

LOCKHART INDEPENDENT SCHOOL DISTRICT

*COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2006*

Prepared by: LOCKHART INDEPENDENT SCHOOL DISTRICT  
BUSINESS OFFICE

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Lockhart Independent School District  
 Comprehensive Annual Financial Report  
 For The Year Ended August 31, 2006

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*Introductory Section*

# Lockhart Independent School District

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Lockhart, TX 78644

Business Office  
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Fax 512-398-0025

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Dr. John Hall  
*Superintendent*

Tina Knudsen  
*Director of Finance*

December 2, 2006

Mr. John V. Flores, President  
Board of Trustee Members  
Lockhart Independent School District  
P.O. Box 120  
Lockhart, TX 78644

Dear Mr. Flores and Members of the Board:

The Comprehensive Annual Financial Report of the Lockhart Independent School District for the year ended August 31, 2006 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.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent certified public accountants.

## **Report Organization**

The comprehensive annual financial report is presented in four sections: Introductory; Financial; Other Supplementary Information; Statistical. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The management's discussion and analysis in the Financial section provides an overview of the financial position and results of operations for the year ended August 31, 2006. The Financial section also includes the basic financial statements, the notes to the financial statements and other supplementary information. The Other Supplemental Information Section includes the required audit reports on internal control

and compliance testing. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

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

### **The Reporting Entity and Its Services**

This report includes 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 its 4,195 students 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 (CATE) 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. Support activities include

Communities in Schools, student and staff daycare, after-school care, 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 strive to improve the skill and education levels in the county so residents can obtain higher paying jobs. Caldwell County is being prepped to become a prime location for business location. The relocation of Austin's airport to the current Austin-Bergstrom site puts the county within a half-hour of airfreight facilities.

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. 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. Although the funding for segment five and six has not been obtained, the highway is expected to go through this county within three to five years, and change the community atmosphere.

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 2005-2006 school year. A new hotel is almost complete, as well as a mattress production business is moving into a previous factory building, and a company that produces and sells cowboy hats has set up business this year in Lockhart.

As of September 19, 2006, the Chief Appraiser of the Caldwell County Appraisal District reported that all taxable properties in the District subject to appraisals to be valued at

\$772,083,451. In addition to this certified value, there is \$20,807,253 that reflects the estimated taxpayers' opinion of value for those properties still under protest. This value included taxable values of over-65 homesteads with school tax ceilings of \$116,035,826, and transfer adjustments of \$330,504. The total tax rate for the 2005-2006 school year was \$1.69 per one hundred of taxable property value and consists of the maintenance and operations tax rate of \$1.50 and the debt service tax rate of \$.19. The percentage of current tax collections increased 0.20%, i.e. from 93.2% to 93.4% from 2004-2005 to 2005-2006.

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, 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 is projected to be \$1.04 per hundred.

### **For the school year 2005-2006:**

#### **“Executive Summaries” of Key Instructional Functions:**

#### **Texas Assessment of Knowledge and Skills (TAKS) Highlights**

- ◆ Navarro Elementary achieved TEA Recognized status and was on the National Center for Educational Accountability list of the one of the Best Public Schools in Texas in the Texas Monthly magazine in the December 2006 issue.
- ◆ Clearfork Elementary achieved TEA Recognized status.
- ◆ Lockhart Junior High achieved TEA Recognized status and is one of only 26 schools in the state of Texas being considered for the USDE Blue Ribbon School award.
- ◆ TEA acknowledged a total of sixteen Gold Performance recognitions for Clear Fork Elementary, Navarro Elementary, Bluebonnet Elementary and Lockhart Junior High School for 2005-06.

#### **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 2005-06 LHS students earned credit for 237 college courses while still in high school through the ACC Dual Credit program, and earned credit for 50 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. One hundred seventy four members of the most recent graduating class were awarded \$166,450 in local scholarships from different area civic groups, foundations, and businesses. Additionally, nine students were awarded \$416,950 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 2006-2007**

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 2006-2007**

#### ***Instruction:***

1. Implement and monitor the instructional improvement initiatives set forth in the new Lockhart ISD KEYS (Knowledge Essential for Yearly Success) document.
2. 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 has improved.
3. The Lockhart Teacher Appraisal Process (LTAP) will be implemented in 2006-07, which follows the KEYS training.

