

LOCKHART
INDEPENDENT SCHOOL DISTRICT

Lockhart, Texas

ANNUAL FINANCIAL REPORT

FOR THE TEN MONTHS ENDED JUNE 30, 2007

Lockhart Independent School District
Comprehensive Annual Financial Report
For The Ten Months Ended June 30, 2007

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Introductory Section

Lockhart Independent School District

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P.O. Box 120
Lockhart, TX 78644

Business Office
Phone 512-398-0045
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Dr. Jack Cockrill
Interim Superintendent

Tina Knudsen
Chief Financial Officer

October 19, 2007

Mr. Gary Allen, President
Board of Trustee Members
Lockhart Independent School District
P.O. Box 120
Lockhart, TX 78644

Dear Mr. Allen and Members of the Board:

The Comprehensive Annual Financial Report of the Lockhart Independent School District for the ten months ended June 30, 2007 is hereby submitted. The District's business office prepared the report. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. In our opinion, we believe the data, as presented, are accurate in all material aspects; that they are presented in a manner designed to fairly present the financial position and the results of operations of the school district as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the full understanding of the District's financial affairs have been included in this report.

The Lockhart Independent School District is required to be audited under an annual single audit in conformity with the provisions of the Single Audit Act, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The Texas Education Agency also requires a Schedule of Expenditures of Federal Awards, findings and questioned costs, status of prior findings and the auditor's reports on compliance with applicable laws and regulations and the District's internal control structure. All areas were found to be acceptable and the auditor's opinions in this regard were unqualified.

Change in fiscal year of report

In 2006, the Administration recommended and the LISD school board approved a change in the fiscal year from September 1 to August 31 to July 1 to June 30. This change was implemented in the reporting period covered by this comprehensive annual report.

This change was recommended in order to align the academic year with the fiscal year. The academic year begins in August, and therefore the new budget is now available at the same time as the academic year. Another benefit is that the majority of federal funds that the school district receives are required to be accounted for from July 1 to June 30. The Administration is in support of this change in accounting year to benefit the students of Lockhart ISD.

The effect of this one-time change is that the fund balances for the General Fund and Debt Service Fund increased significantly. The increase represents earned revenues accrued, but not received as of June 30, 2007. The increase also represents expenses that were not incurred, such as hourly salaries and benefits and utilities costs for July and August, and debt service expenses due in August 2007. These expenses will be paid for in the subsequent fiscal year.

The Reporting Entity and Its Services

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

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

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

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

The District provides a comprehensive range of school programs and services as delineated by state statute. This includes elementary education starting in Pre-kindergarten for eligible four-year old children, and continuing through grade five. Junior high education is provided for grades six, seven, and eight, and high school education for grades nine through twelve. Additionally, career and technology education programs, bilingual education, special education, gifted and talented education, fine

arts, athletics, and numerous remedial, elective, and enrichment programs are provided at age-appropriate grades. The district operates a disciplinary alternative education campus and a voluntary alternative education campus. Support activities include Communities in Schools, student and staff daycare, after-school care, community education, student transportation, food service, administrative support, technology, maintenance and custodial services.

Economic Condition and Outlook

Lockhart Independent School District is located in and around the city of Lockhart which is the county seat and principal commercial center of Caldwell County. Lockhart is located about 30 miles southeast of Austin and 60 miles northeast of San Antonio. The economic situation currently pales to the rest of the region. It registered the second highest unemployment rate in the region, falling merely a tenth of a point below Lee County. Per capita income is the lowest in the region. Over the past century, Caldwell County's economy has changed from cattle to cotton to oil. Reliance on one industry has made for peaks and valleys in the economic outlook for the county. The latest of these extreme swings came in the 80's with the fall of the oil industry. Though some of Caldwell's employment still remains in the oil and gas industry, the local economy is primarily engaged in services, local government and agriculture.

Workforce development and educational entities should develop opportunities to improve the skill and education levels in the county so its residents can obtain higher paying jobs. Caldwell County is being prepped to become a prime location for business location. Lockhart is within a half-hour of air freight facilities at the Austin-Bergstrom International airport.

There are six 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 proposed State Highway 130 (SH130) bypass will provide a thoroughfare for NAFTA-based traffic. SH130 has six segments planned and segment five and six travel through Caldwell county, and therefore, Lockhart ISD. During the summer of 2007, negotiations have begun for the acquisition of property in Caldwell County for SH130. The City of Lockhart is gradually annexing property each year to encompass the property nearest to the new highway. These efforts to annex increase the City's ability to control reasonable growth in the area with the community standards and expectations. More information can be obtained at www.sh130.com.

With land being less expensive than Austin, the county would provide 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

has continued to work hard to bring new businesses to Lockhart during the 2006-2007 school year. Construction work has begun on a new pharmacy that will open in 2008.

As of October 1, 2007, the Chief Appraiser of the Caldwell County Appraisal District reported that all taxable properties in the District subject to appraisals to be valued at \$710,395,686. In addition to this certified value, there is \$6,562,975 that reflects the estimated taxpayers' opinion of value for those properties still under protest. The total tax rate for the 2006-2007 school year was \$1.54 per one hundred of taxable property value and consists of the maintenance and operations tax rate of \$1.37 and the debt service tax rate of \$.17. The percentage of current tax collections increased 0.02%, i.e. from 92.94% to 92.97% from 2005-2006 to 2006-2007, at June 30.

The Texas Legislature met in Special Session during the spring of 2006 and enacted new School Finance laws that will positively affect school district tax rates by reducing the tax rates and will increase state funding to compensate for the reduced tax revenue.

The new laws require school districts to reduce maintenance tax rates for the 2006-07 to 88.67% of the 2005-06 tax rate, with a local option to add four cents for enrichment. Therefore, for the 2006-07 school year, Lockhart ISD reduced the tax rate from \$1.50 per 100 to \$1.37 per 100 for maintenance taxes, which includes four cents of enrichment.

Additionally, the Texas Legislature will require for 2007-08, that school districts reduce their rate to 66.7% of the 2005-06 rate, plus four cents available for local enrichment. Therefore, in 2007-08, the maintenance tax rate for Lockhart ISD was adopted at \$1.04 per hundred.

For the school year 2006-2007:

“Executive Summaries” of Key Instructional Functions:

Texas Assessment of Knowledge and Skills (TAKS) Highlights

- ◆ Navarro Elementary achieved TEA Recognized status
- ◆ Plum Creek Elementary achieved TEA Recognized status.
- ◆ Bluebonnet Elementary achieved TEA Recognized status
- ◆ Lockhart Junior High achieved TEA Recognized status and has been named a USDE Blue Ribbon School, a highly distinguished honor.
- ◆ Lockhart High School Freshman Campus achieved TEA Recognized status.

Instructional Technology

- ◆ Classroom computers at a district-wide 3:1 student to computer ratio, includes 4 computers per elementary classroom and multiple static and mobile computer labs on all campuses

- ◆ Web-based “Skyward” student management software, includes a parent-access component allowing parents to view their children’s current attendance, grades, and discipline records from home or their workplace
- ◆ “Compass” integrated core curriculum instructional software at the elementary grades to support direct teacher instruction
- ◆ “A+” credit recovery software at the secondary schools and Discipline Management Center
- ◆ Teacher-certified Technology Instructional Specialists at all elementary and secondary schools

Advanced Placement Programs and Dual Credit Courses

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

Lockhart High School and Austin Community College (ACC) are in a partnership to provide dual credit courses taught to LHS seniors during the school day by ACC instructors. In 2006-07 LHS students earned credit for 395 college courses (3 credit hours each) while still in high school through the ACC Dual Credit program, and earned credit for 26 college courses through the Advanced Placement exams.

Career and Technology Education

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

Currently LISD offers CATE programs in seven major areas:

- ◆ Agriculture Science
- ◆ Automotive Technology
- ◆ Computer Technology
- ◆ Culinary Arts
- ◆ Family and Consumer Science
- ◆ Marketing Education
- ◆ Health Professions

Multiple “articulation agreements” with Austin Community College are in place to provide ACC college credit for specified high school CATE courses. A Citizens Advisory Council provides feedback and input relating to the CATE programs.

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

Air Force Junior Reserve Officers Training Corps (JROTC)

An Air Force JROTC unit has been active at LHS and the Freshman Campus for over a decade. The unit competes successfully in military competitions. JROTC offers high school students with an interest in military service the opportunity to enter the military after high school graduation with experiences which can support rapid advancement in their service branch. This unit is active in participation at Lockhart ISD Athletic events, school board meetings and JROTC competitions.

Talented and Gifted (TAG) Program

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

Bilingual/ ESL Program

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

Special Education Program

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

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

Student Scholarships

The Community of Lockhart has a proud tradition of supporting each graduating class by local civic organizations and businesses awarding scholarships to LHS seniors. Eighty-nine members of the most recent graduating class were awarded \$85,510 in local scholarships from different area civic groups, foundations, and businesses. Additionally, Seventeen students were awarded \$406,600 in scholarships directly from universities around the state and nation.

For the Future:

Mission Statement

The Mission of the Lockhart Independent School District is to graduate all its students as citizens who are educated, productive, and self-fulfilling lifelong learners. The school district's community, parents, trustees, staff, and students will provide a safe, caring, and challenging learning environment in which all students develop to their fullest potential.

Board of Trustee Approved Academic Goals for 2007-2008

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

Administrative Operational Goals for 2007-2008

Instruction:

1. Monitor the instructional improvement initiatives set forth in the new Lockhart ISD KEYS (Knowledge Essential for Yearly Success) document.
2. Provide ongoing instructional training for teachers and administrators including disaggregating TAKS (Texas Assessment of Knowledge and Skills), unpacking TEKS (Texas Essential Knowledge and Skills), developing interdisciplinary instructional approaches, emphasis on data analysis, and best teaching practices. Instruction was improved with the increase from three TEA recognized campuses in 2005-06 to five TEA recognized campuses in 2006-07.
3. The Lockhart Teacher Appraisal Process (LTAP) was implemented in 2006-07, which follows the KEYS training. This process was refined and will continue in 2007-08.

4. Review the expenditures of all dedicated state and federal funds to insure compliance with all regulations, and to effectively and efficiently utilize all dedicated funds to supplement core instruction for targeted student groups.
5. Contract with Austin Community College to oversee improvements in the Career and Technology Education (CATE) vocational programs.
6. Continue to monitor the operation of a full-day pre-kindergarten instructional program.
7. Project Gold – Encouraging students at all levels to be more heavily involved in activities outside of school.
8. Passage Rates Program – Emphasize successful teaching and therefore have more students passing, reducing the number of at-risk students.
9. One-A-Day Phone Contact Program – Teachers will make thousands of calls during the school year to parents to report the students' good progress as well as the need for improvement. Studies show that the more involved a parent is, the more successful the student will be.
10. The Lockhart Disciplinary Management Center will continue to improve with staffing of certified teachers, counseling, sending school instructional coordination, and service learning. Because of its' stellar program, another area school district contracts with Lockhart ISD for its' disciplinary school.

Human Resources:

1. Fund a competitive compensation package that attracts and retains high quality faculty and staff.
2. Increase the number of minority and bilingual teachers to better reflect our diverse student population.
3. Meet federal No Child Left Behind criteria for all teachers and instructional aides to be classified as "highly qualified."

Social Work:

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

Community – Hire a new Superintendent that will:

1. Evaluate the effectiveness of all programs, build on the academic successes of the district, and foster a learning environment where all students are equally successful.
2. Work collaboratively with the city, colleges and local businesses.
3. Be a consensus builder to build trust and sense of openness with the staff, board and the community

Financial Management:

1. Meet the highest rating standards of the Financial Integrity Rating System of Texas
2. Complete a thorough review of the district staffing patterns and expenditures by categories to assist in development of the 2007-2008 budget.
3. To compile a comprehensive annual financial report that complies with the guidelines of the Government Finance Officers Association.

Communications:

1. Improve internal and external communication to raise expectations and effectively present Lockhart schools to all 690+ employees, within the Lockhart greater Lockhart community, and the region.
2. Customer service activities for most “front-line” employees will be monitored.

Facilities:

Complete a long-range facility study of Lockhart High School.

Technology:

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

Student and Employee Safety and Wellness:

1. Review, update, and conduct employee training regarding the district Emergency Operations Plan.
2. Conduct drills to test the effectiveness of the plan.

Independent Audit

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

Financial Information

The Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that sufficient accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Districts internal control structure is designed to provide reasonable, but not unrestricted, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed

the benefit likely to be acquired; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit – As a recipient of state and federal assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District. As a part of the District's single audit, tests are made by the auditor to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, as well as to determine that the District has complied with the applicable laws and regulations. The results of the District's single audit for the fiscal ten months ending June 30, 2007 indicated no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations.

Accounting System and Budgetary Control

The Lockhart Independent School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB) on governmental accounting in its 1998 Codification of Government Accounting and Financial Reporting Standards, and subsequent statements and interpretations. The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the Texas Education Agency Financial Accountability System Resource Guide.

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

Budgetary control is initiated at the beginning when the Board of Trustees adopts the annual appropriated budget. To ensure budgetary compliance, the Texas Education Agency (T.E.A) and the District have established spending regulations and policies. The state budgetary policies can be found at the Texas Education Agency's website at: <http://www.tea.state.tx.us/school.finance/audit/resguide12/index.html>. The local policies can be found at the District's website at www.lockhartisd.org under Board of Trustees and then 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.

Cash Management

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

Surplus cash on hand was either deposited in the approved depository bank, First Lockhart National Bank, or in one of the five approved investment pools pursuant to the Inter-local Cooperation Act of 1989. Interest earnings from the General Fund totaled \$458,438. Interest earnings for the Debt Service Fund were \$86,594 for the year. The deposits with the local contract depository bank were in interest-bearing accounts that were secured at the balance sheet date by FDIC coverage and by pledged U.S. Government securities held by a third-part bank (FinSer) in the name of the School District. The deposits were deemed collateralized under Texas law, and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District.

The District complies with the School Depository Act by executing a depository agreement with a banking institution for a period of two fiscal years. Competitive bids are taken, although state law sets the general terms of the uniform bid form. The current depository contract is due to expire on June 30, 2009 and will be re-bid prior to that expiration date.

