u>601,032</u>
1200	Net Change in Fund Balances	<u>318,393</u>	<u>134,582</u>	<u>452,975</u>
0100	Fund Balances - Beginning	871,779	18,754	890,533
3000	Fund Balances - Ending	<u>\$ 1,190,172</u>	<u>\$ 153,336</u>	<u>\$ 1,343,508</u>

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2014

Data Control Codes		211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	225 IDEA-B Preschool Grant
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 85,571	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	162,161	3,030	146,050	4,665
1250	Accrued Interest	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Unrealized Expenditures	--	--	2,080	--
1000	Total Assets	247,732	3,030	148,130	4,665
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 34	\$ --	\$ 1,560	\$ --
2150	Payroll Deductions & Withholdings	17,339	--	8,063	431
2160	Accrued Wages Payable	138,469	--	95,038	3,833
2170	Due to Other Funds	91,890	3,030	43,469	401
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	247,732	3,030	148,130	4,665
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 247,732	\$ 3,030	\$ 148,130	\$ 4,665

226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	350 English Language Acquisition and Enhancement
\$ --	\$ 582,921	\$ --	\$ --	\$ --
--	471,778	--	--	--
5,454	14,736	6,509	38,335	--
--	154	--	--	--
--	64	--	--	--
--	39,421	--	--	--
--	--	--	--	--
<u>5,454</u>	<u>1,109,074</u>	<u>6,509</u>	<u>38,335</u>	<u>--</u>
\$ --	\$ 38,528	\$ 340	\$ --	\$ --
--	--	52	3,459	--
--	7,158	4,683	26,204	--
5,454	3,770	1,434	8,672	--
--	46	--	--	--
--	--	--	--	--
<u>5,454</u>	<u>49,502</u>	<u>6,509</u>	<u>38,335</u>	<u>--</u>
--	955,554	--	--	--
--	--	--	--	--
--	104,018	--	--	--
--	<u>1,059,572</u>	--	--	--
<u>5,454</u>	<u>1,109,074</u>	<u>6,509</u>	<u>38,335</u>	<u>--</u>

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2014

Data Control Codes		385 Supplemental Visually Impaired	404 Student Success Initiative	410 State Textbook Fund	437 Special Education
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 2,238	\$ --	\$ 8,704	\$ 142,923
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	--	--	--	--
1250	Accrued Interest	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	2,238	--	8,704	142,923
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 1,021
2150	Payroll Deductions & Withholdings	--	--	--	14,998
2160	Accrued Wages Payable	--	--	--	111,163
2170	Due to Other Funds	2,238	--	--	--
2180	Due to Other Governments	--	--	--	15,741
2300	Unearned Revenue	--	--	8,704	--
2000	Total Liabilities	2,238	--	8,704	142,923
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 2,238	\$ --	\$ 8,704	\$ 142,923

450 Medicaid Coop	461 Campus Activity Funds	480 Hazelett Drilling	481 Kiwanis Club	482 TASB Risk Management
\$ 41,168	\$ 130,925	\$ 293	\$ 339	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
165	--	--	--	--
--	--	--	--	--
<u>41,333</u>	<u>130,925</u>	<u>293</u>	<u>339</u>	<u>--</u>
\$ 5,566	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	73	--	--	--
35,767	--	--	--	--
--	252	293	339	--
<u>41,333</u>	<u>325</u>	<u>293</u>	<u>339</u>	<u>--</u>
--	--	--	--	--
--	130,600	--	--	--
--	--	--	--	--
<u>--</u>	<u>130,600</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 41,333</u>	<u>\$ 130,925</u>	<u>\$ 293</u>	<u>\$ 339</u>	<u>\$ --</u>

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2014

Data Control Codes		483	484	485	486
		Houghton Mifflin	Lions Club	Meadows Foundation	Target
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 355	\$ 9	\$ --	\$ 422
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	--	--	--	--
1250	Accrued Interest	--	--	--	--
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	355	9	--	422
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	355	9	--	422
2000	Total Liabilities	355	9	--	422
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 355	\$ 9	\$ --	\$ 422

489 San Marcos Civic Foundation	490 Sodexo	491 Wal-Mart	494 Parent Teacher Organization	495 Miscellaneous Grants Fund
\$ --	\$ 1,801	\$ 2,563	\$ 18,463	\$ 5,928
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>1,801</u>	<u>2,563</u>	<u>18,463</u>	<u>5,928</u>
\$ --	\$ 200	\$ --	\$ 262	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	1,601	2,563	18,201	5,928
<u>--</u>	<u>1,801</u>	<u>2,563</u>	<u>18,463</u>	<u>5,928</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ 1,801</u>	<u>\$ 2,563</u>	<u>\$ 18,463</u>	<u>\$ 5,928</u>

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**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2014

Data Control Codes		496 Athletic Booster Club	497 Advanced Placement Strategies Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 7,612	\$ 7,368	\$ 1,039,603
1120	Current Investments	--	--	471,778
1240	Due from Other Governments	--	--	380,940
1250	Accrued Interest	--	--	154
1260	Due from Other Funds	--	--	64
1290	Other Receivables	--	--	39,586
1410	Unrealized Expenditures	--	--	2,080
1000	<b>Total Assets</b>	<b>7,612</b>	<b>7,368</b>	<b>1,934,205</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 47,511
2150	Payroll Deductions & Withholdings	--	--	44,342
2160	Accrued Wages Payable	--	--	386,548
2170	Due to Other Funds	--	--	160,431
2180	Due to Other Governments	--	--	51,554
2300	Unearned Revenue	7,612	7,368	53,647
2000	<b>Total Liabilities</b>	<b>7,612</b>	<b>7,368</b>	<b>744,033</b>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	955,554
3490	Other Restrictions of Fund Balance	--	--	130,600
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	--	104,018
3000	<b>Total Fund Balances</b>	<b>--</b>	<b>--</b>	<b>1,190,172</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,612</b>	<b>\$ 7,368</b>	<b>\$ 1,934,205</b>

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes		211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	225 IDEA-B Preschool Grant
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	949,135	6,984	1,238,249	25,455
5020	Total Revenues	949,135	6,984	1,238,249	25,455
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	718,895	--	1,049,710	25,455
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	3,985	--
0021	Instructional Leadership	398	6,984	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	158,032	--	84,153	--
0033	Health Services	64,491	--	--	--
0034	Student Transportation	--	--	99,789	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	7,319	--	612	--
0081	Capital Outlay	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	949,135	6,984	1,238,249	25,455
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	350 English Language Acquisition and Enhancement
\$ --	\$ 504,831	\$ --	\$ --	\$ --
--	21,404	--	--	2,189
27,299	2,875,365	46,385	197,481	--
27,299	3,401,600	46,385	197,481	2,189
27,299	--	44,410	197,481	2,189
--	--	--	--	--
--	--	1,975	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	3,014,386	--	--	--
--	--	--	--	--
--	--	--	--	--
--	96,229	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
27,299	3,110,615	46,385	197,481	2,189
--	290,985	--	--	--
--	290,985	--	--	--
--	768,587	--	--	--
\$ --	\$ 1,059,572	\$ --	\$ --	\$ --

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes		404 Student Success Initiative	410 State Textbook Fund	437 Special Education	450 Medicaid Coop
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 819,102	\$ --
5800	State Program Revenues	5,231	124,279	294,404	--
5900	Federal Program Revenues	--	--	--	160,814
5020	Total Revenues	<u>5,231</u>	<u>124,279</u>	<u>1,113,506</u>	<u>160,814</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	5,231	124,279	618,038	12,932
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	12	--
0021	Instructional Leadership	--	--	179,148	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	227,866	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	85,000	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	3,442	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0061	Community Services	--	--	--	--
0081	Capital Outlay	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	147,882
6030	Total Expenditures	<u>5,231</u>	<u>124,279</u>	<u>1,113,506</u>	<u>160,814</u>
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