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 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:***

1. LISD Community Outreach by members of Administration holding community meetings to the "four corners" of 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 2006-2007 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 650+ employees, within the Lockhart greater Lockhart community, and the region.
2. Customer service training for most “front-line” employees continues.

***Facilities:***

1. 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.

***Student and Employee Safety and Wellness:***

1. Review, update, and conduct employee training regarding the district Emergency Operations 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 twelve months ending August 31, 2006 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](http://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 approval by the Board of Trustees. The governmental funds that are annually appropriated (by state law) are the General Fund, the National School Breakfast and Lunch Program Fund and the Debt Service Fund.

### **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 \$422,388. Interest earnings for the Debt Service Fund were \$83,723 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 invested bond funds with Tex Pool and the MBIA pool. The 2002 bonds earned interest in the fiscal year totaling \$13,618. All District funds are fully collateralized by securities with a fair market value greater than or equal to 102% of the value of the District's remaining investment.

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 August 31, 2007. At that time, by Texas law, a two-year extension is allowed, if both parties to the contract agree in writing and it is approved by the respective boards.

### **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 2005-2006 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 policy has three categories of classification of rates that are multiplied times the annual payroll costs. The rates have remained constant for the third year in a row. During 2005-06, Lockhart I.S.D paid \$173,095 in workers compensation premiums.

For property loss exposure, the District has a policy through Great American Insurance Company in an Inter-local policy. The 2005-06 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 77<sup>th</sup> 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 four Superior Achievement ratings for the school years 2001-2002, 2002-2003, 2003-2004 and 2004-2005. 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.

The GFOA awarded Lockhart ISD its Certificate of Achievement for Excellence in Financial Reporting for last years' comprehensive annual financial report for the fiscal year ended August 31, 2005. This award is the first award ever received by the Lockhart Independent School District by the Government Finance Officers Association.

We believe that our August 31, 2006 report will satisfy the requirements of GFOA and will submit this report to determine its certificate eligibility. This will be the second 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.

Significant appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining 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, Assistant Superintendent for Information and Operations for his supervision and guidance of the Business Office, as well as his contribution to the writing of this report.

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. John Hall  
Superintendent of Schools