Risk Management

Lockhart I.S.D. is a member of the Teacher Retirement System of Texas employee group health insurance plan called TRS Active Care, which is managed by Blue Cross Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association. Blue Cross and Blue Shield of Texas provide claims payment services only and do not assume any financial risk or obligation with respect to claims. Prescription drug benefits are administered by Medco Health Solutions, Inc. The district contributed \$215.67 of the total cost for the employee's cost of the medical plans that include optional coverage for a spouse, child(ren) or family. There was specific legislation provided for designated funding to be applied toward health-related expenses for the 2002-03 year in the amount of \$75 per month per participating employee. Every full-time employee except administrators that was eligible for health benefits also receive \$500 for the year that was paid in the amount of \$41.67 per month and could have been applied towards the increases or changes in medical insurance. Every employee had the choice as to how the \$500 supplemental pay was received, either as compensation or to be applied toward increases in insurance premiums. There were no changes to the plan for the 2006-2007 plan year.

For worker's compensation, the District has a policy through Texas Association of School Boards Risk Management Fund (TASB) in an Inter-local policy. The district bid out and awarded aggregate liability workers compensation insurance policy for the 2006-07 school year. During 2006-07, Lockhart I.S.D paid \$47,949 in workers compensation administrative cost premiums and \$96,562 in paid and incurred losses. When compared to the previous year, this was a savings of \$28,584 in workers compensation costs.

For property loss exposure, the District has a policy through Great American Insurance Company in an Inter-local policy. The 2006-07 policy has a \$91,096,171 Blanket Replacement Cost Limit on Buildings, Personal Property and Auxiliary Structures. The Risk of loss includes the risk of direct physical loss including flood and earthquake, wind, hurricane and hail coverage, equipment breakdown, fleet liability, crime and miscellaneous property. An employee dishonesty coverage policy is included in the Crime coverage and provides the District with blanket crime coverage covering employee dishonesty, loss inside and outside the premises for money, securities, and faithful bonded performance with a \$100,000 limit on all employees and a \$1,000 deductible.

For General Liability and School Professional Legal Liability, the District also has a policy through Clarendon American Insurance Company in an Inter-local policy. The limit is \$1,000,000 per occurrence and \$1,000,000 annual aggregate and is made based upon the first date of claims made coverage or ten years back, whichever is earlier.

The District provides regular home-to-school and special education student transportation through the contracted services of Durham Transportation. Durham Transportation provides a certificate of insurance to cover their operations at Lockhart I.S.D.

Aramark Corporation is the Food Service Management Company for Lockhart ISD and provides a certificate of insurance to cover their operations at Lockhart ISD.

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

Other Information

Independent Audit

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

Awards

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

Lockhart I.S.D. has received five Superior Achievement ratings for the school years 2001-2002, 2002-2003, 2003-2004, 2004-2005 and 2005-06. The Superior Achievement rating is the highest that a school district can receive.

The Government Finance Officers Association (GFOA) has an award program called a Certificate of Excellence in Financial Reporting for a Comprehensive Annual Financial Report (CAFR). Pursuant to GFOA program requirements, governments may be awarded a Certificate of Excellence if the CAFR satisfies both generally accepted accounting principles and applicable legal requirements. The published financial report must also be efficiently organized and easy to read.

On August 24, 2007, the GFOA awarded Tina Knudsen, CPA, RTSBA, Lockhart ISD Director of Finance, the Award of Financial Reporting Achievement for last years' comprehensive annual financial report for the fiscal year ended August 31, 2006. This award was received by the Lockhart Independent School District from the Government Finance Officers Association(GFOA).

We believe that our June 30, 2007 report will satisfy the requirements of GFOA and will submit this report to determine its certificate eligibility. This will be the third submission for Lockhart Independent School District.

Acknowledgements

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

Sincere appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining and monitoring the financial records of the district. Individual recognition is directed to Michelle Tull, Therisa Denby, Jennifer Caudillo, and Tonya Lott for their combined efforts in closing out the accounting records and assisting in preparing the various financial reports at year-end. Most sincere appreciation is expressed to Phil McBride, retired, Assistant Superintendent for Information and Operations for his supervision and guidance of the Business Office during the 2006-07 school year.

Lockhart Independent School District publicly solicits the active involvement of all citizens and School District personnel in its financial affairs. Our financial records are available for public inspection and discussion during normal office hours at any reasonable time.

Respectfully submitted,

(ORIGINAL SIGNATURE ON FILE)

Dr. Jack Cockrill

Interim Superintendent of Schools

(ORIGINAL SIGNATURE ON FILE)

Tina Knudsen

Chief Financial Officer

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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
August 31, 2006

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



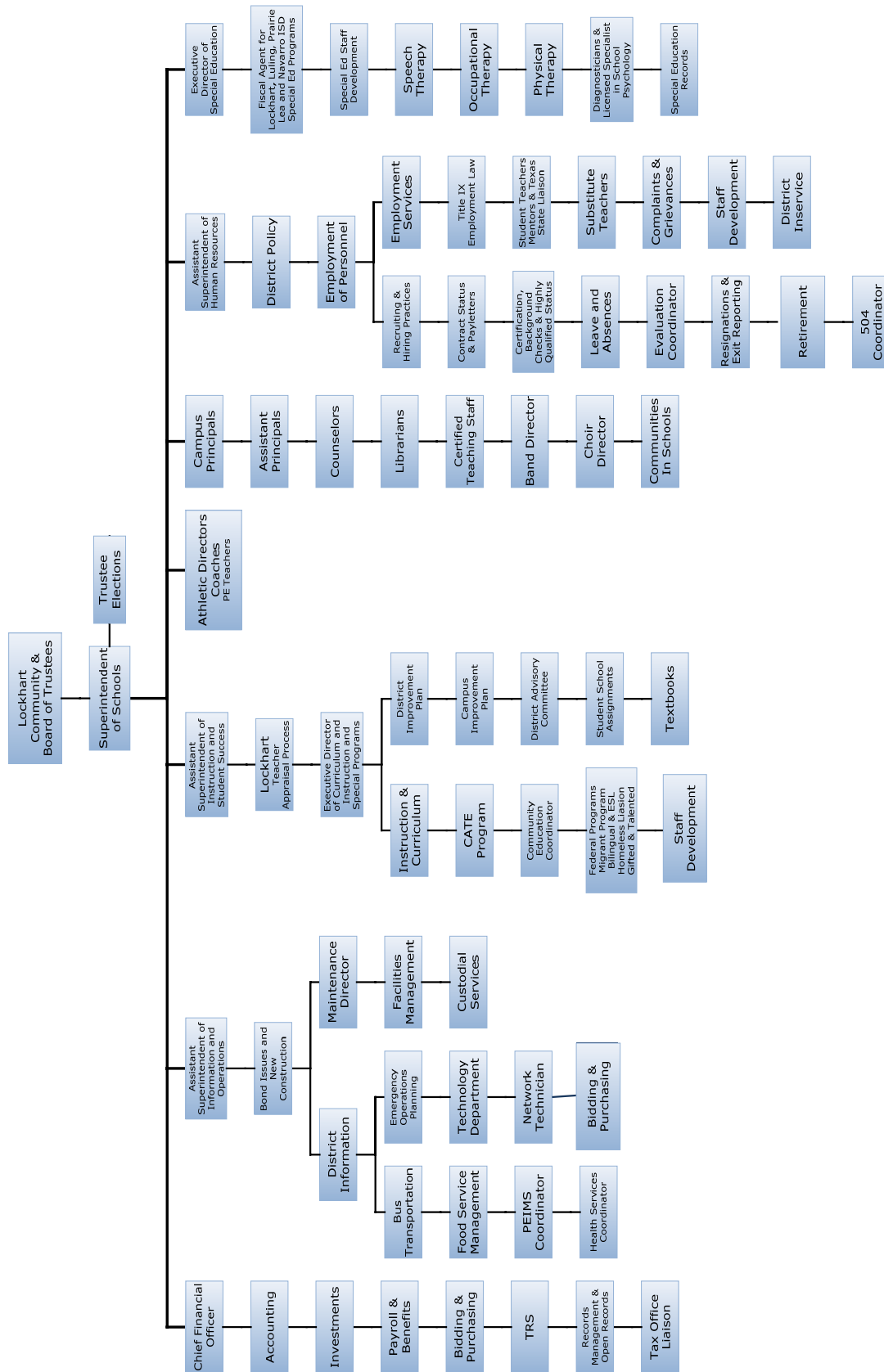
Charles S. Cox

President

Jeffrey R. Enen

Executive Director

DISTRICT ORGANIZATIONAL CHART



LOCKHART INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2007

Elected Officials

<u>Name</u>	<u>Office</u>
Gary Allen	President
Timoteo Juarez, Jr.	Vice-President
Clint Mohle	Secretary
Juan Alvarez, Jr.	Trustee
John V. Flores	Trustee
John Manning	Trustee
Carl Ohlendorf	Trustee

Appointed Officials

<u>Name</u>	<u>Position</u>
Dr. Jack Cockrill	Interim Superintendent
Janie Wright	Interim Assistant Superintendent Information and Operations
James Rabe	Assistant Superintendent Instruction and Student Success
Theresa Ramirez	Assistant Superintendent Human Resources
Tina Knudsen	Chief Financial Officer

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CERTIFICATE OF BOARD

Lockhart Independent School District
Name of School District

Caldwell
County

028-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the period ended June 30, 2007, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

WEST, DAVIS & COMPANY, LLP
11615 Angus Road, Suite 219
Austin, Texas 78759

Independent Auditor's Report on Financial Statements

Board of Trustees
Lockhart Independent School District
105 S. Colorado Street
Lockhart, Texas 78644

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of and for the ten month period ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lockhart Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of June 30, 2007, and the respective changes in financial position for the ten month period then ended in conformity with accounting principles generally accepted in the United States of America.

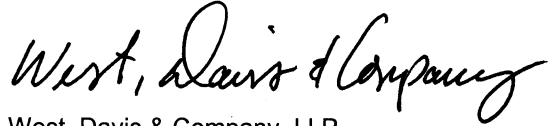
In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2007, on our consideration of Lockhart Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "West, Davis & Company".

West, Davis & Company, LLP

October 19, 2007

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 ten month period ended June 30, 2007. Please read it in conjunction with the independent auditors' report on page 19, and the District's Basic Financial Statements, which begin on page 27. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 27 and 28). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. Fund financial statements (starting on page 29) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Texas state law provides for school districts to have a fiscal year of July 1 through June 30, or September 1 through August 31. In the 2006-2007 school year there was a change in fiscal year to end June 30, instead of August 31. Therefore, care must be exercised when comparing financial information for the current year versus the prior year.

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

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 27. Its primary purpose is to show whether the District is better off or worse off as a result of this year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. The District's revenues are divided into those provided by outside parties, who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or 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. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 29 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains no proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net assets of the District's governmental activities increased from \$13.8 million to \$15.7 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$10.4 million at June 30, 2007. This increase in governmental net assets was the result of the District's revenues exceeding the expenses by about \$1.9 million.

Table I
Lockhart Independent School District

NET ASSETS
in thousands

	Governmental Activities	
	2007	2006
Current and other assets	20,048	12,928
Capital assets	32,916	35,470
Total assets	52,964	48,398
Long-term liabilities	30,266	29,628
Other liabilities	7,027	4,961
Total liabilities	37,293	34,589
Net Assets:		
Invested in capital assets net of related debt	3,983	4,787
Restricted	1,235	1,399
Unrestricted	10,453	7,623
Total net assets	15,671	13,809

Note: For 2007, there are only ten months of operating revenues and expenditures due to the change in the fiscal year.

Table II
Lockhart Independent School District

CHANGES IN NET ASSETS
in thousands

	Governmental Activities	
	2007	2006
Revenues:		
Program Revenues:		
Charges for Services	1,739	1,944
Operating grants and contributions	5,379	5,428
General Revenues:		
Maintenance and operations taxes	10,525	10,536
Debt Service taxes	1,322	1,357
State aid - formula grants	19,665	18,238
Investment Earnings	566	529
Miscellaneous	412	1,246
Total Revenue	<u>39,608</u>	<u>39,278</u>
Expenses:		
Instruction, curriculum and media services	20,769	21,607
Instructional and school leadership	2,564	2,822
Student support services	3,554	3,651
Child nutrition	1,814	1,848
Extracurricular activities	874	1,040
General administration	1,361	1,483
Plant maintenance, security and data processing	3,732	4,065
Community services	870	1,024
Debt services	1,905	2,183
Payments to fiscal agents	303	570
Total Expenses	<u>37,746</u>	<u>40,293</u>
Increase (decrease) in net assets	1,862	(1,015)
Net assets at Beginning	<u>13,810</u>	<u>14,825</u>
Net assets at Ending	<u>15,672</u>	<u>13,810</u>

Note: For 2007, there are only ten months of operating revenues and expenditures due to the change in the fiscal year.

THE DISTRICT'S FUNDS

As the District completed this annual period, its governmental funds (as presented in the balance sheet on page 29) reported a combined fund balance of \$13.1 million, which is \$4.8 million more than last year's total of \$8.3 million. The increase is primarily due to the effects of the change in fiscal year, which realized all earned revenues, but did not recognize expenses such as utilities, and wages and benefits for those employees that work in July and August of a fiscal year and earn the funds at that time.

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 we estimated in August 2006). 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 2007, the District had \$33.4 million (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

The District's fiscal year 2008 capital budget calls for no additional expenditures for new instructional facilities, however it has \$788 thousand budgeted for capital expenditures. The \$788 thousand is comprised of \$574 thousand for new roofs, \$57 thousand for tax office building additions, \$80 thousand for HVAC system, and the remainder for miscellaneous capital expenses. The district has no plans to issue additional debt to finance any building projects. More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$29.5 million in bonds outstanding and accumulated accretion on CAB's versus \$29.5 million last year. There was no change in bonds outstanding due to the bond principal payments are due on August 1 in a fiscal year and since the district changed its fiscal year to June 30, the amounts reserved in the debt service fund for debt service have increased to have funds available to make that payment in the 2007-08 fiscal year. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2007 budget and tax rates. Those factors include property values, changes in enrollment, the economy, and legislative mandates.

A steady enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$32.2 million for the 2007-2008 fiscal year. The budget increase is a result of an anticipated pay raise for all employees, as well as \$788,000 budgeted for district-wide capital outlay needs.

Future enrollments and property values are forecast to remain steady, which will continue to produce revenues that fall short of projected expenditures. For the 2007-2008 budget year, the District has decreased its maintenance and operations tax rate to \$1.04 per hundred per taxable value, as a result of a funding increase from the State of Texas.