461 Campus Activity Funds	480 Hazelett Drilling	482 TASB Risk Management	483 Houghton Mifflin	484 Lions Club
\$ 162,814	\$ 1,707	\$ 2,000	\$ 3,632	\$ 1,695
--	--	--	257	--
--	--	--	--	--
162,814	1,707	2,000	3,889	1,695
60,207	--	--	3,889	1,695
49,074	--	--	--	--
50	--	--	--	--
--	--	--	--	--
2,878	--	--	--	--
54	--	--	--	--
415	--	--	--	--
--	--	--	--	--
--	--	--	--	--
20,920	1,707	--	--	--
349	--	--	--	--
403	--	--	--	--
733	--	2,000	--	--
323	--	--	--	--
--	--	--	--	--
--	--	--	--	--
135,406	1,707	2,000	3,889	1,695
27,408	--	--	--	--
27,408	--	--	--	--
103,192	--	--	--	--
\$ 130,600	\$ --	\$ --	\$ --	\$ --

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	485 Meadows Foundation	486 Target	489 San Marcos Civic Foundation
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 500	\$ 232	\$ 4,396
5800 State Program Revenues	--	--	--
5900 Federal Program Revenues	--	--	--
5020 Total Revenues	<u>500</u>	<u>232</u>	<u>4,396</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	--	232	--
0012 Instructional Resources and Media Services	--	--	--
0013 Curriculum and Staff Development	--	--	4,396
0021 Instructional Leadership	--	--	--
0023 School Leadership	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--
0033 Health Services	--	--	--
0034 Student Transportation	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0041 General Administration	--	--	--
0051 Facilities Maintenance and Operations	--	--	--
0052 Security and Monitoring Services	--	--	--
0061 Community Services	500	--	--
0081 Capital Outlay	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--
6030 Total Expenditures	<u>500</u>	<u>232</u>	<u>4,396</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

490	494	495	496	Total
Sodexo	Parent Teacher Organization	Miscellaneous Grants Fund	Athletic Booster Club	Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 702	\$ 14,423	\$ 4,164	\$ 38,242	\$ 1,558,440
--	--	--	--	447,764
--	--	--	--	5,527,167
702	14,423	4,164	38,242	7,533,371
--	9,148	1,275	--	2,902,365
--	--	132	--	49,206
--	617	--	--	11,035
--	--	--	--	186,530
--	--	500	--	3,378
--	--	--	--	470,105
--	--	--	--	64,906
--	--	--	--	184,789
--	1,658	--	--	3,016,044
702	--	2,257	38,242	63,828
--	--	--	--	3,791
--	--	--	--	96,632
--	--	--	--	2,733
--	--	--	--	8,754
--	3,000	--	--	3,000
--	--	--	--	147,882
702	14,423	4,164	38,242	7,214,978
--	--	--	--	318,393
--	--	--	--	318,393
--	--	--	--	871,779
\$ --	\$ --	\$ --	\$ --	\$ 1,190,172

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2014

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
<b>ASSETS:</b>				
Current Assets:				
1110	Cash and Cash Equivalents	\$ 27,649	\$ 11,186	\$ 18,163
Receivables:				
1260	Due from Other Funds	--	--	--
1290	Other Receivables (net)	192	47	--
1410	Unrealized Expenses	460	--	--
	Total Current Assets	28,301	11,233	18,163
1000	Total Assets	28,301	11,233	18,163
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 3,561	\$ 155	\$ 651
2150	Payroll Deduction & Withholdings	--	1,450	3,313
2160	Accrued Wages Payable	8,534	9,292	14,199
2170	Due to Other Funds	--	336	--
2300	Unearned Revenues	16,206	--	--
	Total Current Liabilities	28,301	11,233	18,163
2000	Total Liabilities	28,301	11,233	18,163
<b>NET POSITION:</b>				
3000	Total Net Position	\$ --	\$ --	\$ --



Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	Teen Parents	
\$ (8,777)	\$ 7,403	\$ 790	\$ 3,757	\$ 60,171
--	10,677	--	--	10,677
11,323	313	245	--	12,120
--	--	--	--	460
<u>2,546</u>	<u>18,393</u>	<u>1,035</u>	<u>3,757</u>	<u>83,428</u>
<u>2,546</u>	<u>18,393</u>	<u>1,035</u>	<u>3,757</u>	<u>83,428</u>
\$ 2,546	\$ 881	\$ 302	\$ --	\$ 8,096
--	3,313	--	717	8,793
--	14,199	733	3,040	49,997
--	--	--	--	336
--	--	--	--	16,206
<u>2,546</u>	<u>18,393</u>	<u>1,035</u>	<u>3,757</u>	<u>83,428</u>
<u>2,546</u>	<u>18,393</u>	<u>1,035</u>	<u>3,757</u>	<u>83,428</u>
\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes		Enterprise Fund	Enterprise Fund	Enterprise Fund
		Summer Recreation	After School Program	Cubhouse Students
<b>OPERATING REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 67,304	\$ 197,459	\$ --
5800	State Program Revenues	1,633	11,466	46,008
5020	Total Revenues	68,937	208,925	46,008
<b>OPERATING EXPENSES:</b>				
6100	Payroll Costs	54,390	153,930	140,377
6200	Professional and Contracted Services	5,315	2,317	3,376
6300	Supplies and Materials	4,493	10,659	9,676
6400	Other Operating Costs	3,878	1,124	735
6030	Total Expenses	68,076	168,030	154,164
	Income (Loss) before Contributions and Transfers	861	40,895	(108,156)
7915	Transfers In	--	--	108,156
8911	Transfers Out	(861)	(40,895)	--
1300	Change in Net Position	--	--	--
0100	Total Net Position - Beginning	--	--	--
3300	Total Net Position - Ending	\$ --	\$ --	\$ --

Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	Teen Parents	
\$ 108,525	\$ 116,670	\$ 23,378	\$ --	\$ 513,336
107	14,122	11,688	1,360	86,384
108,632	130,792	35,066	1,360	599,720
1,529	134,050	139,009	23,907	647,192
91,054	1,643	15,311	--	119,016
5,654	4,254	8,048	--	42,784
5,898	225	1,292	--	13,152
104,135	140,172	163,660	23,907	822,144
4,497	(9,380)	(128,594)	(22,547)	(222,424)
--	9,380	128,594	22,547	268,677
(4,497)	--	--	--	(46,253)
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Summer Recreation	After School Program	Cubhouse Students
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 67,345	\$ 197,426	\$ --
Cash Received from Grants	8,558	11,466	46,008
Cash Payments to Employees	(48,901)	(152,945)	(141,219)
Cash Payments to Suppliers for Goods and Services	(11,630)	(14,579)	(14,992)
Net Cash Provided (Used) by Operating Activities	<u>15,372</u>	<u>41,368</u>	<u>(110,203)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
Transfers From (To) Other Funds	(861)	(40,895)	108,156
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(861)</u>	<u>(40,895)</u>	<u>108,156</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,511	473	(2,047)
Cash and Cash Equivalents at Beginning of Year	13,138	10,713	20,210
Cash and Cash Equivalents at End of Year	<u>\$ 27,649</u>	<u>\$ 11,186</u>	<u>\$ 18,163</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 861	\$ 40,895	\$ (108,156)
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	(419)	(33)	--
Increase (Decrease) in Accounts Payable	2,056	(197)	(219)
Increase (Decrease) in Payroll Deductions	--	71	(140)
Increase (Decrease) in Accrued Wages Payable	5,489	914	(702)
Increase (Decrease) in Interfund Payables	--	(282)	(986)
Increase (Decrease) in Unearned Revenue	7,385	--	--
Total Adjustments	<u>14,511</u>	<u>473</u>	<u>(2,047)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 15,372</u>	<u>\$ 41,368</u>	<u>\$ (110,203)</u>

GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	Teen Parents	Total Nonmajor Enterprise Funds (See Exhibit D-3)
\$ 101,180	\$ 116,357	\$ 23,133	\$ --	\$ 505,441
107	14,122	11,688	1,360	93,309
(1,529)	(134,892)	(138,489)	(23,710)	(641,685)
(102,435)	(7,304)	(25,050)	--	(175,990)
<u>(2,677)</u>	<u>(11,717)</u>	<u>(128,718)</u>	<u>(22,350)</u>	<u>(218,925)</u>
 (4,497)	 9,380	 128,594	 22,547	 222,424
<u>(4,497)</u>	<u>9,380</u>	<u>128,594</u>	<u>22,547</u>	<u>222,424</u>
 (7,174)	 (2,337)	 (124)	 197	 3,499
(1,603)	9,740	914	3,560	56,672
<u>\$ (8,777)</u>	<u>\$ 7,403</u>	<u>\$ 790</u>	<u>\$ 3,757</u>	<u>\$ 60,171</u>
 \$ 4,497	 \$ (9,380)	 \$ (128,594)	 \$ (22,547)	 \$ (222,424)
 --	 --	 --	 --	 --
 --	 --	 --	 --	 --
(7,345)	(313)	(245)	--	(8,355)
171	(196)	(391)	--	1,224
--	(140)	--	56	(153)
--	(702)	520	141	5,660
--	(986)	(8)	--	(2,262)
--	--	--	--	7,385
<u>(7,174)</u>	<u>(2,337)</u>	<u>(124)</u>	<u>197</u>	<u>3,499</u>
<u>\$ (2,677)</u>	<u>\$ (11,717)</u>	<u>\$ (128,718)</u>	<u>\$ (22,350)</u>	<u>\$ (218,925)</u>

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2014

Data Control Codes		888 Bluebonnet Activity Funds	891 Clear Fork Activity Fund	892 Navarro Activity Fund
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 229	\$ --	\$ 11,771
1290	Other Receivables	--	--	--
1000	Total Assets	229	--	11,771
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 108
2190	Due to Student Groups	229	--	11,663
2000	Total Liabilities	229	--	11,771
<b>NET POSITION:</b>				
3000	Total Net Position	\$ --	\$ --	\$ --

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)
\$ 28,034	\$ 109,022	\$ 6,815	\$ 1,413	\$ 157,284
--	129	--	--	129
<u>28,034</u>	<u>109,151</u>	<u>6,815</u>	<u>1,413</u>	<u>157,413</u>
\$ 5	\$ 19,248	\$ 306	\$ --	\$ 19,667
28,029	89,903	6,509	1,413	137,746
<u>28,034</u>	<u>109,151</u>	<u>6,815</u>	<u>1,413</u>	<u>157,413</u>
\$ --	\$ --	\$ --	\$ --	\$ --

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2014

EXHIBIT H-9

Data Control Codes	97 Balance July 1, 2013	5030 Additions	6050 Deductions	98 Balance June 30, 2014
<b>STUDENT ACTIVITIES:</b>				
<b>ASSETS</b>				
Cash & Temporary Investments	\$ 138,722	\$ 484,295	\$ 465,733	\$ 157,284
Other Receivables	33	96	--	129
Due from Other Funds	--	--	--	--
Total Assets	<u>\$ 138,755</u>	<u>\$ 484,391</u>	<u>\$ 465,733</u>	<u>\$ 157,413</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 59	\$ 19,667	\$ 59	\$ 19,667
Due to Other Funds	3,498	58	3,556	--
Due to Student Groups	135,198	484,295	481,747	137,746
Total Liabilities	<u>\$ 138,755</u>	<u>\$ 504,020</u>	<u>\$ 485,362</u>	<u>\$ 157,413</u>
<b>COMBINING STATEMENT:</b>				
<u>Cash &amp; Temporary Investments</u>				
Bluebonnet	\$ 229	\$ 31,614	\$ 31,614	\$ 229
Clear Fork	--	--	--	--
Navarro	16,390	25,330	29,948	11,772
Junior High	16,032	87,717	75,715	28,034
High School	91,843	293,610	276,431	109,022
Plum Creek	12,083	30,636	35,905	6,814
Freshman Campus	2,145	15,388	16,120	1,413
	<u>\$ 138,722</u>	<u>\$ 484,295</u>	<u>\$ 465,733</u>	<u>\$ 157,284</u>
<u>Other Receivables</u>				
High School	<u>\$ 33</u>	<u>\$ 96</u>	<u>\$ --</u>	<u>\$ 129</u>
<u>Due from Other Funds</u>				
Bluebonnet	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>Accounts Payable</u>				
High School	<u>\$ 59</u>	<u>\$ 19,667</u>	<u>\$ 59</u>	<u>\$ 19,667</u>
<u>Due to Other Funds</u>				
Clear Fork	(25)	25	--	--
Navarro	(33)	33	--	--
Junior High	5	--	5	--
High School	3,246	--	3,246	--
Plum Creek	305	--	305	--
	<u>\$ 3,498</u>	<u>\$ 58</u>	<u>\$ 3,556</u>	<u>\$ --</u>
<u>Due to Student Groups</u>				
Bluebonnet	\$ 229	\$ 31,614	\$ 31,614	\$ 229
Clear Fork	--	--	--	--
Navarro	16,423	25,330	29,948	11,805
Junior High	16,027	87,717	75,715	28,029
High School	88,597	293,610	292,445	89,762
Plum Creek	11,777	30,636	35,905	6,508
Freshman Campus	2,145	15,388	16,120	1,413
	<u>\$ 135,198</u>	<u>\$ 484,295</u>	<u>\$ 481,747</u>	<u>\$ 137,746</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, 2014

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.04		.1548		898,857,968
2012		1.04		.1482		972,780,008
2013		1.04		.1468		995,561,910
2014 (School Year Under Audit)		1.04		.1395		1,036,856,855

1000 Totals

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

10 Beginning Balance 7/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/14
\$ 292,170	\$ --	\$ 4,446	\$ 740	\$ (2,783)	\$ 284,201
60,670	--	4,251	538	(613)	55,268
61,269	--	4,986	619	(1,105)	54,559
65,442	--	6,161	960	(939)	57,382
101,715	--	16,824	2,952	(96)	81,843
146,547	--	31,622	5,777	4,711	113,859
227,538	--	56,397	8,395	5,285	168,031
353,000	--	115,800	16,502	4,659	225,357
635,522	--	269,311	37,992	(5,535)	322,684
--	12,229,727	10,227,110	1,371,861	(42,018)	588,738
<u>\$ 1,943,873</u>	<u>\$ 12,229,727</u>	<u>\$ 10,736,908</u>	<u>\$ 1,446,336</u>	<u>\$ (38,434)</u>	<u>\$ 1,951,922</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2014

**EXHIBIT J-2**

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 563,009	\$ 504,831	\$ (58,178)
5800	State Program Revenues	45,986	21,404	(24,582)
5900	Federal Program Revenues	2,824,902	2,875,365	50,463
5020	Total Revenues	3,433,897	3,401,600	(32,297)
	<b>EXPENDITURES:</b>			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	3,239,258	3,014,386	224,872
	Total Support Services - Student (Pupil)	3,239,258	3,014,386	224,872
	Support Services - Nonstudent Based:			
0051	Plant Maintenance and Operations	120,914	96,229	24,685
	Total Support Services - Nonstudent Based	120,914	96,229	24,685
6030	Total Expenditures	3,360,172	3,110,615	249,557
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	73,725	290,985	217,260
1200	Net Change in Fund Balance	73,725	290,985	217,260
0100	Fund Balance - Beginning	768,587	768,587	--
3000	Fund Balance - Ending	\$ 842,312	\$ 1,059,572	\$ 217,260