*(ORIGINAL SIGNATURE ON FILE)*

Tina Knudsen  
Director of Finance

# 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, 2005

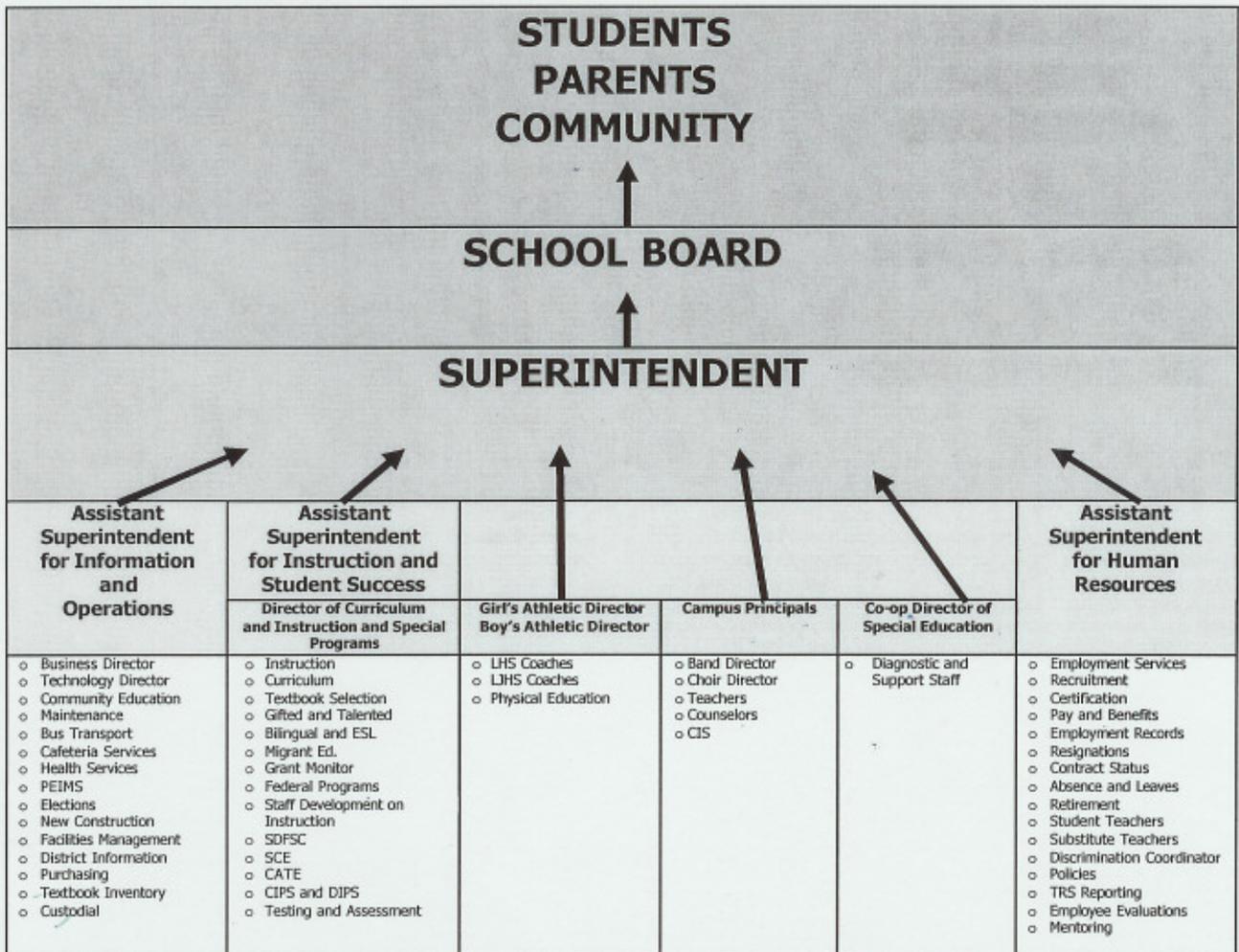
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# District Organizational Chart



# LOCKHART INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

AUGUST 31, 2006

## Elected Officials

---

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

## Appointed Officials

---

| <u>Name</u>     | <u>Position</u>  |
|-----------------|--|
| Dr. John Hall   | Superintendent   |
| Phil McBride    | Assistant Superintendent<br>Information and Operations                         |
| James Rabe      | Assistant Superintendent<br>Instruction and Student Success                    |
| Theresa Ramirez | Assistant Superintendent<br>Human Resources                                    |
| Tina Knudsen    | Director of Finance  |
| Janie Wright    | Executive Director of<br>Curriculum, Instruction and<br>Federal/State Programs |

CERTIFICATE OF BOARD

Lockhart Independent School District  
Name of School District

Caldwell  
County

028-902  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_approved \_\_\_\_\_disapproved for the year ended August 31, 2006, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

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

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

*Financial Section*

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

**Independent Auditor's Report on Financial Statements**

Board of Trustees  
Lockhart Independent School District  
Lockhart, Texas

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of and for the year ended August 31, 2006, 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.

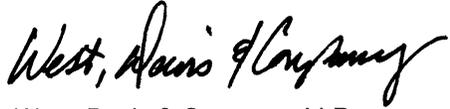
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of August 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2006, 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary 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.



West, Davis & Company, LLP  
December 2, 2006

## Lockhart Independent School District

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Lockhart Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2006. 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.

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) and changes in net assets (Table II) of the District's governmental and business-type activities.

Net assets of the District's governmental activities decreased from \$14.8 million to \$13.8 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$7.6 million at August 31, 2006. This decrease in governmental net assets was the result of the District's increase in instructional and instructional leadership expenses of \$435 thousand and in debt services cost of \$547 thousand.