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

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

JUNE 30, 2007

		1
Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 252,382
1120	Current Investments	11,664,302
1225	Property Taxes Receivable (Net)	1,148,536
1240	Due from Other Governments	5,270,658
1290	Other Receivables (Net)	152,693
1300	Inventories	1,493
1410	Deferred Expenses	114,580
1420	Capitalized Bond and Other Debt Issuance Costs	911,234
Capital Assets:		
1510	Land	531,300
1520	Buildings and Improvements, Net	32,081,395
1530	Furniture and Equipment, Net	780,982
1580	Construction in Progress	54,100
1000	Total Assets	52,963,655
LIABILITIES:		
2110	Accounts Payable	288,329
2140	Interest Payable	618,159
2165	Accrued Liabilities	3,814,569
2177	Due to Fiduciary	1,999
2180	Due to Other Governments	170,649
2300	Unearned Revenue	1,077,135
2400	Payable from Restricted Assets	1,080
Noncurrent Liabilities:		
2501	Due Within One Year	1,054,997
2502	Due in More Than One Year	30,265,821
2000	Total Liabilities	37,292,738
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	3,982,787
Restricted For:		
3850	Debt Service	387,544
3860	Capital Projects	14,768
3870	Campus Activities	65,016
3890	Technology	620,013
3890	High School Grades 6-12	147,427
3900	Unrestricted	10,453,362
3000	Total Net Assets	\$ 15,670,917

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
	Government Activities:				
11	Instruction	\$ 19,873,324	\$ 240,433	\$ 2,463,838	\$ (17,169,053)
12	Instructional Resources and Media Services	742,381	--	26,659	(715,722)
13	Curriculum and Staff Development	153,623	200	43,841	(109,582)
21	Instructional Leadership	399,373	81,674	40,169	(277,530)
23	School Leadership	2,164,177	--	81,194	(2,082,983)
31	Guidance, Counseling, & Evaluation Services	1,515,025	126,958	620,028	(768,039)
32	Social Work Services	203,554	--	13,648	(189,906)
33	Health Services	364,341	--	83,657	(280,684)
34	Student Transportation	1,471,497	7	325,009	(1,146,481)
35	Food Service	1,813,603	596,352	1,269,369	52,118
36	Cocurricular/Extracurricular Activities	873,588	97,126	20,688	(755,774)
41	General Administration	1,361,457	1,816	51,561	(1,308,080)
51	Plant Maintenance and Operations	3,371,101	63,132	174,569	(3,133,400)
52	Security and Monitoring Services	153,385	9	7,577	(145,799)
53	Data Processing Services	207,365	--	7,231	(200,134)
61	Community Services	870,314	531,085	67,990	(271,239)
72	Interest on Long-term Debt	1,747,319	--	--	(1,747,319)
73	Bond Issuance Costs and Fees	158,110	--	--	(158,110)
81	Capital Outlay	--	--	3,368	3,368
93	Payments Related to Shared Services Arrangements	302,516	--	78,485	(224,031)
TG	Total Governmental Activities	37,746,053	1,738,792	5,378,881	(30,628,380)
TP	Total Primary Government	\$ 37,746,053	\$ 1,738,792	\$ 5,378,881	(30,628,380)
General Revenues:					
MT	Property Taxes, Levied for General Purposes				10,525,082
DT	Property Taxes, Levied for Debt Service				1,322,110
IE	Investment Earnings				565,756
GC	Grants and Contributions Not Restricted to Specific Programs				19,664,964
MI	Miscellaneous				411,709
TR	Total General Revenues				32,489,621
CN	Change in Net Assets				1,861,241
NB	Net Assets - Beginning				13,809,676
NE	Net Assets - Ending				\$ 15,670,917

The accompanying notes are an integral part of this statement.

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

JUNE 30, 2007

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 123,113	\$ 3,382	\$ 125,887	\$ 252,382
1120 <i>Current Investments</i>	7,938,077	2,619,075	1,107,150	11,664,302
1225 <i>Taxes Receivable, Net</i>	1,013,637	134,899	--	1,148,536
1240 <i>Due from Other Governments</i>	4,188,606	--	1,082,052	5,270,658
1260 <i>Due from Other Funds</i>	623,687	--	316	624,003
1290 <i>Other Receivables</i>	118,857	20,784	13,052	152,693
1300 <i>Inventories</i>	1,493	--	--	1,493
1410 <i>Deferred Expenditures</i>	114,580	--	--	114,580
1000 Total Assets	\$ 14,122,050	\$ 2,778,140	\$ 2,328,457	\$ 19,228,647
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 243,525	\$ --	\$ 44,804	\$ 288,329
2150 <i>Payroll Deductions & Withholdings</i>	685,207	--	27,618	712,825
2160 <i>Accrued Wages Payable</i>	2,586,740	--	347,538	2,934,278
2170 <i>Due to Other Funds</i>	1	--	626,001	626,002
2180 <i>Due to Other Governments</i>	8,250	111,331	51,068	170,649
2200 <i>Accrued Expenditures</i>	158,874	--	8,592	167,466
2300 <i>Deferred Revenue</i>	1,023,418	134,899	36,368	1,194,685
2400 <i>Payable from Restricted Assets</i>	1,080	--	--	1,080
2000 Total Liabilities	4,707,095	246,230	1,141,989	6,095,314
FUND BALANCES:				
Reserved Fund Balances:				
3420 <i>Debt Service</i>	--	2,531,910	--	2,531,910
3450 <i>Reserve for Food Service</i>	--	--	339,244	339,244
3470 <i>Capital Acquisitions & Contractual Obligations</i>	--	--	14,768	14,768
3490 <i>Other Reserves of Fund Balance</i>	--	--	212,443	212,443
Designated Fund Balance:				
3510 <i>Construction</i>	171,249	--	--	171,249
3590 <i>Other Designated Fund Balance</i>	78,549	--	620,013	698,562
3600 <i>Unreserved</i>	9,165,157	--	--	9,165,157
3000 Total Fund Balances	9,414,955	2,531,910	1,186,468	13,133,333
4000 Total Liabilities and Fund Balances	\$ 14,122,050	\$ 2,778,140	\$ 2,328,457	\$ 19,228,647

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS*
 JUNE 30, 2007

Total fund balances - governmental funds balance sheet	\$ 13,133,333
--	---------------

Amounts reported for governmental activities in the statement of net assets
 ("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	33,447,777
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,148,537
Payables for bond principal which are not due in the current period are not reported in the funds.	(29,464,990)
Accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,855,828)
Payables for bond interest which are not due in the current period are not reported in the funds.	(618,159)
Bond premium is capitalized in the SNA and is reflected as inflow in the funds.	(1,030,987)
Bond issuance costs and similar items are capitalized and amortized in the SNA but not in the funds.	911,234

Net assets of governmental activities - statement of net assets	\$ <u>15,670,917</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 TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 11,681,882	\$ 1,380,730	\$ 1,266,895	\$ 14,329,507
5800 State Program Revenues	18,311,527	1,410,874	847,856	20,570,257
5900 Federal Program Revenues	167,777	--	4,267,504	4,435,281
5020 Total Revenues	30,161,186	2,791,604	6,382,255	39,335,045
EXPENDITURES:				
Current:				
0011 Instruction	15,852,501	--	2,630,668	18,483,169
0012 Instructional Resources and Media Services	646,116	--	38,398	684,514
0013 Curriculum and Staff Development	79,868	--	66,612	146,480
0021 Instructional Leadership	209,028	--	171,625	380,653
0023 School Leadership	1,984,080	--	2,406	1,986,486
0031 Guidance, Counseling, & Evaluation Services	639,247	--	818,528	1,457,775
0032 Social Work Services	180,317	--	7,088	187,405
0033 Health Services	262,141	--	78,723	340,864
0034 Student Transportation	1,185,564	--	285,933	1,471,497
0035 Food Service	19,585	--	1,826,509	1,846,094
0036 Cocurricular/Extracurricular Activities	799,909	--	2,040	801,949
0041 General Administration	1,246,222	--	3,625	1,249,847
0051 Plant Maintenance and Operations	3,143,326	--	116,354	3,259,680
0052 Security and Monitoring Services	137,869	--	3,169	141,038
0053 Data Processing Services	175,264	--	16,655	191,919
0061 Community Services	743,396	--	61,869	805,265
0071 Principal on Long-term Debt	--	35,000	--	35,000
0072 Interest on Long-term Debt	--	608,695	--	608,695
0073 Bond Issuance Costs and Fees	--	110,150	--	110,150
0081 Capital Outlay	81,622	--	--	81,622
0093 Payments to Shared Service Arrangements	228,007	--	74,509	302,516
6030 Total Expenditures	27,614,062	753,845	6,204,711	34,572,618
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	2,547,124	2,037,759	177,544	4,762,427
Other Financing Sources and (Uses):				
7901 Refunding Bonds Issued	--	8,835,000	--	8,835,000
7916 Premium or Discount on Issuance of Bonds	--	565,901	--	565,901
8940 Payment to Bond Refunding Escrow Agent	--	(9,294,294)	--	(9,294,294)
7080 Total Other Financing Sources and (Uses)	--	106,607	--	106,607
1200 Net Change in Fund Balances	2,547,124	2,144,366	177,544	4,869,034
0100 Fund Balances - Beginning	6,867,831	387,544	1,008,924	8,264,299
Fund Balances - Beginning, as Restated	6,867,831	387,544	1,008,924	8,264,299
3000 Fund Balances - Ending	\$ 9,414,955	\$ 2,531,910	\$ 1,186,468	\$ 13,133,333

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 TEN MONTHS ENDED JUNE 30, 2007*

Net change in fund balances - total governmental funds	\$ 4,869,034
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	308,270
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,330,121)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	217,975
Bond premium amortized over the life of the bonds and not reported as revenues in the funds.	54,274
Bond issuance costs amortized over the life of the bonds and not reported as expenditures in the funds.	(47,960)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	35,000
Premium on refunding bonds deferred and reflected as other resources in the funds.	(565,901)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(672,659)
(Increase) decrease in accrued interest from beginning of period to end of period	(465,965)
Payment to bond refunding escrow agent reflected as other uses in the funds.	9,294,294
Refunding bonds issued reported as other source in the funds.	<u>(8,835,000)</u>
Change in net assets of governmental activities - statement of activities	\$ <u>1,861,241</u>

The accompanying notes are an integral part of this statement.

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

JUNE 30, 2007

JUNE 30, 2007		Private-purpose Trust Funds	
Data Control Codes		Scholarship Fund	Agency Funds
ASSETS:			
1110	Cash and Cash Equivalents	\$ 2,312	\$ 96,511
1260	Due from District's Other Funds	1,793	206
1800	Restricted Assets	244,638	--
1000	Total Assets	\$ 248,743	\$ 96,717
LIABILITIES:			
Current Liabilities:			
2190	Due to Student Groups	\$ --	\$ 96,717
2300	Unearned Revenues	10	--
2000	Total Liabilities	10	96,717
NET ASSETS			
3800	Held in Trust	248,733	--
3000	Total Net Assets	\$ 248,733	\$ --

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE TEN MONTHS ENDED JUNE 30, 2007*

	Private- Purpose Trusts	Scholarship Funds
Additions:		
Investment Income	\$ 10,411	
Gifts and Bequests	28,825	
Total Additions	39,236	
Deductions:		
Scholarship Awards	40,931	
Total Deductions	40,931	
Change in Net Assets	(1,695)	
Net Assets-Beginning of the Year	250,428	
Net Assets-End of the Year	\$ 248,733	

The accompanying notes are an integral part of this statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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 funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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:

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

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

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

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

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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.

3. **Financial Statement Amounts**

a. **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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

b. Inventories and Prepaid Items

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

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

c. Capital Assets

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

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

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

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.

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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

C. Deposits and Investments

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

1. Cash Deposits:

At June 30, 2007, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$254,518 and the bank balance was \$554,636. The District's cash deposits at June 30, 2007 and during the period ended June 30, 2007, 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.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

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, 2007 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	26 days average	AAA-m	\$ 7,714,124	66%
MBIA Texas Class (Pool)	29 days average	AAA	3,950,178	34%
			<u>\$ 11,664,302</u>	100%

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk, as noted above. The District restricts investments to those rated at least AAA.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District investments representing more than 5% of total investments are disclosed above.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

e. Foreign Currency Risk

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

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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

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

Texas CLASS is managed by MBIA, Municipal Bond Insurers Association. The custodial bank for Texas CLASS is Wells Fargo, TX. The portfolio manager of MBIA Capital Management Corp., sub-advisor for Texas CLASS, is Byron Gehlhardt. The AAA rated fund invests only in securities allowed by the Texas Public Funds Investment Act. The fund has a letter of credit that backs the maintenance of a \$1.00 net asset value.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

D. Capital Assets

Capital asset activity for the period ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 531,300	\$ --	\$ --	\$ 531,300
Construction in progress	--	54,100	--	54,100
Total capital assets not being depreciated	<u>531,300</u>	<u>54,100</u>	<u>--</u>	<u>585,400</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	55,214,914	27,522	207,793	55,034,643
Furniture and equipment	3,290,381	434,441	435,653	3,289,169
Total capital assets being depreciated	<u>58,505,295</u>	<u>461,963</u>	<u>643,446</u>	<u>58,323,812</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,126,760)	(1,826,488)	--	(22,953,248)
Furniture and equipment	(2,440,209)	(503,633)	(435,653)	(2,508,189)
Total accumulated depreciation	<u>(23,566,969)</u>	<u>(2,330,121)</u>	<u>(435,653)</u>	<u>(25,461,437)</u>
Total capital assets being depreciated, net	<u>34,938,326</u>	<u>(1,868,158)</u>	<u>207,793</u>	<u>32,862,375</u>
Governmental activities capital assets, net	<u>\$ 35,469,626</u>	<u>\$ (1,814,058)</u>	<u>\$ 207,793</u>	<u>\$ 33,447,775</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,414,640
Instructional Resources and Media Services	57,867
Curriculum and Staff Development	7,143
Instructional Leadership	18,720
School Leadership	177,691
Guidance, Counseling, & Evaluation Services	57,250
Social Work Services	16,149
Health Services	23,477
Food Services	1,754
Extracurricular Activities	71,639
General Administration	111,610
Plant Maintenance and Operations	279,339
Security and Monitoring Services	12,347
Data Processing Services	15,446
Community Services	65,049
	<u>\$ 2,330,121</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

E. Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds at June 30, 2007, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 623,687	Short-term loans
Other Governmental Funds	Other Governmental Funds	316	Short-term loans
	Total	\$ 624,003	
Due from Fiduciary		\$ 1,998	
	Total	\$ 626,001	

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

F. Fund Balances

The District has reserved and designated fund balance as follows.