# LOCKHART INDEPENDENT SCHOOL DISTRICT

MAINTENANCE TAX NOTE DEBT SERVICE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT J-3

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 600	\$ 300	\$ (300)
5020	Total Revenues	600	300	(300)
	<b>EXPENDITURES:</b>			
	Debt Service:			
0071	Principal on Long-Term Debt	395,000	395,000	--
0072	Interest on Long-Term Debt	71,750	71,750	--
	Total Debt Service	466,750	466,750	--
6030	Total Expenditures	466,750	466,750	--
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(466,150)	(466,450)	(300)
	Other Financing Sources (Uses):			
7915	Transfers In	466,150	600,566	134,416
7949	Other Resources	--	466	466
7080	Total Other Financing Sources and (Uses)	466,150	601,032	134,882
1200	Net Change in Fund Balance	--	134,582	134,582
0100	Fund Balance - Beginning	18,754	18,754	--
3000	Fund Balance - Ending	\$ 18,754	\$ 153,336	\$ 134,582

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# LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 1,485,360	\$ 1,480,675	\$ (4,685)
5800	State Program Revenues	944,724	943,766	(958)
5020	Total Revenues	2,430,084	2,424,441	(5,643)
	<b>EXPENDITURES:</b>			
	Debt Service:			
0071	Principal on Long-Term Debt	1,620,000	1,525,000	95,000
0072	Interest on Long-Term Debt	697,981	792,981	(95,000)
0073	Bond Issuance Costs and Fees	6,000	5,285	715
	Total Debt Service	2,323,981	2,323,266	715
6030	Total Expenditures	2,323,981	2,323,266	715
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	106,103	101,175	(4,928)
	Other Financing Sources (Uses):			
7949	Other Resources	9	9	--
7080	Total Other Financing Sources and (Uses)	9	9	--
1200	Net Change in Fund Balance	106,112	101,184	(4,928)
0100	Fund Balance - Beginning	2,645,775	2,645,775	--
3000	Fund Balance - Ending	\$ 2,751,887	\$ 2,746,959	\$ (4,928)

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

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

Board of Trustees  
Lockhart Independent School District  
Lockhart, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Lockhart Independent School District's basic financial statements, and have issued our report thereon dated November 5, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

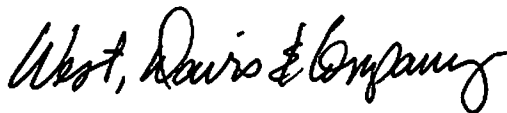
### **Compliance and Other Matters**

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



## Purpose of this Report

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



West, Davis & Company, LLP  
Austin, TX  
November 5, 2014

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

Independent Auditors' Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees  
Lockhart Independent School District  
Lockhart, Texas

Members of the Board of Trustees:

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

We have audited 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, 2014. Lockhart Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Lockhart Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lockhart Independent School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Lockhart Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

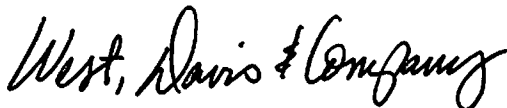
## Report on Internal Control Over Compliance

Management of Lockhart Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lockhart Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



West, Davis & Company, LLP  
Austin, TX  
November 5, 2014

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

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

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

Any audit findings disclosed that are required to be reported in accordance with 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>
10.553	School Breakfast Program
10.555	National School Lunch Program
84.010A	ESEA Title I Part A-Improving Basic Programs

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, 2014**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:			
ESEA Title I Part C - Education of Migratory Children	84.011	028-902	\$ 6,984
Total Direct Programs			<u>6,984</u>
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010A	1410101028902	967,209
IDEA-B Formula *	84.027A	146600010289026000	1,257,540
IDEA-B Discretionary *	84.027A	146600010289026000	27,299
Total CFDA Number 84.027A			<u>1,284,839</u>
Career and Technical - Basic Grant	84.048A	14420006028902	47,312
IDEA-B Preschool *	84.173A	146610010289026000	25,455
SSA English Language Acquisition and Language Enhancement	84.365	13671001227950	2,189
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	14694501028902	201,455
Total Passed Through State Department of Education			<u>2,528,459</u>
Total U. S. Department of Education			<u>2,535,443</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401401	1,017,232
National School Lunch Program *	10.555	71301401	1,563,286
National School Lunch Program (Non-cash) *	10.555	028-902	179,637
Total CFDA Number 10.555			<u>1,742,923</u>
Child and Adult Care Food Program	10.558	028-902	115,210
Total Passed Through State Department of Education			<u>2,875,365</u>
Total U. S. Department of Agriculture			<u>2,875,365</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>5,410,808</u></b>

\* 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, 2014

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, 2014

<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 unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 923,112

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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.

<b>Contents</b>	<b>Page</b>
Financial Trends	84
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	94
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.	
Debt Capacity	99
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.	
Demographic and Economic Information	104
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.	
Operating Information	106
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.	

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

## LOCKHART INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(IN THOUSANDS OF DOLLARS)

	Fiscal Year			
	2005	2006	2007	2008
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 5,893	\$ 4,786	\$ 3,983	\$ 3,331
Restricted	1,091	1,401	1,235	2,620
Unrestricted	7,841	7,623	10,453	10,493
Total Primary Government Net Assets	<u>\$ 14,825</u>	<u>\$ 13,810</u>	<u>\$ 15,671</u>	<u>\$ 16,444</u>

**TABLE L-1**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,651	\$ 3,863	\$ 4,577	\$ 4,014	\$ 6,487	\$ 6,682
2,752	1,506	2,578	2,774	3,456	3,982
11,763	14,420	13,607	14,996	11,555	12,856
<u>\$ 19,166</u>	<u>\$ 19,789</u>	<u>\$ 20,762</u>	<u>\$ 21,784</u>	<u>\$ 21,498</u>	<u>\$ 23,520</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$ 20,017,666	\$ 20,392,666	\$ 19,873,324	\$ 22,165,983
Instructional Resources & Media Services	1,083,496	1,073,048	742,381	686,262
Curriculum & Staff Development	176,491	141,502	153,623	343,372
Instructional Leadership	433,641	499,002	399,373	437,458
School Leadership	2,281,989	2,323,042	2,164,177	2,486,360
Guidance, Counseling & Evaluation Svcs	1,460,320	1,534,457	1,515,025	1,607,917
Social Work Services	153,976	214,988	203,554	200,342
Health Services	288,065	358,395	364,341	435,281
Student Transportation	1,562,747	1,543,043	1,471,497	1,663,148
Food Service	1,932,024	1,848,389	1,813,603	2,005,005
Cocurricular/Extracurricular Activities	1,177,877	1,039,678	873,588	1,009,164
General Administration	1,469,071	1,482,512	1,361,457	1,522,086
Plant Maintenance & Operations	3,600,117	3,700,807	3,371,101	3,629,965
Security & Monitoring Services	120,850	155,173	153,385	149,721
Data Processing Services	227,977	208,777	207,365	236,327
Community Services	1,056,004	1,024,296	870,314	923,126
Interest on Long-Term Debt	1,539,946	2,038,849	1,747,319	1,046,314
Bond Issuance Costs & Fees	95,947	144,278	158,110	57,695
Payments Related to SSA's	387,167	570,358	302,516	375,840
Other Intergovernmental Charges	--	--	--	--
Total Governmental Activities Expenses	39,065,371	40,293,260	37,746,053	40,981,366
Total Primary Government Expenses	\$ 39,065,371	\$ 40,293,260	\$ 37,746,053	\$ 40,981,366
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 244,034	\$ 229,953	\$ 240,433	\$ 241,195
Curriculum & Staff Development	--	--	200	--
Instructional Leadership	--	--	81,674	94,188
Guidance, Counseling & Evaluation Svcs	--	--	126,958	140,748
Student Transportation	--	--	7	20,810
Food Services	645,291	658,243	596,352	623,484
Cocurricular/Extracurricular Activities	90,959	76,230	97,126	90,769
General Administration	--	--	1,816	2,416
Plant Maintenance & Operations	--	--	63,132	64,916
Security & Monitoring Services	--	--	9	3,441
Community Services	--	--	531,085	567,390
Other Activities	973,469	979,506	--	--
Operating Grants and Contributions	5,006,376	5,427,937	5,378,881	6,048,948
Total Governmental Activities Program Rev.	6,960,129	7,371,869	7,117,673	7,898,305
Total Primary Government Program Rev.	6,960,129	7,371,869	7,117,673	7,898,305
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (32,105,242)	\$ (32,921,391)	\$ (30,628,380)	\$ (33,083,061)
Total Primary Government Net Expense	\$ (32,105,242)	\$ (32,921,391)	\$ (30,628,380)	\$ (33,083,061)