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

**NET ASSETS**  
in thousands

|  | Governmental<br>Activities |        |
|--|----------------------------|--------|
|  | 2006                       | 2005   |
| Current and other assets                       | 12,928                     | 14,343 |
| Capital assets                                 | 35,470                     | 37,539 |
| Total assets                                   | 48,398                     | 51,882 |
| Long-term liabilities                          | 29,627                     | 31,646 |
| Other liabilities                              | 4,961                      | 5,411  |
| Total liabilities                              | 34,588                     | 37,057 |
| Net Assets:                                    |                            |        |
| Invested in capital assets net of related debt | 4,787                      | 5,893  |
| Restricted                                     | 1,400                      | 1,091  |
| Unrestricted                                   | 7,623                      | 7,841  |
| Total net assets                               | 13,810                     | 14,825 |

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

**CHANGES IN NET ASSETS**  
in thousands

|   | Governmental<br>Activities |               |
|---|----------------------------|---------------|
|   | 2006                       | 2005          |
| Revenues:                                       |                            |               |
| Program Revenues:                               |                            |               |
| Charges for Services                            | 1,944                      | 1,954         |
| Operating grants and contributions              | 5,428                      | 5,006         |
| General Revenues:                               |                            |               |
| Maintenance and operations taxes                | 10,536                     | 9,451         |
| Debt Service taxes                              | 1,357                      | 1,387         |
| State aid - formula grants                      | 18,238                     | 18,483        |
| Investment Earnings                             | 529                        | 405           |
| Miscellaneous                                   | 1,246                      | 749           |
| Total Revenue                                   | <u>39,278</u>              | <u>37,435</u> |
| Expenses:                                       |                            |               |
| Instruction, curriculum and media services      | 21,607                     | 21,278        |
| Instructional and school leadership             | 2,822                      | 2,716         |
| Student support services                        | 3,651                      | 3,465         |
| Child nutrition                                 | 1,848                      | 1,932         |
| Extracurricular activities                      | 1,040                      | 1,178         |
| General administration                          | 1,483                      | 1,469         |
| Plant maintenance, security and data processing | 4,065                      | 3,948         |
| Community services                              | 1,024                      | 1,056         |
| Debt services                                   | 2,183                      | 1,636         |
| Payments to fiscal agents                       | 570                        | 387           |
| Total Expenses                                  | <u>40,293</u>              | <u>39,065</u> |
| Increase in net assets                          | (1,015)                    | (1,630)       |
| Net assets at Beginning                         | <u>14,825</u>              | <u>16,455</u> |
| Net assets at Ending                            | <u>13,810</u>              | <u>14,825</u> |

## **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 \$8.3 million, which is \$0.3 million more than last year's total of \$8.0 million. This was a result of efforts to balance current year expenditures with associated revenues.

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 2005). 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.

There are no limitations on the use of fund resources other than that appropriations can not exceed the sum of beginning fund balance plus revenue estimates.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2006, the District had \$35.4 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 2007 capital budget calls for no additional expenditures for new instructional facilities. We have 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 \$1.2 million in accumulated accretion on CAB's totaling \$30.7 million versus \$31.6 million last year. The District refunded some \$9.525 million dollars in outstanding bonds during the year. This resulted in \$0.78 million in total savings in debt service payments over the life of the bonds. 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 2006 budget and tax rates. Those factors include property values, changes in enrollment, the economy, and legislative mandates.

A previously steady enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$31.3 million for the 2006-2007 fiscal year. When school opened in August 2006, enrollment was down by approximately 69 students. This is not expected to have a huge impact on the 2006-07 budget, as the budget was prepared very conservatively. The budget increase is a result of an anticipated pay raise for all employees, as well as \$300,000 budgeted for district-wide capital outlay needs. The budget increase is also due to the State of Texas increased funding to schools to pay for a \$2,000 pay increase to teachers, librarians, counselors and nurses for the 2006-07 school year.

Future enrollments and property values are forecast to remain steady, which will continue to produce revenues that fall short of projected expenditures. For the 2006-2007 budget year, the District has decreased its maintenance and operations tax rate to \$1.37 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.