Description	Amount
Reserved for:	
Special Revenue Funds:	
Campus Activities	\$ 65,016
High School Grades 6-12	147,427
	\$ 212,443
Designated for:	
General Fund:	
Field Improvements	\$ 78,549
Special Revenue Funds:	
Technology	\$ 620,013

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 period ended June 30, 2007, are as follows:

Series	Original Issue (Millions)	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>							
1997	17.17	4.25-5.25%	\$ 4,154,997	\$ --	\$ --	\$ 4,154,997	\$ 619,998
2002	15.50	2.00-5.10%	14,220,000	--	8,835,000	5,385,000	325,000
2004	1.80	2.90-3.00%	1,694,996	--	35,000	1,659,996	40,000
2006	9.52	3.66%	9,429,997	--	--	9,429,997	75,000
2007	8.83	3.92%	--	8,835,000	--	8,835,000	120,000
Accumulated Accretion on CAB			1,183,169	672,659	--	1,855,828	--
Total governmental activities			\$ 30,683,159	\$ 9,507,659	\$ 8,870,000	\$ 31,320,818	\$ 1,179,998

LOCKHART INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2007, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$ 1,179,998	\$ 1,165,437	\$ 2,345,435
2009	2,359,996	1,119,518	3,479,514
2010	1,810,000	871,952	2,681,952
2011	900,000	821,302	1,721,302
2012	899,997	1,398,488	2,298,485
2013-2017	8,150,000	3,186,231	11,336,231
2018-2022	7,839,999	3,102,615	10,942,614
2023-2027	5,380,000	631,152	6,011,152
2027	945,000	18,522	963,522
Totals	<u>\$ 29,464,990</u>	<u>\$ 12,315,217</u>	<u>\$ 41,780,207</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, 2007, 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. As noted above the District refunded \$8.835 million in outstanding Series 2002 debt during 2007. This resulted in a net economic gain of some \$461,718 and a decrease in aggregate debt service payment to maturity of \$705,578.

Bond Issue	Amount
Series 1992	\$ 1,800,000
Series 1997	9,525,000
Series 2002	8,835,000
Total	<u>\$ 20,160,000</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 2007, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the fiscal periods ending in 2007, 2006, and 2005 were \$1,197,238, \$1,367,495 and \$1,201,457 respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the fiscal periods ending in 2007, 2006, and 2005 were \$224,729, \$232,436 and \$232,507, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$1,066,418 for the fiscal period ended in 2006. These amounts are reflected as state revenue and personnel expense.

J. Health Care Coverage

During the period ended June 30, 2007, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$216 per month per employee to the Plan with the State providing an additional \$75. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas while Medco Health was assigned the prescription drug plan.

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

K. 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, 2007.

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE TEN MONTHS ENDED JUNE 30, 2007

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides HELP: Type in the specific service provided by the SSA in place of the word "services on the line below. 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 HELP: Type in the specific fund in place of "a special revenue fund" on the line below. 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	\$ 390,910	\$ 44,435
Luling ISD	134,796	14,223
Navarro ISD	128,057	13,708
Prairie Lea ISD	20,219	2,143
Total	\$ 673,982	\$ 74,509

M. Workers' Compensation Insurance

Beginning in the fiscal year ended June 30, 2007, employees of the District were covered by a workers' compensation insurance plan (the plan). Contributions are made based upon statutory rates established for the District's various types of employees. A third party administrator acts on behalf of the self-funded pool.

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

TASB has performed an evaluation of claims submitted for incidents occurring prior to June 30, 2007, and has projected that additional claims will cost \$167,466.

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

	June 30, 2007
Unpaid claims, beginning of the fiscal year	\$ --
Incurred claims	187,039
Claim payments	(19,573)
Unpaid claims, end of the fiscal year	\$ 167,466

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 TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 12,335,466	\$ 11,636,410	\$ 11,681,882	\$ 45,472
5800	State Program Revenues	19,498,880	19,282,349	18,311,527	(970,822)
5900	Federal Program Revenues	157,500	167,776	167,777	1
5020	Total Revenues	31,991,846	31,086,535	30,161,186	(925,349)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	17,353,956	17,513,493	15,852,501	1,660,992
0012	Instructional Resources and Media Services	676,867	693,981	646,116	47,865
0013	Curriculum and Staff Development	116,547	96,506	79,868	16,638
	Total Instruction & Instr. Related Services	18,147,370	18,303,980	16,578,485	1,725,495
Instructional and School Leadership:					
0021	Instructional Leadership	286,882	247,209	209,028	38,181
0023	School Leadership	2,272,237	2,105,848	1,984,080	121,768
	Total Instructional & School Leadership	2,559,119	2,353,057	2,193,108	159,949
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	751,466	755,565	639,247	116,318
0032	Social Work Services	181,520	180,630	180,317	313
0033	Health Services	294,018	294,076	262,141	31,935
0034	Student (Pupil) Transportation	1,400,222	1,202,222	1,185,564	16,658
0035	Food Services	1,990	19,585	19,585	--
0036	Cocurricular/Extracurricular Activities	909,277	865,490	799,909	65,581
	Total Support Services - Student (Pupil)	3,538,493	3,317,568	3,086,763	230,805
Administrative Support Services:					
0041	General Administration	1,514,731	1,263,611	1,246,222	17,389
	Total Administrative Support Services	1,514,731	1,263,611	1,246,222	17,389
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,668,362	3,336,973	3,143,326	193,647
0052	Security and Monitoring Services	149,436	149,678	137,869	11,809
0053	Data Processing Services	187,515	203,273	175,264	28,009
	Total Support Services - Nonstudent Based	4,005,313	3,689,924	3,456,459	233,465
Ancillary Services:					
0061	Community Services	914,827	822,446	743,396	79,050
	Total Ancillary Services	914,827	822,446	743,396	79,050
Capital Outlay:					
0081	Capital Outlay	198,635	194,359	81,622	112,737
	Total Capital Outlay	198,635	194,359	81,622	112,737
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	350,000	308,501	228,007	80,494
	Total Intergovernmental Charges	350,000	308,501	228,007	80,494
6030	Total Expenditures	31,228,488	30,253,446	27,614,062	2,639,384

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	763,358	833,089	2,547,124	1,714,035
1200	Net Change in Fund Balance	763,358	833,089	2,547,124	1,714,035
0100	Fund Balance - Beginning	--	--	6,867,831	6,867,831
3000	Fund Balance - Ending	\$ 763,358	\$ 833,089	\$ 9,414,955	\$ 8,581,866

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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, 2007

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 125,710	\$ 177	\$ 125,887
1120	Current Investments	1,092,526	14,624	1,107,150
1240	Due from Other Governments	1,082,052	--	1,082,052
1260	Due from Other Funds	316	--	316
1290	Other Receivables	13,052	--	13,052
1000	Total Assets	<u>\$ 2,313,656</u>	<u>\$ 14,801</u>	<u>\$ 2,328,457</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 44,771	\$ 33	\$ 44,804
2150	Payroll Deductions & Withholdings	27,618	--	27,618
2160	Accrued Wages Payable	347,538	--	347,538
2170	Due to Other Funds	626,001	--	626,001
2180	Due to Other Governments	51,068	--	51,068
2200	Accrued Expenditures	8,592	--	8,592
2300	Deferred Revenue	36,368	--	36,368
2000	Total Liabilities	<u>1,141,956</u>	<u>33</u>	<u>1,141,989</u>
FUND BALANCES:				
Reserved Fund Balances:				
3450	Reserve for Food Service	339,244	--	339,244
3470	Capital Acquisitions & Contractual Obligations	--	14,768	14,768
3490	Other Reserves of Fund Balance	212,443	--	212,443
Designated Fund Balance:				
3590	Other Designated Fund Balance	620,013	--	620,013
3000	Total Fund Balances	<u>1,171,700</u>	<u>14,768</u>	<u>1,186,468</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,313,656</u>	<u>\$ 14,801</u>	<u>\$ 2,328,457</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,265,875	\$ 1,020	\$ 1,266,895
5800	State Program Revenues	847,856	--	847,856
5900	Federal Program Revenues	4,267,504	--	4,267,504
5020	Total Revenues	6,381,235	1,020	6,382,255
EXPENDITURES:				
Current:				
0011	Instruction	2,624,422	6,246	2,630,668
0012	Instructional Resources and Media Services	38,364	34	38,398
0013	Curriculum and Staff Development	66,612	--	66,612
0021	Instructional Leadership	171,625	--	171,625
0023	School Leadership	2,406	--	2,406
0031	Guidance, Counseling, & Evaluation Services	818,528	--	818,528
0032	Social Work Services	7,088	--	7,088
0033	Health Services	78,723	--	78,723
0034	Student Transportation	285,933	--	285,933
0035	Food Service	1,826,509	--	1,826,509
0036	Cocurricular/Extracurricular Activities	2,040	--	2,040
0041	General Administration	3,625	--	3,625
0051	Plant Maintenance and Operations	99,450	16,904	116,354
0052	Security and Monitoring Services	3,169	--	3,169
0053	Data Processing Services	16,655	--	16,655
0061	Community Services	61,869	--	61,869
0093	Payments to Shared Service Arrangements	74,509	--	74,509
6030	Total Expenditures	6,181,527	23,184	6,204,711
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	199,708	(22,164)	177,544
1200	Net Change in Fund Balances	199,708	(22,164)	177,544
0100	Fund Balances - Beginning	971,992	36,932	1,008,924
	Fund Balances - Beginning, as Restated	971,992	36,932	1,008,924
3000	Fund Balances - Ending	\$ 1,171,700	\$ 14,768	\$ 1,186,468

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2007

Data Control Codes		204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	220 Adult Education Federal
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--	5,788
1240	Due from Other Governments	3,897	250,523	2,240	5,400
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1000	Total Assets	<u>\$ 3,897</u>	<u>\$ 250,523</u>	<u>\$ 2,240</u>	<u>\$ 11,188</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 1,832	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	9,566	--	--
2160	Accrued Wages Payable	--	135,940	--	--
2170	Due to Other Funds	3,897	103,185	2,240	11,188
2180	Due to Other Governments	--	--	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>3,897</u>	<u>250,523</u>	<u>2,240</u>	<u>11,188</u>
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
Designated Fund Balance:					
3590	Other Designated Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,897</u>	<u>\$ 250,523</u>	<u>\$ 2,240</u>	<u>\$ 11,188</u>

222 National and Community Service Trust	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program
\$ --	\$ --	\$ --	\$ --	\$ 11,441
--	--	6,265	--	347,813
8,735	334,008	11,194	--	--
--	28	--	--	288
--	--	--	(287)	129
<u>\$ 8,735</u>	<u>\$ 334,036</u>	<u>\$ 17,459</u>	<u>\$ (287)</u>	<u>\$ 359,671</u>
\$ 2,600	\$ 8,959	\$ --	\$ --	\$ 4,251
--	7,261	420	--	--
--	100,027	4,445	--	--
6,135	217,789	12,594	(287)	7,584
--	--	--	--	--
--	--	--	--	8,592
--	--	--	--	--
<u>8,735</u>	<u>334,036</u>	<u>17,459</u>	<u>(287)</u>	<u>20,427</u>
--	--	--	--	339,244
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>339,244</u>
<u>\$ 8,735</u>	<u>\$ 334,036</u>	<u>\$ 17,459</u>	<u>\$ (287)</u>	<u>\$ 359,671</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2007

Data Control Codes		242 Summer Feeding Program	243 Vo Ed Technical Preparation	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting
ASSETS:					
1110	Cash and Cash Equivalents	\$ 2,779	\$ --	\$ --	\$ --
1120	Current Investments	--	--	--	--
1240	Due from Other Governments	12,175	1,639	10,564	59,421
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1000	Total Assets	<u>\$ 14,954</u>	<u>\$ 1,639</u>	<u>\$ 10,564</u>	<u>\$ 59,421</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 5,633	\$ 59	\$ --	\$ 1,654
2150	Payroll Deductions & Withholdings	--	--	376	2,489
2160	Accrued Wages Payable	21	--	4,406	25,484
2170	Due to Other Funds	9,205	1,580	5,782	29,794
2180	Due to Other Governments	--	--	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	95	--	--	--
2000	Total Liabilities	<u>14,954</u>	<u>1,639</u>	<u>10,564</u>	<u>59,421</u>
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
Designated Fund Balance:					
3590	Other Designated Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,954</u>	<u>\$ 1,639</u>	<u>\$ 10,564</u>	<u>\$ 59,421</u>

262 Enhancing Education through Technology	269 Title V, Part A Innovative Programs	350 English Language Acquisition and Enhancement	385 Supplemental Visually Impaired	394 Life Skills Grant for Student Parents
\$ --	\$ --	\$ 2,388	\$ --	\$ --
--	--	--	--	--
3,771	4,926	--	--	5,457
--	--	--	--	--
--	--	--	--	--
<u>\$ 3,771</u>	<u>\$ 4,926</u>	<u>\$ 2,388</u>	<u>\$ --</u>	<u>\$ 5,457</u>
\$ --	\$ 44	\$ --	\$ --	\$ 36
--	--	--	--	296
--	--	--	--	3,508
3,771	4,882	--	--	1,617
--	--	2,388	--	--
--	--	--	--	--
--	--	--	--	--
<u>3,771</u>	<u>4,926</u>	<u>2,388</u>	<u>--</u>	<u>5,457</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 3,771</u>	<u>\$ 4,926</u>	<u>\$ 2,388</u>	<u>\$ --</u>	<u>\$ 5,457</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2007

Data Control Codes		397 Advanced Placement Incentives	404 Accelerated Reading/Math Instruction	411 Technology Allotment	423 High School Allotment
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1120	Current Investments	6,439	--	626,221	--
1240	Due from Other Governments	--	16,731	6,196	345,175
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1000	Total Assets	<u>\$ 6,439</u>	<u>\$ 16,731</u>	<u>\$ 632,417</u>	<u>\$ 345,175</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 12,404	\$ 6,579
2150	Payroll Deductions & Withholdings	--	--	--	611
2160	Accrued Wages Payable	--	--	--	5,505
2170	Due to Other Funds	--	16,731	--	185,053
2180	Due to Other Governments	--	--	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	6,439	--	--	--
2000	Total Liabilities	<u>6,439</u>	<u>16,731</u>	<u>12,404</u>	<u>197,748</u>
FUND BALANCES:					
Reserved Fund Balances:					
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	147,427
Designated Fund Balance:					
3590	Other Designated Fund Balance	--	--	620,013	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>620,013</u>	<u>147,427</u>
4000	Total Liabilities and Fund Balances	<u>\$ 6,439</u>	<u>\$ 16,731</u>	<u>\$ 632,417</u>	<u>\$ 345,175</u>