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

TABLE L-2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 22,306,425	\$ 23,448,148	\$ 23,811,319	\$ 23,126,939	\$ 23,550,568	\$ 24,767,625
745,650	786,278	763,821	665,402	696,941	665,913
351,557	324,272	362,855	198,022	196,088	208,221
501,038	552,081	593,199	559,929	562,175	623,622
2,500,856	2,549,598	2,700,025	2,670,357	2,793,717	2,869,896
1,632,916	1,723,302	1,771,468	1,594,179	1,656,732	1,739,127
193,996	191,717	191,079	49,221	78,397	113,030
384,847	402,739	408,659	412,369	374,275	426,452
1,694,203	1,874,478	1,869,828	1,982,269	2,025,891	2,127,960
2,082,702	2,481,645	2,606,953	2,996,583	3,013,114	3,202,728
1,151,084	1,216,754	1,170,177	1,133,889	1,120,391	1,425,266
1,281,659	1,304,514	1,428,539	1,381,121	1,385,684	1,621,938
3,896,398	4,052,169	4,052,978	4,008,165	4,031,777	4,321,452
125,324	124,360	135,554	184,485	113,219	219,855
243,801	230,952	236,028	241,584	248,929	240,789
38,843	91,136	82,489	68,720	54,114	63,198
1,083,372	1,136,473	906,126	1,092,486	912,664	538,218
59,457	15,497	53,323	95,412	114,591	5,285
334,927	577,552	674,289	496,726	500,646	754,017
237,876	243,278	241,348	247,298	268,042	287,287
40,846,931	43,326,943	44,060,057	43,205,156	43,697,955	46,221,879
\$ 40,846,931	\$ 43,326,943	\$ 44,060,057	\$ 43,205,156	\$ 43,697,955	\$ 46,221,879
\$ 170,398	\$ --	\$ --	\$ --	\$ --	\$ --
2	--	--	--	--	--
93,754	--	--	--	--	--
124,161	--	--	--	--	--
38,775	--	--	--	--	--
591,554	591,536	563,452	642,242	477,744	458,179
114,138	92,349	113,200	105,685	106,531	104,567
2,342	--	--	--	--	--
76,287	79,106	47,738	65,323	71,151	89,028
6,707	385	473	670	325	228
--	--	--	--	--	--
--	2,464	--	--	--	--
6,137,485	6,020,113	8,516,794	6,608,929	6,765,028	6,986,883
7,355,603	6,785,953	9,241,657	7,422,849	7,420,779	7,638,885
7,355,603	6,785,953	9,241,657	7,422,849	7,420,779	7,638,885
\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)	\$ (35,782,307)	\$ (36,277,176)	\$ (38,582,994)
\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)	\$ (35,782,307)	\$ (36,277,176)	\$ (38,582,994)

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION

## LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (32,105,242)	\$ (32,921,404)	\$ (30,628,380)	\$ (33,083,061)
Total Primary Government Net Expense	<u>(32,105,242)</u>	<u>(32,921,404)</u>	<u>(30,628,380)</u>	<u>(33,083,061)</u>
<b>General Revenues &amp; Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes:				
Levied for General Purposes	9,450,848	10,535,713	10,525,082	8,341,304
Levied for Debt Service	1,386,796	1,356,970	1,322,110	1,255,819
Investment Earnings	405,202	532,972	565,756	597,263
Unrestricted Grants and Contributions	18,482,913	18,237,919	19,664,964	27,907,339
Miscellaneous	749,193	1,242,401	411,709	1,612,329
Total Governmental Activities	<u>30,474,952</u>	<u>31,905,975</u>	<u>32,489,621</u>	<u>39,714,054</u>
Total Primary Government	<u>30,474,952</u>	<u>31,905,975</u>	<u>32,489,621</u>	<u>39,714,054</u>
<b>Change in Net Position</b>				
Governmental Activities	(1,630,290)	(1,015,429)	1,861,241	6,630,993
Total Primary Government	<u>\$ (1,630,290)</u>	<u>\$ (1,015,429)</u>	<u>\$ 1,861,241</u>	<u>\$ 6,630,993</u>

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

TABLE L-3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (33,491,328)	\$ (36,540,990)	\$ (34,818,400)	\$ (35,782,307)	\$ (36,277,176)	\$ (38,582,994)
<u>(33,491,328)</u>	<u>(36,540,990)</u>	<u>(34,818,400)</u>	<u>(35,782,307)</u>	<u>(36,277,176)</u>	<u>(38,582,994)</u>
8,545,050	9,175,212	9,424,259	10,557,885	10,304,215	10,942,480
1,501,822	1,655,572	1,408,009	1,513,478	1,442,407	1,473,590
227,937	87,264	87,638	86,710	67,241	59,676
25,727,231	25,646,703	24,228,545	24,071,720	24,169,043	27,212,317
1,116,216	599,547	642,153	574,754	904,109	916,656
<u>37,118,256</u>	<u>37,164,298</u>	<u>35,790,604</u>	<u>36,804,547</u>	<u>36,887,015</u>	<u>40,604,719</u>
<u>37,118,256</u>	<u>37,164,298</u>	<u>35,790,604</u>	<u>36,804,547</u>	<u>36,887,015</u>	<u>40,604,719</u>
3,626,928	623,308	972,204	1,022,240	609,839	2,021,725
<u>\$ 3,626,928</u>	<u>\$ 623,308</u>	<u>\$ 972,204</u>	<u>\$ 1,022,240</u>	<u>\$ 609,839</u>	<u>\$ 2,021,725</u>

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	6,920,005	6,867,836	9,414,955	10,861,727	12,999,892
Nonspendable					
Inventories					
Committed					
Construction					
Capital Expenditures					
Other Committed					
Unassigned					
Total General Fund	<u>\$ 6,920,005</u>	<u>\$ 6,867,836</u>	<u>\$ 9,414,955</u>	<u>\$ 10,861,727</u>	<u>\$ 12,999,892</u>
All Other Governmental Funds					
Reserved					
Special Revenue Funds					
Federal & State Programs	\$ 415,099	\$ 686,952	\$ 212,443	\$ --	\$ --
Other - Special Revenue	--	--	620,013	--	--
Food Service	235,648	285,033	339,244	361,363	384,379
Capital Acquisitions	106,923	36,934	14,768	63	140,217
Debt Service	368,305	387,544	2,531,910	2,249,329	1,427,084
Unreserved					
State & Federal Programs	--	--	--	776,783	504,037
Restricted					
Federal/State Grant Restrictions					
Capital Acquisitions & Contractual Obligations					
Retirement of Long-Term Debt					
Other Restrictions of Fund Balance					
Committed					
Other Committed					
Total All Other Governmental Funds	<u>\$ 1,125,975</u>	<u>\$ 1,396,463</u>	<u>\$ 3,718,378</u>	<u>\$ 3,387,538</u>	<u>\$ 2,455,717</u>
Total All Governmental Funds	<u>\$ 8,045,980</u>	<u>\$ 8,264,299</u>	<u>\$ 13,133,333</u>	<u>\$ 14,249,265</u>	<u>\$ 15,455,609</u>