*Basic Financial Statements*

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

AUGUST 31, 2006

| Data<br>Control<br>Codes | 1   | Governmental<br>Activities |
|--------------------------|---|----------------------------|
| <b>ASSETS:</b>           |   |                            |
| 1110                     | <i>Cash and Cash Equivalents</i>                      | \$ 492,952                 |
| 1120                     | <i>Current Investments</i>                            | 9,272,839                  |
| 1225                     | <i>Property Taxes Receivable (Net)</i>                | 930,562                    |
| 1240                     | <i>Due from Other Governments</i>                     | 1,487,117                  |
| 1267                     | <i>Due from Fiduciary</i>                             | 17,179                     |
| 1290                     | <i>Other Receivables (Net)</i>                        | 156,869                    |
| 1410                     | <i>Deferred Expenses</i>                              | 71,259                     |
| 1420                     | <i>Capitalized Bond and Other Debt Issuance Costs</i> | 499,888                    |
| Capital Assets:          |   |                            |
| 1510                     | <i>Land</i>   | 531,300                    |
| 1520                     | <i>Buildings and Improvements, Net</i>                | 34,088,154                 |
| 1530                     | <i>Furniture and Equipment, Net</i>                   | 850,174                    |
| 1000                     | Total Assets  | <u>48,398,293</u>          |
| <b>LIABILITIES:</b>      |   |                            |
| 2110                     | <i>Accounts Payable</i>                               | 1,254,539                  |
| 2140                     | <i>Interest Payable</i>                               | 152,194                    |
| 2165                     | <i>Accrued Liabilities</i>                            | 1,580,651                  |
| 2177                     | <i>Due to Fiduciary</i>                               | 1,999                      |
| 2180                     | <i>Due to Other Governments</i>                       | 357,305                    |
| 2190                     | <i>Due to Student Groups</i>                          | 16,142                     |
| 2300                     | <i>Unearned Revenue</i>                               | 542,628                    |
| Noncurrent Liabilities:  |   |                            |
| 2501                     | <i>Due Within One Year</i>                            | 1,054,997                  |
| 2502                     | <i>Due in More Than One Year</i>                      | 29,628,162                 |
| 2000                     | Total Liabilities                                     | <u>34,588,617</u>          |
| <b>NET ASSETS</b>        |   |                            |
| 3200                     | Invested in Capital Assets, Net of Related Debt       | 4,786,469                  |
| Restricted For:          |   |                            |
| 3820                     | Federal and State Programs                            | 627,626                    |
| 3850                     | Debt Service  | 391,340                    |
| 3860                     | Capital Projects                                      | 36,934                     |
| 3870                     | Campus Activities                                     | 59,326                     |
| 3890                     | Other Purposes  | 285,033                    |
| 3900                     | Unrestricted  | 7,622,948                  |
| 3000                     | Total Net Assets                                      | <u>\$ 13,809,676</u>       |

The accompanying notes are an integral part of this statement.