437 Special Education	450 Medicaid Coop	461 Campus Activity Funds	480 Bluebonnet Electric	482 TASB Risk Management
\$ 13,778	\$ 403	\$ 65,089	\$ 622	\$ 5,064
100,000	--	--	--	--
--	--	--	--	--
--	--	--	--	--
11,235	--	--	--	--
<u>\$ 125,013</u>	<u>\$ 403</u>	<u>\$ 65,089</u>	<u>\$ 622</u>	<u>\$ 5,064</u>
\$ 59	\$ --	\$ --	\$ --	\$ 56
6,599	--	--	--	--
68,202	--	--	--	--
1,876	--	73	--	--
48,277	403	--	--	--
--	--	--	--	--
--	--	--	622	5,008
<u>125,013</u>	<u>403</u>	<u>73</u>	<u>622</u>	<u>5,064</u>
--	--	--	--	--
--	--	65,016	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>65,016</u>	<u>--</u>	<u>--</u>
<u>\$ 125,013</u>	<u>\$ 403</u>	<u>\$ 65,089</u>	<u>\$ 622</u>	<u>\$ 5,064</u>

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

JUNE 30, 2007

Data Control Codes	484 Lions Club	485 Meadows Foundation	487 Rural Capital Area Workforce Development	488 Mitchell Ward
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 1,728	\$ 300	\$ 5	\$ 1,746
1120 <i>Current Investments</i>	--	--	--	--
1240 <i>Due from Other Governments</i>	--	--	--	--
1260 <i>Due from Other Funds</i>	--	--	--	--
1290 <i>Other Receivables</i>	--	--	--	--
1000 Total Assets	\$ 1,728	\$ 300	\$ 5	\$ 1,746
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ 5	\$ --
2150 <i>Payroll Deductions & Withholdings</i>	--	--	--	--
2160 <i>Accrued Wages Payable</i>	--	--	--	--
2170 <i>Due to Other Funds</i>	--	--	--	--
2180 <i>Due to Other Governments</i>	--	--	--	--
2200 <i>Accrued Expenditures</i>	--	--	--	--
2300 <i>Deferred Revenue</i>	1,728	300	--	1,746
2000 Total Liabilities	1,728	300	5	1,746
FUND BALANCES:				
Reserved Fund Balances:				
3450 <i>Reserve for Food Service</i>	--	--	--	--
3490 <i>Other Reserves of Fund Balance</i>	--	--	--	--
Designated Fund Balance:				
3590 <i>Other Designated Fund Balance</i>	--	--	--	--
3000 Total Fund Balances	--	--	--	--
4000 Total Liabilities and Fund Balances	\$ 1,728	\$ 300	\$ 5	\$ 1,746

489 San Marcos Civic Foundation	490 Professional Janitorial Service	491 Wal-Mart	492 Headstart	493 LCRA Grant
\$ --	\$ --	\$ 1,948	\$ --	\$ 773
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	1,975	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,948</u>	<u>\$ 1,975</u>	<u>\$ 773</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	1,312	--
--	--	--	--	--
--	--	--	--	--
--	--	1,948	663	773
<u>--</u>	<u>--</u>	<u>1,948</u>	<u>1,975</u>	<u>773</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,948</u>	<u>\$ 1,975</u>	<u>\$ 773</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2007

Data Control Codes		494 Parent Teacher Organization	496 Athletic Booster Club	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 3,146	\$ 14,500	\$ 125,710
1120	Current Investments	--	--	1,092,526
1240	Due from Other Governments	--	--	1,082,052
1260	Due from Other Funds	--	--	316
1290	Other Receivables	--	--	13,052
1000	Total Assets	<u>\$ 3,146</u>	<u>\$ 14,500</u>	<u>\$ 2,313,656</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 600	\$ --	\$ 44,771
2150	Payroll Deductions & Withholdings	--	--	27,618
2160	Accrued Wages Payable	--	--	347,538
2170	Due to Other Funds	--	--	626,001
2180	Due to Other Governments	--	--	51,068
2200	Accrued Expenditures	--	--	8,592
2300	Deferred Revenue	2,546	14,500	36,368
2000	Total Liabilities	<u>3,146</u>	<u>14,500</u>	<u>1,141,956</u>
FUND BALANCES:				
Reserved Fund Balances:				
3450	Reserve for Food Service	--	--	339,244
3490	Other Reserves of Fund Balance	--	--	212,443
Designated Fund Balance:				
3590	Other Designated Fund Balance	--	--	620,013
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>1,171,700</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,146</u>	<u>\$ 14,500</u>	<u>\$ 2,313,656</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes		204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	220 Adult Education Federal
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	14,094	964,537	5,511	49,967
5020	Total Revenues	14,094	964,537	5,511	49,967
EXPENDITURES:					
Current:					
0011	Instruction	4,973	720,943	--	45,759
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	2,541	1,248	--	--
0021	Instructional Leadership	--	22,568	5,511	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	135,185	--	--
0032	Social Work Services	--	7,088	--	--
0033	Health Services	--	72,845	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	2,150	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	4,430	4,660	--	4,208
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	14,094	964,537	5,511	49,967
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
	Fund Balances - Beginning, as Restated	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

222 National and Community Service Trust	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	242 Summer Feeding Program
\$ --	\$ --	\$ --	\$ 631,869	\$ 691
--	--	--	30,163	--
24,079	1,498,317	34,492	1,272,318	12,080
24,079	1,498,317	34,492	1,934,350	12,771
3,279	755,718	34,492	--	--
--	--	--	--	--
--	10,941	--	--	--
--	--	--	--	--
--	--	--	--	--
--	449,873	--	--	--
--	--	--	--	--
--	--	--	--	--
--	281,385	--	--	--
--	--	--	1,813,738	12,771
--	--	--	--	--
--	--	--	--	--
--	--	--	66,401	--
--	--	--	--	--
20,800	400	--	--	--
--	--	--	--	--
24,079	1,498,317	34,492	1,880,139	12,771
--	--	--	54,211	--
--	--	--	54,211	--
--	--	--	285,033	--
--	--	--	285,033	--
\$ --	\$ --	\$ --	\$ 339,244	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes		243 Vo Ed Technical Preparation	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	262 Enhancing Education through Technology
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,639	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	--	34,447	248,421	8,358
5020	Total Revenues	1,639	34,447	248,421	8,358
EXPENDITURES:					
Current:					
0011	Instruction	1,480	33,924	219,720	6,251
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	159	523	24,927	2,073
0021	Instructional Leadership	--	--	3,774	34
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	1,639	34,447	248,421	8,358
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
	Fund Balances - Beginning, as Restated	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

269 Title V, Part A Innovative Programs	385 Supplemental Visually Impaired	394 Life Skills Grant for Student Parents	397 Advanced Placement Incentives	404 Accelerated Reading/Math Instruction
\$ --	\$ --	\$ --	\$ --	\$ --
--	2,000	26,136	983	76,235
5,618	--	--	--	--
5,618	2,000	26,136	983	76,235
1,362	2,000	--	983	74,585
--	--	--	--	--
4,119	--	--	--	1,650
137	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	26,136	--	--
--	--	--	--	--
5,618	2,000	26,136	983	76,235
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	411 Technology Allotment	423 High School Allotment	437 Special Education	450 Medicaid Coop
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ 393,115	\$ --
5800 State Program Revenues	110,511	323,016	278,812	--
5900 Federal Program Revenues	--	--	--	95,265
5020 Total Revenues	<u>110,511</u>	<u>323,016</u>	<u>671,927</u>	<u>95,265</u>
EXPENDITURES:				
Current:				
0011 Instruction	69,226	146,964	311,878	20,756
0012 Instructional Resources and Media Services	2,691	--	--	--
0013 Curriculum and Staff Development	2,772	13,092	342	--
0021 Instructional Leadership	--	--	139,601	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	15,533	217,002	--
0032 Social Work Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	3,104	--
0051 Plant Maintenance and Operations	26,779	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	16,655	--	--	--
0061 Community Services	--	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--	74,509
6030 Total Expenditures	<u>118,123</u>	<u>175,589</u>	<u>671,927</u>	<u>95,265</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	(7,612)	147,427	--	--
1200 Net Change in Fund Balances	<u>(7,612)</u>	<u>147,427</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	627,625	--	--	--
Fund Balances - Beginning, as Restated	627,625	--	--	--
3000 Fund Balances - Ending	<u>\$ 620,013</u>	<u>\$ 147,427</u>	<u>\$ --</u>	<u>\$ --</u>

461 Campus Activity Funds	480 Bluebonnet Electric	482 TASB Risk Management	485 Meadows Foundation	488 Mitchell Ward
\$ 216,581	\$ 5,878	\$ 1,992	\$ 1,160	\$ 2,186
--	--	--	--	--
--	--	--	--	--
216,581	5,878	1,992	1,160	2,186
158,798	--	--	434	2,186
35,200	--	--	--	--
1,245	--	--	--	--
--	--	--	--	--
2,406	--	--	--	--
935	--	--	--	--
--	--	--	--	--
--	5,878	--	--	--
4,548	--	--	--	--
--	--	--	--	--
2,040	--	--	--	--
521	--	--	--	--
3,678	--	1,992	--	--
1,019	--	--	--	--
--	--	--	--	--
509	--	--	726	--
--	--	--	--	--
210,899	5,878	1,992	1,160	2,186
5,682	--	--	--	--
5,682	--	--	--	--
59,334	--	--	--	--
59,334	--	--	--	--
\$ 65,016	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes		489 San Marcos Civic Foundation	490 Professional Janitorial Service	491 Wal-Mart
REVENUES:				
5700	Local and Intermediate Sources	\$ 980	\$ 473	\$ 52
5800	State Program Revenues	--	--	--
5900	Federal Program Revenues	--	--	--
5020	Total Revenues	980	473	52
EXPENDITURES:				
Current:				
0011	Instruction	--	--	52
0012	Instructional Resources and Media Services	--	473	--
0013	Curriculum and Staff Development	980	--	--
0021	Instructional Leadership	--	--	--
0023	School Leadership	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--
0032	Social Work Services	--	--	--
0033	Health Services	--	--	--
0034	Student Transportation	--	--	--
0035	Food Service	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--
0041	General Administration	--	--	--
0051	Plant Maintenance and Operations	--	--	--
0052	Security and Monitoring Services	--	--	--
0053	Data Processing Services	--	--	--
0061	Community Services	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--
6030	Total Expenditures	980	473	52
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	--	--
1200	Net Change in Fund Balances	--	--	--
0100	Fund Balances - Beginning	--	--	--
	Fund Balances - Beginning, as Restated	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --

492	493	494	Total
Headstart	LCRA Grant	Parent Teacher Organization	Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 1,679	\$ 502	\$ 7,078	\$ 1,265,875
--	--	--	847,856
--	--	--	4,267,504
1,679	502	7,078	6,381,235
1,679	502	6,478	2,624,422
--	--	--	38,364
--	--	--	66,612
--	--	--	171,625
--	--	--	2,406
--	--	--	818,528
--	--	--	7,088
--	--	--	78,723
--	--	--	285,933
--	--	--	1,826,509
--	--	--	2,040
--	--	--	3,625
--	--	600	99,450
--	--	--	3,169
--	--	--	16,655
--	--	--	61,869
--	--	--	74,509
1,679	502	7,078	6,181,527
--	--	--	199,708
--	--	--	199,708
--	--	--	971,992
--	--	--	971,992
\$ --	\$ --	\$ --	\$ 1,171,700

LOCKHART INDEPENDENT SCHOOL DISTRICT*COMBINING BALANCE SHEET**NONMAJOR CAPITAL PROJECTS FUNDS**JUNE 30, 2007*

Data Control Codes		601 School Facilities Assistance	615 2002 Bond Proceeds	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
ASSETS:				
1110	<i>Cash and Cash Equivalents</i>	\$ 88	\$ 89	\$ 177
1120	<i>Current Investments</i>	--	14,624	14,624
1000	Total Assets	<u>\$ 88</u>	<u>\$ 14,713</u>	<u>\$ 14,801</u>
LIABILITIES:				
Current Liabilities:				
2110	<i>Accounts Payable</i>	\$ 25	\$ 8	\$ 33
2000	Total Liabilities	<u>25</u>	<u>8</u>	<u>33</u>
FUND BALANCES:				
Reserved Fund Balances:				
3470	<i>Capital Acquisitions & Contractual Obligations</i>	63	14,705	14,768
3000	Total Fund Balances	<u>63</u>	<u>14,705</u>	<u>14,768</u>
4000	Total Liabilities and Fund Balances	<u>\$ 88</u>	<u>\$ 14,713</u>	<u>\$ 14,801</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes	601 School Facilities Assistance	615 2002 Bond Proceeds	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 1,020	\$ 1,020
5020 <i>Total Revenues</i>	--	1,020	1,020
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	--	6,246	6,246
0012 <i>Instructional Resources and Media Services</i>	--	34	34
0051 <i>Plant Maintenance and Operations</i>	--	16,904	16,904
6030 <i>Total Expenditures</i>	--	23,184	23,184
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	(22,164)	(22,164)
1200 <i>Net Change in Fund Balances</i>	--	(22,164)	(22,164)
0100 <i>Fund Balances - Beginning</i>	63	36,869	36,932
<i>Fund Balances - Beginning, as Restated</i>	63	36,869	36,932
3000 <i>Fund Balances - Ending</i>	\$ 63	\$ 14,705	\$ 14,768

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

Data Control Codes		888 Bluebonnet Activity Funds	891 Clear Fork Activity Fund	892 Navarro Activity Fund
	ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$ 195	\$ 286	\$ 21,375
1260	<i>Due from Other Funds</i>	--	--	206
1000	Total Assets	\$ 195	\$ 286	\$ 21,581
	LIABILITIES:			
	Current Liabilities:			
2190	<i>Due to Student Groups</i>	\$ 195	\$ 286	\$ 21,581
2000	Total Liabilities	195	286	21,581
	NET ASSETS			
3000	Total Net Assets	\$ --	\$ --	\$ --