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



TABLE L-4

Fiscal Year				
2010	2011	2012	2013	2014
\$ -- 13,581,806	\$	\$	\$	\$
	4,005	3,339	--	--
	552,420	2,245,945	1,017,202	450,000
	154,000	--	--	--
	--	21,740	280,777	3,057,211
	13,413,682	12,373,924	11,453,140	10,214,448
\$ <u>13,581,806</u>	\$ <u>14,124,107</u>	\$ <u>14,644,948</u>	\$ <u>12,751,119</u>	\$ <u>13,721,659</u>
\$ -- -- 300,631 1,466,997 1,547,120  13,220	\$	\$	\$	\$
	385,339	543,347	725,404	955,554
	16,466	--	--	--
	2,440,499	2,621,818	2,664,530	2,900,295
	81,434	96,652	103,191	130,600
	--	--	43,184	104,018
\$ <u>3,327,968</u>	\$ <u>2,923,738</u>	\$ <u>3,261,817</u>	\$ <u>3,536,309</u>	\$ <u>4,090,467</u>
\$ <u>16,909,774</u>	\$ <u>17,047,845</u>	\$ <u>17,906,765</u>	\$ <u>16,287,428</u>	\$ <u>17,812,126</u>

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2004	2005	2006	2007	2009
<b>Revenues</b>					
Local & Intermediate Sources	\$ 14,106,416	\$ 15,552,911	\$ 14,329,507	\$ 12,510,367	\$ 11,913,158
State Program Revenues	19,074,218	18,954,740	20,570,257	24,770,185	26,929,603
Federal Program Revenues	4,411,204	4,707,536	4,435,281	4,699,343	4,836,167
Total Revenues	<u>37,591,838</u>	<u>39,215,187</u>	<u>39,335,045</u>	<u>41,979,895</u>	<u>43,678,928</u>
<b>Expenditures</b>					
Instruction	18,926,028	19,164,621	18,483,169	20,909,101	21,081,337
Instructional Resources & Media Services	1,060,576	1,000,486	684,514	643,004	696,213
Curriculum & Staff Development	182,809	136,160	146,480	323,970	332,941
Instructional Leadership	417,953	479,088	380,653	420,121	480,277
School Leadership	2,122,938	2,153,972	1,986,486	2,318,483	2,327,350
Guidance, Counseling & Evaluation Svcs	1,411,004	1,478,758	1,457,775	1,530,697	1,552,915
Social Work Services	144,703	200,335	187,405	187,203	180,479
Health Services	271,354	337,231	340,864	411,886	362,359
Student Transportation	1,562,747	1,543,043	1,471,497	1,663,148	1,694,203
Food Service	1,797,484	1,853,439	1,846,094	2,005,005	2,082,702
Cocurricular/Extracurricular Activities	1,151,689	963,081	801,949	947,782	1,072,398
General Administration	1,376,574	1,373,574	1,249,847	1,419,258	1,223,157
Plant Maintenance & Operations	3,376,086	3,430,826	3,259,680	3,409,800	3,631,770
Security & Monitoring Services	270,566	206,839	141,038	176,983	116,750
Data Processing Services	213,621	195,211	191,919	222,141	227,441
Community Services	993,352	953,904	805,265	863,375	38,843
Principal on Long-Term Debt	1,515,000	1,635,000	35,000	1,179,998	2,359,996
Interest on Long-Term Debt	1,503,536	1,326,544	608,695	1,628,841	1,267,941
Bond Issuance Costs & Fees	68,099	117,978	110,150	9,735	51,550
Capital Outlay	5,444,566	--	81,622	217,581	1,004,209
Payments Related to SSA's	365,125	570,358	302,516	375,840	334,927
Other Intergovernmental Charges	--	--	--	--	237,876
Total Expenditures	<u>44,175,810</u>	<u>39,120,448</u>	<u>34,572,618</u>	<u>40,863,952</u>	<u>42,357,634</u>
Excess of Revenues Over (Under) Expenditures	(6,583,972)	94,739	4,762,427	1,115,943	1,321,294
<b>Other Financing Sources (Uses)</b>					
Capital-Related Debt					
Issued	1,799,996	9,524,996	8,835,000	--	2,345,000
Transfers In	19,519	2,658	--	6,430	108
Premium or Discount					
On Issuance of Bonds	127,862	469,931	565,901	--	34,629
Other Resources	--	3,723	--	--	--
Transfers Out	(19,519)	(2,658)	--	(6,430)	(164,058)
Payment to Bond Refunding					
Escrow Agent	(1,864,835)	(9,875,073)	(9,294,294)	--	(2,330,629)
Other Uses	--	--	--	(37)	--
Total Other Financing Sources (Uses)	<u>63,023</u>	<u>123,577</u>	<u>106,607</u>	<u>(37)</u>	<u>(114,950)</u>
Net Change in Fund Balances	\$ <u>(6,520,949)</u>	\$ <u>218,316</u>	\$ <u>4,869,034</u>	\$ <u>1,115,906</u>	\$ <u>1,206,344</u>
Debt Service As A Percentage Of Noncapital Expenditures	8.0%	7.9%	2.2%	6.9%	8.9%

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

TABLE L-5

Fiscal Year				
2010	2011	2012	2013	2014
\$ 12,355,561	\$ 12,404,898	\$ 13,362,789	\$ 13,562,249	\$ 14,291,556
24,528,449	25,217,861	24,298,221	25,341,282	28,443,277
7,134,601	7,525,475	6,381,478	5,592,299	5,755,422
<u>44,018,611</u>	<u>45,148,234</u>	<u>44,042,488</u>	<u>44,495,830</u>	<u>48,490,255</u>
22,440,694	22,453,863	21,649,966	22,341,780	23,445,216
741,132	722,065	625,938	664,876	633,048
308,188	342,241	185,516	186,029	197,151
531,011	559,134	524,383	533,060	590,290
2,394,845	2,545,785	2,502,315	2,649,731	2,717,540
1,645,691	1,671,724	1,492,664	1,571,036	1,645,427
180,020	180,077	45,969	74,308	106,826
382,871	386,172	386,853	354,905	403,663
4,601,694	3,094,495	1,849,156	1,919,071	2,324,435
2,338,556	2,497,766	2,798,762	2,857,560	3,037,036
1,230,172	1,131,950	1,096,937	1,073,706	1,349,234
1,225,325	1,346,681	1,292,733	1,313,839	1,534,712
3,832,326	3,820,715	3,753,842	3,830,393	4,091,958
116,997	127,782	172,529	107,471	234,154
216,900	222,488	226,227	236,020	227,956
33,319	25,463	12,239	7,419	14,398
1,780,000	1,260,000	1,269,997	1,990,000	1,920,000
1,027,299	1,013,008	1,558,180	818,326	864,731
5,000	1,200	83,847	90,262	5,285
657,970	514,391	824,228	2,578,849	359,240
577,552	674,289	496,726	500,646	754,017
243,278	241,348	247,298	268,042	287,287
<u>46,510,840</u>	<u>44,832,637</u>	<u>43,096,305</u>	<u>45,967,329</u>	<u>46,743,604</u>
(2,492,229)	315,597	946,183	(1,471,499)	1,746,651
4,095,000	--	2,740,000	2,930,000	--
29,801	465,990	507,716	449,022	600,566
--	--	198,930	187,293	--
--	--	--	--	475
(178,405)	(643,519)	(679,298)	(674,824)	(822,990)
--	--	(2,854,611)	(3,039,329)	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
3,946,396	(177,529)	(87,263)	(147,838)	(221,949)
<u>\$ 1,454,167</u>	<u>\$ 138,068</u>	<u>\$ 858,920</u>	<u>\$ (1,619,337)</u>	<u>\$ 1,524,702</u>
6.1%	5.1%	6.9%	6.7%	6.0%