## LOCKHART INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2006

| Data<br>Control<br>Codes | Functions/Programs  | 1<br>Expenses | 3<br>Program Revenues   |  | 4<br>Operating<br>Grants and<br>Contributions | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|--------------------------|---|---------------|-------------------------|--|---|--|
|                          |   |               | Charges for<br>Services |  |   |  |
|                          | Government Activities:  |               |                         |  |   |  |
| 11                       | <i>Instruction</i>  | \$ 20,392,666 | \$ 229,953              |  | \$ 2,441,329                                  | \$ (17,721,384)  |
| 12                       | <i>Instructional Resources and Media Services</i>                   | 1,073,048     | --                      |  | 74,525  | (998,523)  |
| 13                       | <i>Curriculum and Staff Development</i>                             | 141,502       | 471                     |  | 48,464  | (92,567)   |
| 21                       | <i>Instructional Leadership</i>                                     | 499,002       | 99,683                  |  | 43,000  | (356,319)  |
| 23                       | <i>School Leadership</i>  | 2,323,042     | --                      |  | 79,712  | (2,243,330)  |
| 31                       | <i>Guidance, Counseling, &amp; Evaluation Services</i>              | 1,534,457     | 132,011                 |  | 550,171                                       | (852,275)  |
| 32                       | <i>Social Work Services</i>   | 214,988       | --                      |  | 11,601  | (203,387)  |
| 33                       | <i>Health Services</i>  | 358,395       | --                      |  | 76,974  | (281,421)  |
| 34                       | <i>Student Transportation</i>                                       | 1,543,043     | --                      |  | 353,045                                       | (1,189,998)  |
| 35                       | <i>Food Service</i>   | 1,848,389     | 658,243                 |  | 1,137,696                                     | (52,450)   |
| 36                       | <i>Cocurricular/Extracurricular Activities</i>                      | 1,039,678     | 76,230                  |  | 25,495  | (937,953)  |
| 41                       | <i>General Administration</i>                                       | 1,482,512     | 2,416                   |  | 54,885  | (1,425,211)  |
| 51                       | <i>Plant Maintenance and Operations</i>                             | 3,700,807     | 62,003                  |  | 138,136                                       | (3,500,668)  |
| 52                       | <i>Security and Monitoring Services</i>                             | 155,173       | 15                      |  | 8,886   | (146,272)  |
| 53                       | <i>Data Processing Services</i>                                     | 208,777       | --                      |  | 6,897   | (201,880)  |
| 61                       | <i>Community Services</i>   | 1,024,296     | 682,907                 |  | 31,424  | (309,965)  |
| 72                       | <i>Interest on Long-term Debt</i>                                   | 2,038,849     | --                      |  | --  | (2,038,849)  |
| 73                       | <i>Bond Issuance Costs and Fees</i>                                 | 144,278       | --                      |  | --  | (144,278)  |
| 93                       | <i>Payments Related to Shared Services Arrangements</i>             | 570,358       | --                      |  | 345,697                                       | (224,661)  |
| TG                       | Total Governmental Activities                                       | 40,293,260    | 1,943,932               |  | 5,427,937                                     | (32,921,391)   |
| TP                       | Total Primary Government  | \$ 40,293,260 | \$ 1,943,932            |  | \$ 5,427,937                                  | (32,921,391)   |
|                          | General Revenues:   |               |                         |  |   |  |
| MT                       | <i>Property Taxes, Levied for General Purposes</i>                  |               |                         |  |   | 10,535,713   |
| DT                       | <i>Property Taxes, Levied for Debt Service</i>                      |               |                         |  |   | 1,356,970  |
| IE                       | <i>Investment Earnings</i>  |               |                         |  |   | 532,972  |
| GC                       | <i>Grants and Contributions Not Restricted to Specific Programs</i> |               |                         |  |   | 18,237,919   |
| MI                       | <i>Miscellaneous</i>  |               |                         |  |   | 1,242,388  |
| TR                       | Total General Revenues  |               |                         |  |   | 31,905,962   |
| CN                       | Change in Net Assets  |               |                         |  |   | (1,015,429)  |
| NB                       | Net Assets - Beginning  |               |                         |  |   | 14,825,105   |
| NE                       | Net Assets - Ending   |               |                         |  |   | \$ 13,809,676  |