895 Junior High Activity Fund	896 High School Activity Fund	897 Plum Creek Activity Fund	898 Freshman Campus Activity Fund	Total Agency Funds (See Exhibit E-1)
\$ 8,104	\$ 53,580	\$ 11,795	\$ 1,176	\$ 96,511
--	--	--	--	206
<u>\$ 8,104</u>	<u>\$ 53,580</u>	<u>\$ 11,795</u>	<u>\$ 1,176</u>	<u>\$ 96,717</u>
\$ 8,104	\$ 53,580	\$ 11,795	\$ 1,176	\$ 96,717
<u>8,104</u>	<u>53,580</u>	<u>11,795</u>	<u>1,176</u>	<u>96,717</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

EXHIBIT H-8

Data Control Codes	97 Balance September 1, 2006	5030 Additions	6050 Deductions	98 Balance June 30, 2007
STUDENT ACTIVITIES:				
ASSETS				
<i>Cash & Temporary Investments</i>	\$ 87,911	\$ 217,247	\$ 208,647	\$ 96,511
<i>Accrued Interest</i>	--	--	--	--
<i>Due from Other Funds</i>	206	--	--	206
<i>Other Receivables</i>	8	--	8	--
<i>Inventory</i>	--	--	--	--
Total Assets	<u>\$ 88,125</u>	<u>\$ 217,247</u>	<u>\$ 208,655</u>	<u>\$ 96,717</u>
LIABILITIES				
<i>Accounts Payable</i>	\$ --	\$ --	\$ --	\$ --
<i>Due to Other Funds</i>	16,487	--	16,487	--
<i>Due to Student Groups</i>	71,638	192,160	167,081	96,717
Total Liabilities	<u>\$ 88,125</u>	<u>\$ 192,160</u>	<u>\$ 183,568</u>	<u>\$ 96,717</u>
COMBINING STATEMENT:				
<i>Bluebonnet</i>	\$ (1,383)	\$ 1,383	\$ --	\$ --
<i>C.O.</i>	(11,848)	11,848	--	--
<i>Kingergarten</i>	(3,759)	3,759	--	--
<i>Clear Fork</i>	50	2,828	2,592	286
<i>Navarro</i>	16,557	18,722	13,698	21,581
<i>Community Ed.</i>	(4,458)	4,458	--	--
<i>Other</i>	--	206	--	206
<i>Junior High</i>	6,640	7,645	6,192	8,093
<i>High School</i>	56,910	178,018	181,348	53,580
<i>Plum Creek</i>	11,475	13,815	13,495	11,795
<i>Freshman Campus</i>	1,566	1,448	1,838	1,176
<i>Special Ed.</i>	(112)	112	--	--
Total Liabilities	<u>\$ 71,638</u>	<u>\$ 244,242</u>	<u>\$ 219,163</u>	<u>\$ 96,717</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 TEN MONTHS ENDED JUNE 30, 2007*

Year Ended August 31 *	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
1998 and Prior Years	\$	Various	\$	Various	\$	Various
1999		1.0912		.3388		407,257,183
2000		1.28		.1369		493,744,287
2001		1.2948		.1329		480,079,598
2002		1.2665		.1435		516,072,270
2003		1.2637		.1754		638,600,612
2004		1.2637		.2017		649,625,699
2005		1.386		.2027		665,355,574
2006		1.50		.19		689,917,337
2007 (School Year Under Audit)		1.37		.17		753,235,584

1000 Totals

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

* Although the District's fiscal year ended June 30, 2007, the information provided in this schedule for 2007 is for the twelve month period ended August 31, 2007, as required by the Texas Education Agency.

10 Beginning Balance 9/1/06	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/07
\$ 241,636	\$ --	\$ 14,532	\$ 5,711	\$ (36,430)	\$ 184,963
41,613	--	4,188	1,300	(963)	35,162
51,314	--	7,613	814	(1,393)	41,494
64,822	--	12,896	1,324	(2,232)	48,370
92,681	--	16,553	1,876	13,145	87,397
121,165	--	30,997	4,219	15,795	101,744
179,096	--	48,765	8,002	15,932	138,261
328,848	--	129,228	18,899	12,761	193,482
711,328	--	333,677	42,142	6,724	342,233
--	11,599,828	9,625,795	1,193,734	(150,261)	630,038
<u>\$ 1,832,503</u>	<u>\$ 11,599,828</u>	<u>\$ 10,224,244</u>	<u>\$ 1,278,021</u>	<u>\$ (126,922)</u>	<u>\$ 1,803,144</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2008-2009 GENERAL AND SPECIAL REVENUE FUNDS FOR THE TEN MONTHS ENDED JUNE 30, 2007

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ 3,082	\$ --	\$ 147,552	\$ 467,945	\$ --	\$ --	\$ 618,579
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	69,921	--	--	--	69,921
6212	Audit Services	--	--	--	14,750	--	--	14,750
6213	Tax Appraisal and Collection	--	275,489	--	--	--	--	275,489
621X	Other Prof. Services	--	--	--	158,268	--	--	158,268
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	7,512	--	--	7,512
6240	Contr. Maint. and Repair	--	--	--	--	4,383	--	4,383
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	--	--	--
6290	Miscellaneous Contr.	--	--	--	4,850	--	--	4,850
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	598	--	--	315	--	--	913
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	18,330	--	1,402	31,303	--	--	51,035
6410	Travel, Subsistence, Stipends	12,249	--	5,205	13,629	--	--	31,083
6420	Ins. and Bonding Costs	--	--	--	51,965	--	--	51,965
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	3,429	--	97	34,242	--	--	37,768
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 37,688 \$ 275,489 \$ 224,177 \$ 784,779 \$ 4,383 \$ -- \$ 1,326,516

Total expenditures for General and Special Revenue Funds (9) \$ 33,795,589

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 167,297
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 3,215,821
Food (Function 35, 6341 and 6499)	(13)	\$ --
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 784,779

Subtotal 4,167,897

Net Allowed Direct Cost \$ 29,627,692

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 55,034,643
Historical Cost of Buildings over 50 years old	(16)	2,317,240
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	3,289,169
Historical Cost of Furniture & Equipment over 16 years old	(19)	119,258
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - \$76,669 in Function 53 expenditures are included in this report on administrative costs.

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

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF JUNE 30, 2007

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2007 (Exhibit C-1 object 3000 for the General Fund only)	\$ 9,414,955
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	--
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	249,798
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
5	Estimate of one month's average cash disbursements during the regular school session (9/1/07 - 5/31/08)	2,846,842
6	Estimate of delayed payments from state sources (58XX) including August payment delays	6,279,304
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	652,340
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	10,028,284
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (613,329)

If Item 11 is a Positive Number

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

Undesignated Unreserved General Fund Fund Balance:

LOCKHART INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT J-4

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ 651,326	\$ 631,869	\$ (19,457)
5800	<i>State Program Revenues</i>	31,650	30,163	(1,487)
5900	<i>Federal Program Revenues</i>	1,238,545	1,272,318	33,773
5020	Total Revenues	1,921,521	1,934,350	12,829
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	<i>Food Services</i>	1,897,661	1,813,738	83,923
	Total Support Services - Student (Pupil)	1,897,661	1,813,738	83,923
	Support Services - Nonstudent Based:			
0051	<i>Plant Maintenance and Operations</i>	74,489	66,401	8,088
	Total Support Services - Nonstudent Based	74,489	66,401	8,088
6030	Total Expenditures	1,972,150	1,880,139	92,011
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(50,629)	54,211	104,840
1200	Net Change in Fund Balance	(50,629)	54,211	104,840
0100	Fund Balance - Beginning	--	285,033	285,033
3000	Fund Balance - Ending	\$ (50,629)	\$ 339,244	\$ 389,873

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2007

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 1,358,622	\$ 1,380,730	\$ 22,108
5800	State Program Revenues	1,508,405	1,410,874	(97,531)
5020	Total Revenues	<u>2,867,027</u>	<u>2,791,604</u>	<u>(75,423)</u>
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	35,000	35,000	--
0072	Interest on Long-Term Debt	608,695	608,695	--
0073	Bond Issuance Costs and Fees	126,595	110,150	16,445
	Total Debt Service	<u>770,290</u>	<u>753,845</u>	<u>16,445</u>
6030	Total Expenditures	<u>770,290</u>	<u>753,845</u>	<u>16,445</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>2,096,737</u>	<u>2,037,759</u>	<u>(58,978)</u>
	Other Financing Sources (Uses):			
7901	Refunding Bonds Issued	9,400,889	8,835,000	(565,889)
7916	Premium or Discount on Issuance of Bonds	565,901	565,901	--
8940	Payment to Bond Refunding Escrow Agent	(9,860,095)	(9,294,294)	565,801
8949	Other Uses	(100)	--	100
7080	Total Other Financing Sources and (Uses)	<u>106,595</u>	<u>106,607</u>	<u>12</u>
1200	Net Change in Fund Balance	<u>2,203,332</u>	<u>2,144,366</u>	<u>(58,966)</u>
0100	Fund Balance - Beginning	--	387,544	387,544
3000	Fund Balance - Ending	<u>\$ 2,203,332</u>	<u>\$ 2,531,910</u>	<u>\$ 328,578</u>

WEST, DAVIS & COMPANY, LLP
11615 Angus Road, Suite 219
Austin, Texas 78759

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Board of Trustees
Lockhart Independent School District
105 S. Colorado Street
Lockhart, Texas 78644

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of and for the ten month period ended June 30, 2007, which collectively comprise the Lockhart Independent School District's basic financial statements and have issued our report thereon dated October 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lockhart Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Lockhart Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lockhart Independent School District's internal control over financial reporting. A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Lockhart Independent School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Lockhart Independent School District's financial statements that is more than inconsequential will not be prevented by the Lockhart Independent School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Lockhart Independent School District's internal control.

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

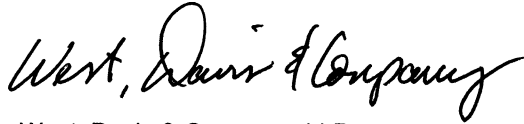
Compliance and Other Matters

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

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

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

Respectfully submitted,

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

West, Davis & Company, LLP

October 19, 2007

WEST, DAVIS & COMPANY, LLP

11615 Angus Road, Suite 219
Austin, Texas 78759

Independent Auditor's Report

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

Board of Trustees
Lockhart Independent School District
105 S. Colorado Street
Lockhart, Texas 78644

Members of the Board of Trustees:

Compliance

We have audited the compliance of Lockhart Independent School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the ten month period ended June 30, 2007. Lockhart Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lockhart Independent School District's management. Our responsibility is to express an opinion on Lockhart Independent School District's compliance based on our audit.

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

In our opinion, Lockhart Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ten month period ended June 30, 2007.

Internal Control Over Compliance

The management of Lockhart Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lockhart Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "West, Davis & Company".

West, Davis & Company, LLP

October 19, 2007

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LOCKHART INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE TEN MONTHS ENDED JUNE 30, 2007

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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 TEN MONTHS ENDED JUNE 30, 2007

EXHIBIT K-1

Page 1 of 2

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
222	Passed Through State Department of Education: <i>National & Community Service Trust Act - Learn & Serve</i> Total CFDA Number 94.004	94.004	753000171214	\$ 24,079 24,079
	Total Passed Through State Department of Education			24,079
	Total XXX			24,079
	U. S. DEPARTMENT OF EDUCATION			
220	Passed Through State Department of Education: <i>Adult Education (ABE) - Federal</i> Total CFDA Number 84.002	84.002	074100087110189	50,195 50,195
211	<i>ESEA Title I Part A - Improving Basic Programs</i> Total CFDA Number 84.010A	84.010A	07610101028902	986,654 986,654
212	<i>ESEA Title I Part C - Education of Migratory Children</i> Total CFDA Number 84.011	84.011	07615001227950	5,511 5,511
224	<i>IDEA-B Formula</i> Total CFDA Number 84.027	84.027	0766000102890266	1,527,131 1,527,131
244	<i>Vocational Education - Basic Grant</i> Total CFDA Number 84.048	84.048	0742000602890213	35,256 35,256
225	<i>IDEA-B Preschool</i> Total CFDA Number 84.173	84.173	0766100102890266	34,492 34,492
204	<i>ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act</i> Total CFDA Number 84.186A	84.186A	07691001028902	14,094 14,094
243	<i>Vocational Education - Technical Preparation</i> Total CFDA Number 84.243A	84.243A	71704	1,639 1,639
269	<i>Title V, Part A - Innovative Programs</i> Total CFDA Number 84.298	84.298	07685001028902	5,618 5,618
262	<i>Title II Part D Enhancing Education Through Technology</i> Total CFDA Number 84.318	84.318	07630001028902	8,544 \$ 8,544
255	<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i> Total CFDA Number 84.367A	84.367A	07694501028902	254,149 254,149
	Total Passed Through State Department of Education			2,923,282
	Total U. S. Department of Education			2,923,282
	U. S. DEPARTMENT OF AGRICULTURE			
241	Passed Through State Department of Education: Commodity Supplemental Food Program	10.550	028-902	70,405
240	School Breakfast Program *	10.553	028-902	357,009

LOCKHART INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2007*

EXHIBIT K-1

Page 2 of 2

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
240	National School Lunch Program *	10.555	028-902	844,904
242	Summer Food Service Program for Children *	10.559	028-902	11,997
	Total Passed Through State Department of Education			1,284,315
	Total U. S. Department of Agriculture			1,284,315
	TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,231,676

* 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 TEN MONTHS ENDED JUNE 30, 2007*****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, 2007*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 1,855,828

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	87
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	96
<i>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.</i>	
Debt Capacity	101
<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	106
<i>These schedules offer demographic and economic indicators to help the reader understand how the District's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	109
<i>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</i>	

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

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LOCKHART INDEPENDENT SCHOOL DISTRICT*NET ASSETS BY COMPONENT**LAST SIX FISCAL YEARS**(ACCRUAL BASIS OF ACCOUNTING)**(IN THOUSANDS OF DOLLARS)*