**LOCKHART INDEPENDENT SCHOOL DISTRICT**ASSESSSED 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
2005	351,699,404	57,458,280	43,693,830	382,862,069	135,721,232	699,992,351
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	398,395,717	151,748,415	753,235,584
2008	428,246,312	70,043,307	46,881,510	373,135,616	154,017,893	764,288,852
2009	441,209,562	75,266,445	46,273,560	422,555,898	159,917,239	825,388,226
2010	449,390,158	78,494,266	46,320,345	454,934,729	177,104,027	852,035,471
2011	455,430,540	86,491,452	63,658,435	384,824,460	91,546,890	898,857,997
2012	436,822,511	88,370,466	65,286,710	480,647,811	98,347,410	972,780,088
2013	465,288,836	97,168,686	70,024,320	446,868,718	83,789,050	995,561,510
2014	466,518,213	101,736,475	71,068,480	484,934,726	87,401,039	1,036,856,855

Source: Caldwell County Appraisal District

TABLE L-6

Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1.5887	635,490,445	110.150%
1.6900	649,386,987	111.585%
1.5400	707,452,438	106.472%
1.2020	721,880,828	105.875%
1.2225	771,874,834	106.933%
1.2300	790,114,157	107.837%
1.1948	827,929,833	108.567%
1.1882	898,655,081	108.248%
1.1868	915,664,816	108.726%
1.1795	953,331,094	108.761%

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
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	0.6909	0.7292
2012	1.0400	0.1482	1.1882	0.6908	0.7228
2013	1.0400	0.1468	1.1868	0.6907	0.7227
2014	1.0400	0.1395	1.1795	0.6906	0.7227

Source: Caldwell County Appraisal District

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Flint Hills Resources LP (TPL)	\$ 40,821,400	1	3.9%	\$ 4,685,760	3	0.7%
LCRA Transmission Srv Corp	34,329,240	2	3.3%	10,610,470	1	1.5%
Eagle Energy Acquisitions	11,426,160	3	1.1%	--	--	--
North South Oil LLC	11,008,120	4	1.1%	--	--	--
Wal-mart Stores LP	8,286,590	5	0.8%	2,702,250	10	0.4%
Walmart Properties Inc	7,624,940	6	0.7%	--	--	--
Economy Realty Ltd	7,214,180	7	0.7%	--	--	--
Dormae Products, INC	5,661,310	8	0.5%	--	--	--
Union Pacific RR Company	5,610,760	9	0.5%	2,862,100	9	0.4%
Bluebonnet Electric Cooperative	5,010,150	10	0.5%	3,883,380	5	0.6%
Southwestern Bell Telephone	--	--	--	5,803,940	2	0.8%
Lockhart Village Partners	--	--	--	4,601,890	4	0.7%
H.E. Butt Grocery	--	--	--	3,485,140	6	0.5%
Lockhart II Partners LTD	--	--	--	3,310,870	8	0.5%
Total	\$ 136,992,850		13.2%	\$ 41,945,800		6.1%

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
2005	10,570,504	9,846,508	93.15%	439,796	10,286,304	97.31%
2006	11,659,603	10,888,562	93.39%	715,774	11,604,336	99.53%
2007	11,599,828	10,819,529	93.27%	725,738	11,545,267	99.53%
2008	9,186,752	8,540,510	92.97%	588,860	9,129,370	99.38%
2009	10,090,371	9,276,179	91.93%	732,349	10,008,528	99.19%
2010	10,480,036	9,751,039	93.04%	615,139	10,366,178	98.91%
2011	10,739,555	9,963,142	92.77%	608,381	10,571,523	98.44%
2012	11,558,573	10,930,905	94.57%	402,311	11,333,216	98.05%
2013	11,815,324	11,142,905	94.31%	349,735	11,492,640	97.27%
2014	12,229,727	11,598,971	94.84%	--	11,598,971	94.84%

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>
2005	31,134,993	4.45%	1,535	0.07%	--
2006	29,499,990	4.07%	1,499	0.07%	--
2007	29,464,990	3.91%	1,567	0.08%	--
2008	28,324,980	3.71%	1,384	0.09%	--
2009	25,924,984	3.14%	1,266	0.10%	--
2010	24,144,984	3.31%	1,175	0.11%	4,095,000
2011	23,229,997	3.00%	1,131	0.12%	3,750,000
2012	22,320,000	2.64%	1,086	0.12%	3,390,000
2013	20,704,988	2.37%	821	0.13%	2,930,000
2014	19,179,988	2.09%	708	0.14%	2,535,000

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			
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	28,239,984	28,239,984	3.30%	0.09%	1,374
2011	26,979,997	26,979,997	3.00%	0.10%	1,313
2012	25,710,000	25,710,000	2.60%	0.11%	1,251
2013	23,634,988	23,634,988	2.40%	0.12%	937
2014	21,714,988	21,714,988	2.10%	0.13%	801

Note 1: General Obligations include a Maintenance Tax Note

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	\$ 15,690,000	64.880%	\$ 10,179,672
City of Lockhart	9,592,186	100.000%	<u>9,592,186</u>
Total Overlapping Debt			19,771,858
Lockhart ISD	21,714,988	100.000%	<u>21,714,988</u>
Total Direct and Overlapping Debt			\$ <u>41,486,846</u>

Note1: Debt outstanding includes General Obligation Debt and a Maintenance Tax Note

Note 2: Percent of overlapping debt was provided on the Texas Municipal Report dated 4/29/2014.

Sources: Texas Municipal Report.

## LOCKHART INDEPENDENT SCHOOL DISTRICT

### LEGAL DEBT MARGIN INFORMATION

#### LAST TEN FISCAL YEARS

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$ 48,999,465	\$ 49,167,235	\$ 52,726,491	\$ 53,500,220	\$ 57,777,176
Total Net Debt Applicable to Limit	<u>30,766,688</u>	<u>30,747,447</u>	<u>26,933,080</u>	<u>25,455,661</u>	<u>24,497,901</u>
Legal Debt Margin	\$ <u>18,232,777</u>	\$ <u>18,419,788</u>	\$ <u>25,793,411</u>	\$ <u>28,044,559</u>	\$ <u>33,279,275</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	62.79%	62.54%	51.08%	47.58%	42.40%

Source: Texas Municipal Reports

**TABLE L-13**

	Fiscal Year				
	2010	2011	2012	2013	2014
\$	59,642,483	\$ 62,920,060	\$ 68,094,606	\$ 69,689,306	\$ 72,579,980
	<u>22,597,864</u>	<u>24,540,798</u>	<u>23,088,182</u>	<u>20,989,213</u>	<u>18,968,029</u>
\$	<u>37,044,619</u>	<u>\$ 38,379,262</u>	<u>\$ 45,006,424</u>	<u>\$ 48,700,093</u>	<u>\$ 53,611,951</u>
	37.89%	39.00%	33.91%	30.12%	26.13%

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed Value	\$ 1,036,856,855
Debt Limit (7% of Assessed Value)	72,579,980
Debt Applicable to Limit:	
General Obligation Bonds	21,714,988
Less: Amount Set Aside for Repayment of	
General Obligation Debt	<u>2,746,959</u>
Total Net Debt Applicable to Limit	<u>18,968,029</u>
Legal Debt Margin	<u>\$ 53,611,951</u>