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Primary Government						
Invested in Capital Assets, Net of Related Debt	\$ 6,510	\$ 7,229	\$ 771	\$ 5,893	\$ 4,786	\$ 3,983
Restricted	1,239	1,493	10,698	1,091	1,401	1,235
Unrestricted	7,637	8,538	4,986	7,841	7,623	10,453
Total Primary Government Net Assets	<u>\$ 15,386</u>	<u>\$ 17,260</u>	<u>\$ 16,455</u>	<u>\$ 14,825</u>	<u>\$ 13,810</u>	<u>\$ 15,671</u>

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

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

LAST SIX FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental Activities:			
Instruction	\$ 18,241,316	\$ 18,402,439	\$ 19,636,033
Instructional Resources & Media Services	609,507	689,749	595,253
Curriculum & Staff Development	438,791	467,695	252,812
Instructional Leadership	408,898	336,292	333,054
School Leadership	1,733,027	1,879,974	1,918,365
Guidance, Counseling & Evaluation Svcs	1,174,471	1,481,468	1,330,424
Social Work Services	44,692	18,356	21,975
Health Services	281,113	244,321	260,700
Student Transportation	1,212,407	1,422,838	1,535,965
Food Service	1,520,669	1,584,515	1,674,175
Cocurricular/Extracurricular Activities	1,324,617	1,421,622	1,433,830
General Administration	1,123,867	1,095,303	1,278,978
Plant Maintenance & Operations	3,008,920	3,171,783	3,289,466
Security & Monitoring Services	39,172	44,023	81,390
Data Processing Services	630,669	356,086	358,488
Community Services	1,319,419	1,374,852	1,265,257
Interest on Long-Term Debt	1,173,463	1,713,077	1,826,642
Bond Issuance Costs & Fees	--	11,006	13,527
Payments Related to SSA's	424,568	405,642	452,230
Total Governmental Activities Expenses	34,709,586	36,121,041	37,558,564
Total Primary Government Expenses	\$ 34,709,586	\$ 36,121,041	\$ 37,558,564

Program Revenues

Governmental Activities:

Charges for Services:			
Instruction	\$ 29,740	\$ 924,349	\$ 1,307,598
Curriculum & Staff Development	--	--	--
Instructional Leadership	--	--	--
Guidance, Counseling & Evaluation Svcs	--	--	--
Student Transportation	--	--	--
Food Services	562,017	682,357	628,304
Cocurricular/Extracurricular Activities	460,843	388,295	393,345
General Administration	--	--	--
Plant Maintenance & Operations	--	--	--
Security & Monitoring Services	--	--	--
Community Services	--	--	--
Other Activities	508,302	448,728	129,708
Operating Grants and Contributions	8,271,803	6,995,179	6,602,377
Total Governmental Activities Program Rev.	9,832,705	9,438,908	9,061,332
Total Primary Government Program Rev.	9,832,705	9,438,908	9,061,332

Net (Expense)/Revenue

Governmental Activities	\$ (24,876,881)	\$ (26,682,133)	\$ (28,497,232)
Total Primary Government Net Expense	\$ (24,876,881)	\$ (26,682,133)	\$ (28,497,232)

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

TABLE L-2

Fiscal Year		
2005	2006	2007
\$ 20,017,666	\$ 20,392,666	\$ 19,873,324
1,083,496	1,073,048	742,381
176,491	141,502	153,623
433,641	499,002	399,373
2,281,989	2,323,042	2,164,177
1,460,320	1,534,457	1,515,025
153,976	214,988	203,554
288,065	358,395	364,341
1,562,747	1,543,043	1,471,497
1,932,024	1,848,389	1,813,603
1,177,877	1,039,678	873,588
1,469,071	1,482,512	1,361,457
3,600,117	3,700,807	3,371,101
120,850	155,173	153,385
227,977	208,777	207,365
1,056,004	1,024,296	870,314
1,539,946	2,038,849	1,747,319
95,947	144,278	158,110
387,167	570,358	302,516
39,065,371	40,293,260	37,746,053
<u>\$ 39,065,371</u>	<u>\$ 40,293,260</u>	<u>\$ 37,746,053</u>

\$ 244,034	\$ 229,953	\$ 240,433
--	--	200
--	--	81,674
--	--	126,958
--	--	7
645,291	658,243	596,352
90,959	76,230	97,126
--	--	1,816
--	--	63,132
--	--	9
--	--	531,085
973,469	979,506	--
5,006,376	5,427,937	5,378,881
6,960,129	7,371,869	7,117,673
<u>6,960,129</u>	<u>7,371,869</u>	<u>7,117,673</u>

\$ (32,105,242)	\$ (32,921,391)	\$ (30,628,380)
<u>\$ (32,105,242)</u>	<u>\$ (32,921,391)</u>	<u>\$ (30,628,380)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST SIX FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

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

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

TABLE L-3

	Fiscal Year		
	2005	2006	2007
	<u>\$ (32,105,242)</u>	<u>\$ (32,921,404)</u>	<u>\$ (30,628,380)</u>
	<u>(32,105,242)</u>	<u>(32,921,404)</u>	<u>(30,628,380)</u>
	9,450,848	10,535,713	10,525,082
	1,386,796	1,356,970	1,322,110
	405,202	532,972	565,756
	18,482,913	18,237,919	19,664,964
	749,193	1,242,401	411,709
	<u>30,474,952</u>	<u>31,905,975</u>	<u>32,489,621</u>
	<u>30,474,952</u>	<u>31,905,975</u>	<u>32,489,621</u>
	(1,630,290)	(1,015,429)	1,861,241
	<u>\$ (1,630,290)</u>	<u>\$ (1,015,429)</u>	<u>\$ 1,861,241</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT*FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	Fiscal Year				
	1998	1999	2000	2001	2002
General Fund					
Reserved	\$ --	\$ --	\$ --	\$ --	\$ --
Unreserved	3,199,721	4,174,338	4,545,951	5,397,548	6,597,295
Total General Fund	<u>\$ 3,199,721</u>	<u>\$ 4,174,338</u>	<u>\$ 4,545,951</u>	<u>\$ 5,397,548</u>	<u>\$ 6,597,295</u>
All Other Governmental Funds					
Reserved					
State & Federal Programs	\$ 50,641	\$ 88,064	\$ 171,195	\$ 76,634	\$ 799,218
Other - Special Revenue	--	--	--	--	51,288
Food Service	24,427	50,373	50,484	23,650	57,177
Capital Acquisitions	14,648,716	9,807,392	743,756	389,685	142,201
Debt Service	323,062	173,748	193,502	188,850	188,850
Total All Other Governmental Funds	<u>\$ 15,046,846</u>	<u>\$ 10,119,577</u>	<u>\$ 1,158,937</u>	<u>\$ 678,819</u>	<u>\$ 1,238,734</u>
Total All Governmental Funds	<u>\$ 18,246,567</u>	<u>\$ 14,293,915</u>	<u>\$ 5,704,888</u>	<u>\$ 6,076,367</u>	<u>\$ 7,836,029</u>

TABLE L-4

Fiscal Year				
2003	2004	2005	2006	2007
\$ --	\$ --	\$ --	\$ --	\$ --
7,693,491	7,298,389	6,920,005	6,867,836	9,414,955
<u>\$ 7,693,491</u>	<u>\$ 7,298,389</u>	<u>\$ 6,920,005</u>	<u>\$ 6,867,836</u>	<u>\$ 9,414,955</u>
\$ 78,873	\$ 59,678	\$ 415,099	\$ 686,952	\$ 212,443
1,044,026	497,912	--	--	620,013
167,386	220,319	235,648	285,033	339,244
13,707,934	6,277,633	106,923	36,934	14,768
167,948	213,009	368,305	387,544	2,531,910
<u>\$ 15,166,167</u>	<u>\$ 7,268,551</u>	<u>\$ 1,125,975</u>	<u>\$ 1,396,463</u>	<u>\$ 3,718,378</u>
<u>\$ 22,859,658</u>	<u>\$ 14,566,940</u>	<u>\$ 8,045,980</u>	<u>\$ 8,264,299</u>	<u>\$ 13,133,333</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	1998	1999	2000	2001	2002
Revenues					
Local & Intermediate Sources	\$ 6,890,864	\$ 8,278,334	\$ 8,163,541	\$ 9,136,143	\$ 12,542,534
State Program Revenues	17,394,438	17,899,217	20,386,772	20,194,373	20,453,530
Federal Program Revenues	2,628,367	3,059,729	3,054,984	4,034,360	4,117,470
Total Revenues	<u>26,913,669</u>	<u>29,237,280</u>	<u>31,605,297</u>	<u>33,364,876</u>	<u>37,113,534</u>
Expenditures					
Instruction	12,486,134	12,769,088	15,264,336	15,548,854	17,380,192
Instructional Resources & Media Services	431,154	423,303	650,068	625,621	575,094
Curriculum & Staff Development	214,317	387,530	456,128	439,967	421,981
Instructional Leadership	192,304	240,980	371,556	412,616	395,050
School Leadership	1,280,545	1,385,323	1,491,970	1,719,524	1,632,301
Guidance, Counseling & Evaluation Svcs	894,337	955,908	1,001,851	1,118,181	1,135,905
Social Work Services	85,185	81,843	81,356	77,456	43,137
Health Services	274,141	281,415	243,818	280,006	267,966
Student Transportation	938,211	976,782	1,107,782	1,379,958	1,212,407
Food Service	1,209,076	1,234,335	1,339,988	1,582,454	1,505,653
Cocurricular/Extracurricular Activities	686,303	764,506	1,003,632	1,070,484	1,268,016
General Administration	1,034,234	1,068,547	1,096,163	809,378	1,061,302
Plant Maintenance & Operations	2,194,785	2,346,123	2,578,141	2,691,670	2,844,522
Security & Monitoring Services	--	33,361	57,543	64,358	36,965
Data Processing Services	302,239	353,446	331,025	355,214	598,183
Community Services	431,546	554,705	646,796	1,151,705	1,292,495
Principal on Long-Term Debt	1,193,733	1,489,650	1,518,457	1,500,684	1,545,000
Interest on Long-Term Debt	1,097,855	1,177,424	1,075,758	1,083,057	1,042,197
Bond Issuance Costs & Fees	2,218	1,662	19,967	4,678	--
Capital Outlay	404,886	6,288,224	10,455,657	532,701	671,590
Payments Related to SSA's	381,722	381,586	391,133	367,252	408,067
Total Expenditures	<u>25,734,925</u>	<u>33,195,741</u>	<u>41,183,125</u>	<u>32,815,818</u>	<u>35,338,023</u>
Excess of Revenues Over (Under) Expenditures	1,178,744	(3,958,461)	(9,577,828)	549,058	1,775,511
Other Financing Sources (Uses)					
Capital-Related Debt					
Issued (Regular Bonds)	14,131,899	--	--	--	--
Transfers In	--	--	--	--	--
Premium or Discount On Issuance of Bonds	--	--	--	--	--
Other Resources	--	252,581	1,047,544	53,838	--
Transfers Out	--	--	--	--	--
Payment to Bond Refunding Escrow Agent	--	--	--	--	--
Other Uses	(18,358)	(246,425)	(65,869)	(60,224)	--
Total Other Financing Sources (Uses)	<u>14,113,541</u>	<u>6,156</u>	<u>981,675</u>	<u>(6,386)</u>	<u>--</u>
Net Change in Fund Balances	<u>\$ 15,292,285</u>	<u>\$ (3,952,305)</u>	<u>\$ (8,596,153)</u>	<u>\$ 542,672</u>	<u>\$ 1,775,511</u>
Debt Service As A Percentage Of Noncapital Expenditures	9.1%	9.9%	8.5%	8.0%	7.5%

TABLE L-5

Fiscal Year				
2003	2004	2005	2006	2007
\$ 12,869,713	\$ 13,287,369	\$ 14,106,416	\$ 15,552,911	\$ 14,329,507
20,867,716	18,390,205	19,074,218	18,954,740	20,570,257
4,554,017	4,750,626	4,411,204	4,707,536	4,435,281
<u>38,291,446</u>	<u>36,428,200</u>	<u>37,591,838</u>	<u>39,215,187</u>	<u>39,335,045</u>
17,551,634	18,645,318	18,926,028	19,164,621	18,483,169
658,007	625,678	1,060,576	1,000,486	684,514
451,824	243,295	182,809	136,160	146,480
320,421	366,701	417,953	479,088	380,653
1,800,620	1,796,789	2,122,938	2,153,972	1,986,486
1,417,985	1,286,327	1,411,004	1,478,758	1,457,775
18,356	21,971	144,703	200,335	187,405
228,450	247,047	271,354	337,231	340,864
1,359,355	1,453,528	1,562,747	1,543,043	1,471,497
1,521,032	1,674,175	1,797,484	1,853,439	1,846,094
1,374,010	1,363,667	1,151,689	963,081	801,949
1,031,820	1,222,287	1,376,574	1,373,574	1,249,847
3,028,946	3,084,433	3,376,086	3,430,826	3,259,680
44,023	97,761	270,566	206,839	141,038
393,112	337,440	213,621	195,211	191,919
1,311,369	1,221,596	993,352	953,904	805,265
1,680,000	1,630,000	1,515,000	1,635,000	35,000
1,636,139	1,617,429	1,503,536	1,326,544	608,695
4,957	7,478	68,099	117,978	110,150
2,337,197	7,345,450	5,444,566	--	81,622
389,771	432,548	365,125	570,358	302,516
<u>38,559,028</u>	<u>44,720,918</u>	<u>44,175,810</u>	<u>39,120,448</u>	<u>34,572,618</u>
(267,582)	(8,292,718)	(6,583,972)	94,739	4,762,427
15,255,419	--	1,799,996	9,524,996	8,835,000
24,017	25,002	19,519	2,658	--
--	--	127,862	469,931	565,901
35,792	--	--	3,723	--
(24,017)	(25,002)	(19,519)	(2,658)	--
--	--	(1,864,835)	(9,875,073)	(9,294,294)
--	--	--	--	--
<u>15,291,211</u>	<u>--</u>	<u>63,023</u>	<u>123,577</u>	<u>106,607</u>
\$ <u>15,023,629</u>	\$ <u>(8,292,718)</u>	\$ <u>(6,520,949)</u>	\$ <u>218,316</u>	\$ <u>4,869,034</u>
9.2%	8.7%	8.0%	7.9%	2.2%

LOCKHART INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>
1998	\$ 195,207,690	\$ 29,570,953	\$ 28,396,850	\$ 37,371,340	\$ 215,804,153
1999	213,442,874	33,370,680	28,424,590	38,474,330	236,763,814
2000	235,055,179	38,140,740	30,645,840	39,750,900	264,090,859
2001	265,406,668	43,459,364	33,513,120	43,264,590	299,114,562
2002	321,830,773	50,886,476	39,279,310	45,525,930	366,470,629
2003	341,269,132	55,386,144	39,388,830	47,518,180	388,525,926
2004	351,699,404	57,458,280	43,693,830	51,499,180	401,352,334
2005	364,338,244	59,909,477	48,968,260	59,405,580	413,810,401
2006	392,234,612	67,512,510	46,841,160	64,039,880	442,548,402
2007	401,927,691	70,043,307	46,881,510	65,183,080	453,669,428

Source: Caldwell County Appraisal District

TABLE L-6

	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
\$	1.3150	\$ 152,781,437	141.250%
	1.4300	170,419,731	138.930%
	1.4169	194,187,467	135.998%
	1.4277	226,566,536	132.021%
	1.4100	289,598,935	126.544%
	1.4391	307,277,547	126.441%
	1.4654	317,130,282	126.558%
	1.5887	326,927,113	126.576%
	1.6900	354,839,867	124.718%
	1.5400	364,467,552	124.475%

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
1998	\$ 0.9751	\$ 0.3399	\$ 1.3150	\$ 0.6030	\$ 0.4758
1999	1.0912	0.3388	1.4300	0.5865	0.4944
2000	1.2800	0.1369	1.4169	0.5761	0.4857
2001	1.2948	0.1329	1.4277	0.5447	0.4766
2002	1.2665	0.1435	1.4100	0.5409	0.4766
2003	1.2637	0.1754	1.4391	0.5674	0.5166
2004	1.2637	0.2017	1.4654	0.5992	0.5566
2005	1.3860	0.2027	1.5887	0.6297	0.5700
2006	1.5000	0.1900	1.6900	0.6437	0.6350
2007	1.3700	0.1700	1.5400	0.6837	0.7074

Source: Caldwell County Appraisal District

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
LCRA Transmission Srv Corp	\$ 9,910,530	1	2.18%	\$ --	--	--
Southwestern Bell Telephone	5,742,250	2	1.27%	6,788,590	1	3.15%
Lockhart Village Partners LP	5,318,330	3	1.17%	--	--	--
Flint Hills Resources LP (TPL)	4,815,900	4	1.06%	--	--	--
Bluebonnet Electric Cooperative	4,069,200	5	0.90%	4,014,250	3	1.86%
H.E. Butt Grocery	3,741,860	6	0.82%	3,153,930	6	1.46%
Hoskins, Fred W.	3,253,850	7	0.72%	2,200,060	7	1.02%
Economy Realty Ltd	2,997,760	8	0.66%	--	--	--
Union Pacific RR Company	2,854,670	9	0.63%	--	--	--
Koch Refining	--	--	--	4,243,930	2	1.97%
Walmart Properties Inc	2,689,360	10	0.59%	3,435,520	5	1.59%
Kewaunee Scientific Eqp. Corp.	--	--	--	3,544,825	4	1.64%
Missouri Pacific Railroad	--	--	--	1,416,610	8	0.66%
General Telephone Company of SW	--	--	--	1,279,330	9	0.59%
Southern Union Company	--	--	--	1,162,670	10	0.54%
Total	\$ 45,393,710		10.00%	\$ 31,239,715		14.48%

Source: Caldwell County Appraisal District, District Records

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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			
1998	\$	4,420,068	\$	4,077,468	92.25%	\$	305,657	\$	4,383,125	99.16%
1999		5,151,690		4,765,634	92.51%		338,317		5,103,951	99.07%
2000		5,732,050		5,256,246	91.70%		415,490		5,671,736	98.95%
2001		6,470,101		5,939,877	91.81%		445,862		6,385,739	98.70%
2002		7,276,619		6,734,738	92.55%		416,528		7,151,266	98.28%
2003		8,768,635		8,121,451	92.62%		464,065		8,585,516	97.91%
2004		9,519,615		8,860,817	93.08%		327,833		9,188,650	96.52%
2005		10,570,504		9,846,508	93.15%		83,925		9,930,433	93.94%
2006		11,659,603		10,888,562	93.39%		335,418		11,223,980	96.26%
2007		11,599,828		10,668,038	91.97%		--		10,668,038	91.97%

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>Per Capita</u>	<u>Notes Payable</u>	<u>Capital Leases</u>
1998	\$ 21,239,777	13.90%	\$ 690	\$ 220,000	\$ 1,125,660
1999	20,764,777	12.18%	660	110,000	700,895
2000	20,176,600	10.39%	627	825,000	460,861
2001	19,677,982	8.69%	611	225,000	322,102
2002	34,607,925	11.95%	1,024	150,000	--
2003	33,619,224	10.94%	965	224,091	--
2004	32,649,994	10.30%	919	--	--
2005	31,134,993	9.52%	857	--	--
2006	29,499,990	8.31%	807	--	--
2007	29,464,990	8.08%	802	--	--

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

LOCKHART INDEPENDENT SCHOOL DISTRICT

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Total		
1998	\$ 21,239,777	\$ 21,239,777	13.90%	\$ 690
1999	20,764,777	20,764,777	12.18%	660
2000	20,176,600	20,176,600	10.39%	627
2001	19,677,982	19,677,982	8.69%	611
2002	34,607,925	34,607,925	11.95%	1,024
2003	33,619,224	33,619,224	10.94%	965
2004	32,649,994	32,649,994	10.30%	919
2005	31,134,993	31,134,993	9.52%	857
2006	29,499,990	29,499,990	8.31%	807
2007	29,464,990	29,464,990	8.08%	802

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

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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	\$ 4,770,000	59.640%	\$ 2,844,828
City of Lockhart	10,135,541	100.000%	10,135,541
Lockhart ISD	29,464,990	100.000%	<u>29,464,990</u>
 Total Direct and Overlapping Debt			 \$ <u>42,445,359</u>

Sources: Texas Municipal Report dated 6/07.

LOCKHART INDEPENDENT SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	1998	1999	2000	2001	2002
Debt Limit	\$ 24,795,148	\$ 26,673,196	\$ 29,998,367	\$ 33,637,971	\$ 38,210,256
Total Net Debt Applicable to Limit	<u>20,916,715</u>	<u>20,591,029</u>	<u>19,983,098</u>	<u>19,489,132</u>	<u>34,367,787</u>
Legal Debt Margin	\$ <u>3,878,433</u>	\$ <u>6,082,167</u>	\$ <u>10,015,269</u>	\$ <u>14,148,839</u>	\$ <u>3,842,469</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	84.36%	77.20%	66.61%	57.94%	89.94%

Source: Texas Municipal Reports

TABLE L-13

Fiscal Year				
2003	2004	2005	2006	2007
\$ 43,924,454	\$ 43,505,202	\$ 48,999,465	\$ 49,167,235	\$ 52,726,491
<u>33,451,276</u>	<u>32,436,985</u>	<u>30,766,688</u>	<u>30,747,447</u>	<u>26,933,080</u>
\$ <u>10,473,178</u>	\$ <u>11,068,217</u>	\$ <u>18,232,777</u>	\$ <u>18,419,788</u>	\$ <u>25,793,411</u>
76.16%	74.56%	62.79%	62.54%	51.08%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 753,235,584
Debt Limit (7% of Assessed Value)	52,726,491
Debt Applicable to Limit:	
General Obligation Bonds	29,464,990
Less: Amount Set Aside for Repayment of	
General Obligation Debt	<u>2,531,910</u>
Total Net Debt Applicable to Limit	<u>26,933,080</u>
Legal Debt Margin	\$ <u>25,793,411</u>

TABLE L-14

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1998	30,763	\$ 509,857	\$ 15,943	3.80%
1999	31,485	552,006	16,878	3.40%
2000	32,194	598,129	17,944	4.20%
2001	32,194	642,283	19,776	5.00%
2002	33,799	691,953	20,473	6.70%
2003	34,846	700,300	20,097	7.40%
2004	35,510	717,144	20,196	6.50%
2005	36,335	75,384	20,748	5.30%
2006	36,542	803,644	21,992	4.90%
2007	36,720	****	****	4.30%

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

*** This Data has not been published.

LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2007			1998		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lockhart ISD	688	1	****	****	1	****
The GEO Group, Inc.	186	2	****	****	2	****
Serta Dormae Mfg.	160	3	****	****	3	****
Pegasus	151	4	****	****	4	****
H.E.B. Food Store	147	5	****	****	5	****
City of Lockhart	141	6	****	****	6	****
Wal-Mart	122	7	****	****	7	****
Golden Age Home	112	8	****	****	8	****
Chisholm Trail Rehab Center	82	9	****	****	9	****
Livengood Feed	60	10	****	****	10	****
Total	1,849		****	****		****

***The 1997 information is not available from any source.

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

	Full-Time Equivalent Employees as of Year End					
	2002	2003	2004	2005	2006	2007
Instruction	385	388	383	385	422	393
Instructional Resources & Media Services	7	7	7	7	8	14
Instructional Leadership	8	6	5	5	5	5
School Leadership	36	36	36	38	40	40
Guidance & Counseling	21	21	22	27	27	27
Health Services	9	9	8	9	8	9
Food Service	46	46	41	43	45	45
Cocurricular/Extracurricular Activities	1	1	1	3	3	2
General Administration	23	23	27	19	19	18
Plant Maintenance & Operations	64	64	66	66	75	71
Security & Monitoring Services	2	2	2	3	3	2
Data Processing Services	2	2	2	2	2	2
Community Services	20	20	33	32	31	31
Total	<u>624</u>	<u>625</u>	<u>633</u>	<u>639</u>	<u>688</u>	<u>659</u>

Source: In-house District information

Note: Information for 1998 to 2001 was not available in this format.

LOCKHART INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Expenses</u>
1998	4,148	\$ 20,077,425	\$ 4,840	6%	\$ 25,734,925
1999	4,275	21,209,113	4,961	2%	33,195,741
2000	4,405	24,111,522	5,474	10%	41,183,125
2001	4,420	24,426,224	5,526	1%	32,815,818
2002	4,524	25,443,691	5,624	2%	35,338,023
2003	4,453	26,404,985	5,930	5%	38,559,028
2004	4,466	26,468,132	5,927	0%	44,720,918
2005	4,492	28,247,587	6,288	6%	44,175,819
2006	4,542	29,124,436	6,412	2%	39,120,448
2007	4,451	27,513,024	6,181	-4%	44,358,556

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
\$	6,204	7%	252.4	16.4	51.7%
	7,765	25%	257.2	16.6	49.1%
	9,349	20%	279.9	15.7	49.6%
	7,424	-21%	302.2	14.6	48.2%
	7,811	5%	297.2	15.2	46.7%
	8,659	11%	303.6	14.7	51.8%
	10,014	16%	303.1	14.7	53.6%
	9,834	-2%	374.5	14.6	55.0%
	8,613	-12%	329.6	13.8	58.0%
	9,966	16%	325.0	14:1	60.2%

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

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>County Average Salary</u>	<u>Statewide Average Salary</u>
1998	\$ 24,000	\$ 37,750	\$ 30,768	\$ 33,537
1999	24,000	39,050	34,047	34,336
2000	27,000	42,050	34,715	37,567
2001	28,350	43,400	34,960	38,361
2002	30,000	44,834	35,941	39,232
2003	32,500	47,937	36,838	39,974
2004	32,500	47,937	38,233	40,478
2005	33,500	48,957	37,903	41,011
2006	33,500	49,844	38,515	41,744
2007	36,250	52,344	*	*

Sources: AEIS Reports, District Records

* At the date of this report the 2006-07 AEIS report has not been published.

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	1998	1999	2000	2001	2002
School					
Elementary					
Carver Kindergarten (1953)					
Square Feet	52,578	52,578	52,578	52,578	52,578
Capacity	385	385	385	385	385
Enrollment	--	--	--	--	--
Clear Fork (1953)					
Square Feet	57,113	57,113	57,113	57,113	57,113
Capacity	441	441	441	441	441
Enrollment	--	--	--	--	--
Plum Creek (1986)					
Square Feet	67,233	67,233	67,233	67,233	67,233
Capacity	449	449	449	449	449
Enrollment	--	--	--	--	--
Navarro (1972)					
Square Feet	55,573	55,573	55,573	55,573	55,573
Capacity	415	415	415	415	415
Enrollment	--	--	--	--	--
Bluebonnet (2005)					
Square Feet	--	--	--	--	--
Capacity	--	--	--	--	--
Enrollment	--	--	--	--	--
School					
Secondary					
Lockhart Junior High (2000)					
Square Feet	--	--	--	152,105	152,105
Capacity	--	--	--	1,036	1,036
Enrollment	--	--	--	--	--
Lockhart HS Freshman Campus (1923)					
Square Feet	71,057	71,057	71,057	71,057	71,057
Capacity	361	361	361	361	361
Enrollment	--	--	--	--	--
Lockhart High School (1965)					
Square Feet	175,180	175,180	175,180	175,180	175,180
Capacity	924	924	924	924	924
Enrollment	--	--	--	--	--
Pride High School (1992)					
Square Feet	10,647	10,647	10,647	10,647	10,647
Capacity	58	58	58	58	58
Enrollment	--	--	--	--	--
Discipline Mgmt Center (1997)					
Square Feet	8,088	8,088	8,088	8,088	8,088
Capacity	40	40	40	40	40
Enrollment	--	--	--	--	--

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

TABLE L-19

Fiscal Year				
2003	2004	2005	2006	2007
52,578	52,578	52,578	52,578	52,578
385	385	385	385	385
--	--	--	388	417
57,113	57,113	57,113	57,113	57,113
441	441	441	441	441
--	--	--	419	414
67,233	67,233	67,233	67,233	67,233
449	449	449	449	449
--	--	--	449	458
55,573	55,573	55,573	55,573	55,573
415	415	415	415	415
--	--	--	421	417
--	--	64,992	64,992	64,992
--	--	479	479	479
--	--	--	468	482
152,105	152,105	152,105	152,105	152,105
1,036	1,036	1,036	1,036	1,036
--	--	--	1,019	999
71,057	71,057	71,057	71,057	71,057
361	361	361	361	361
--	--	352	352	319
175,180	175,180	175,180	175,180	175,180
924	924	924	924	924
--	--	831	831	850
10,647	10,647	10,647	10,647	10,647
58	58	58	58	58
--	--	--	57	43
8,088	8,088	8,088	8,088	8,088
40	40	40	40	40
--	--	--	--	--