TABLE L-14

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

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
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	38,066	957,644	25,674	8.80%
2012	38,442	957,644	26,773	8.50%
2013	38,442	983,222	27,587	6.90%
2014	38,734	1,069,000	27,587	6.00%

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	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lockhart ISD	630	1	36.4%	645	1	39.40%
The GEO Group, Inc.	234	2	13.5%	--		
Serta Dormae Mfg.	174	3	10.1%	--		
H.E.B. Food Store	160	4	9.2%	75	8	4.58%
Wal-Mart	125	5	7.2%	100	6	6.11%
Golden Age Home	110	6	6.4%	110	4	6.72%
Pegasus	90	7	5.2%	--		
City of Lockhart	88	8	5.1%	105	5	6.41%
Chisholm Trail Rehab Center	60	9	3.5%	67	9	4.09%
Livengood Feed	60	10	3.5%	--		
Wackenhut Corrections				244	2	14.91%
Caldwell County				160	3	9.77%
Kewaunee Scientific Corp.				81	7	4.95%
First Lockhart National Bank				50	10	3.05%
Total	1,731			1,637		

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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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Teachers</u>										
Teacher	307.0	329.6	317.0	323.9	326.6	326.5	331.0	324.6	329.0	325.6
<b><u>Professional Support</u></b>										
Counselor	12.5	12.5	12.5	11.8	11.5	12.5	13.0	12.0	12.8	13.0
Educational Diagnostician	6.0	6.0	6.0	6.0	5.0	5.0	6.0	6.0	6.0	6.0
Librarian	7.0	7.0	8.0	7.0	8.0	8.0	8.0	8.0	6.3	8.0
School Nurse	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
LSSP/Psychologist	2.0	2.0	2.0	2.0	4.0	4.0	4.0	2.0	2.0	1.0
Social Worker	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Speech Ther./Sp. Lang. Pathologist	3.0	3.0	3.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Work-Based Learning Site Coord.	0.2	0.2	0.2	0.3	0.4	0.2	0.5	0.3	--	--
Teacher Facilitator	5.7	5.7	5.7	6.7	3.2	1.2	0.3	0.9	0.6	3.0
Athletic Trainer	2.0	2.0	2.0	1.8	1.8	1.5	1.7	1.7	1.5	1.3
Campus Professional Personnel	2.0	2.0	2.0	2.0	5.0	6.0	6.0	4.6	5.3	4.2
Non-Instructional Professionals	1.9	10.0	7.1	8.8	10.0	11.0	9.5	9.5	9.4	9.4
<u>Campus Administration</u>										
Assistant Principal	10.0	10.0	10.0	10.3	11.0	11.0	12.0	11.9	12.0	12.0
Principal	7.0	7.0	7.5	8.0	8.5	8.5	8.5	8.5	8.5	8.5
<u>Central Administration</u>										
Assistant/Assoc/Deputy Supt.	1.0	1.0	1.6	1.1	2.0	2.0	2.0	2.0	3.0	3.0
District Instructional Program Director	--	--	1.0	0.5	1.0	--	1.0	1.0	1.0	3.0
Superintendent	1.0	1.0	1.0	0.3	1.0	1.0	1.0	1.0	1.0	1.0
Teacher Supervisor	--	--	--	--	--	0.6	0.6	--	--	--
Athletic Director	1.3	1.3	1.4	1.6	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Educational Aides</u>										
Educational Aide	55.4	60.6	57.0	57.6	55.0	54.5	54.7	49.9	46.6	48.3
<u>Auxiliary Staff</u>	176.8	192.8	187.7	179.6	179.8	179.7	179.5	165.8	171.7	174.3
<b>Total</b>	<u>606.8</u>	<u>658.7</u>	<u>637.7</u>	<u>638.3</u>	<u>642.8</u>	<u>642.2</u>	<u>647.3</u>	<u>617.7</u>	<u>624.7</u>	<u>629.6</u>

Source: In-house District information

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## OPERATING STATISTICS

### LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Total Expenses
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
2012	4,767	33,257,843	6,977	-0.1%	43,096,305
2013	4,969	36,178,844	7,281	4.4%	45,967,329
2014	5,130	36,738,610	7,162	-2.0%	46,743,604

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
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%
9,041	-8%	325	14.7	70.7%
9,251	2%	329	15.1	69.8%
9,112	-2%	326	15.8	70.1%

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

Fiscal Year	Minimum Salary	Maximum Salary	County Average Salary	Statewide Average Salary
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	44,360	48,638
2012	41,500	57,780	44,004	48,375
2013	43,100	59,380	45,029	48,821
2014	43,950	62,550	Not Available	Not Available

Sources: AEIS Reports, District Records

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## SCHOOL BUILDING INFORMATION

### LAST TEN FISCAL YEARS

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>School</b>					
<b>Elementary</b>					
Carver Kindergarten (1953)					
Square Feet	52,578	52,578	52,578	52,578	52,578
Capacity	512	512	512	512	512
Enrollment	--	388	417	360	391
Clear Fork (1953)					
Square Feet	57,113	57,113	57,113	57,113	57,113
Capacity	489	489	489	489	489
Enrollment	--	419	414	424	412
Plum Creek (1986)					
Square Feet	67,233	67,233	67,233	67,233	67,233
Capacity	512	512	512	512	512
Enrollment	--	449	458	462	422
Navarro (1972)					
Square Feet	55,573	55,573	55,573	55,573	55,573
Capacity	449	449	449	449	449
Enrollment	--	421	417	414	407
Bluebonnet (2005)					
Square Feet	64,992	64,992	64,992	64,992	64,992
Capacity	606	606	606	606	606
Enrollment	--	468	482	525	531
<b>School</b>					
<b>Secondary</b>					
Lockhart Junior High (2000)					
Square Feet	152,105	152,105	152,105	152,105	152,105
Capacity	1,700	1,700	1,700	1,700	1,700
Enrollment	--	1,019	999	963	992
Lockhart HS Freshman Campus (1923)					
Square Feet	71,057	71,057	71,057	71,057	71,057
Capacity	487	487	487	487	487
Enrollment	--	352	319	335	343
Lockhart High School (1965)					
Square Feet	175,180	175,180	175,180	175,180	175,180
Capacity	1,480	1,480	1,480	1,480	1,480
Enrollment	--	831	850	874	963
Pride High School (1992)					
Square Feet	10,647	10,647	10,647	10,647	10,647
Capacity	66	66	66	66	66
Enrollment	--	57	43	62	65
Discipline Mgmt Center (1997)					
Square Feet	8,088	8,088	8,088	8,088	8,088
Capacity	46	46	46	46	46
Enrollment	--	--	--	--	--

Source: District records.

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

TABLE L-19

Fiscal Year				
2010	2011	2012	2013	2014
52,578	52,578	52,578	52,578	52,578
512	512	512	512	512
427	445	457	517	494
57,113	57,113	57,113	57,113	57,113
489	489	489	489	489
409	423	428	455	502
67,233	67,233	67,233	67,233	67,233
512	512	512	512	512
441	451	459	500	552
55,573	55,573	55,573	55,573	55,573
449	449	449	449	449
417	426	423	427	439
64,992	64,992	64,992	64,992	64,992
606	606	606	606	606
583	580	590	581	609
152,105	152,105	152,105	152,105	152,105
1,700	1,700	1,700	1,700	1,700
1,039	1,058	1,073	1,129	1,101
71,057	71,057	71,057	71,057	71,057
487	487	487	487	487
330	350	352	368	405
175,180	175,180	175,180	175,180	175,180
1,480	1,480	1,480	1,480	1,480
990	945	974	970	1,005
10,647	10,647	10,647	10,647	10,647
66	66	66	66	66
31	31	26	22	23
8,088	8,088	8,088	8,088	8,088
46	46	46	46	46
--	--	--	--	--