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2006

| Data<br>Control<br>Codes | 10<br>General<br>Fund                          | Other<br>Governmental<br>Funds | 98<br>Total<br>Governmental<br>Funds |               |
|--------------------------|--|--------------------------------|--------------------------------------|---------------|
| <b>ASSETS:</b>           |  |                                |                                      |               |
| 1110                     | Cash and Cash Equivalents                      | \$ 81,667                      | \$ 411,285                           | \$ 492,952    |
| 1120                     | Current Investments                            | 7,920,015                      | 1,352,824                            | 9,272,839     |
| 1225                     | Taxes Receivable, Net                          | 823,637                        | 106,925                              | 930,562       |
| 1240                     | Due from Other Governments                     | 1,282,143                      | 204,974                              | 1,487,117     |
| 1260                     | Due from Other Funds                           | 233,687                        | 20,711                               | 254,398       |
| 1290                     | Other Receivables                              | 152,080                        | 4,789                                | 156,869       |
| 1410                     | Deferred Expenditures                          | 71,259                         | --                                   | 71,259        |
| 1000                     | Total Assets                                   | \$ 10,564,488                  | \$ 2,101,508                         | \$ 12,665,996 |
| <b>LIABILITIES:</b>      |  |                                |                                      |               |
| Current Liabilities:     |  |                                |                                      |               |
| 2110                     | Accounts Payable                               | \$ 1,105,015                   | \$ 149,524                           | \$ 1,254,539  |
| 2150                     | Payroll Deductions & Withholdings              | 78,479                         | --                                   | 78,479        |
| 2160                     | Accrued Wages Payable                          | 1,467,250                      | 34,922                               | 1,502,172     |
| 2170                     | Due to Other Funds                             | 1,999                          | 237,219                              | 239,218       |
| 2180                     | Due to Other Governments                       | 212,603                        | 144,702                              | 357,305       |
| 2190                     | Due to Student Groups                          | --                             | 16,142                               | 16,142        |
| 2300                     | Unearned Revenue                               | 831,306                        | 122,536                              | 953,842       |
| 2000                     | Total Liabilities                              | 3,696,652                      | 705,045                              | 4,401,697     |
| <b>FUND BALANCES:</b>    |  |                                |                                      |               |
| Reserved Fund Balances:  |  |                                |                                      |               |
| 3420                     | Debt Service                                   | --                             | 387,544                              | 387,544       |
| 3450                     | Reserve for Food Service                       | --                             | 285,033                              | 285,033       |
| 3470                     | Capital Acquisitions & Contractual Obligations | --                             | 36,934                               | 36,934        |
| 3490                     | Other Reserves of Fund Balance                 | --                             | 686,952                              | 686,952       |
| 3600                     | Unreserved                                     | 6,867,836                      | --                                   | 6,867,836     |
| 3000                     | Total Fund Balances                            | 6,867,836                      | 1,396,463                            | 8,264,299     |
| 4000                     | Total Liabilities and Fund Balances            | \$ 10,564,488                  | \$ 2,101,508                         | \$ 12,665,996 |

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  
 AUGUST 31, 2006*

|   |                      |
|---|----------------------|
| Total fund balances - governmental funds balance sheet  | \$ 8,264,299         |
| <p>Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:</p> |                      |
| Capital assets used in governmental activities are not reported in the funds.                                     | 35,469,628           |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.           | 930,562              |
| Payables for bond principal which are not due in the current period are not reported in the funds.                | (29,499,990)         |
| Accumulated accretion of interest on capital appreciation bonds is not reported in the funds.                     | (1,183,169)          |
| Payables for bond interest which are not due in the current period are not reported in the funds.                 | (152,194)            |
| Bond premium capitalized in the SNA is reflected as inflow in the funds.  | (519,348)            |
| Bond issuance costs and similar items are capitalized and amortized in the SNA but not in the funds.              | <u>499,888</u>       |
| Net assets of governmental activities - statement of net assets   | <u>\$ 13,809,676</u> |

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                                | 10<br>General Fund  | Other<br>Governmental Funds | 98<br>Total<br>Governmental Funds |
|---|---------------------|-----------------------------|-----------------------------------|
| <b>REVENUES:</b>                                  |                     |                             |                                   |
| 5700 Local and Intermediate Sources               | \$ 12,200,833       | \$ 3,355,788                | \$ 15,556,621                     |
| 5800 State Program Revenues                       | 16,556,574          | 2,398,166                   | 18,954,740                        |
| 5900 Federal Program Revenues                     | 317,230             | 4,390,306                   | 4,707,536                         |
| 5020 Total Revenues                               | <u>29,074,637</u>   | <u>10,144,260</u>           | <u>39,218,897</u>                 |
| <b>EXPENDITURES:</b>                              |                     |                             |                                   |
| Current:  |                     |                             |                                   |
| 0011 Instruction                                  | 16,282,689          | 2,881,932                   | 19,164,621                        |
| 0012 Instructional Resources and Media Services   | 888,068             | 112,405                     | 1,000,473                         |
| 0013 Curriculum and Staff Development             | 43,161              | 92,999                      | 136,160                           |
| 0021 Instructional Leadership                     | 251,418             | 227,670                     | 479,088                           |
| 0023 School Leadership                            | 2,135,024           | 18,948                      | 2,153,972                         |
| 0031 Guidance, Counseling, & Evaluation Services  | 705,620             | 773,138                     | 1,478,758                         |
| 0032 Social Work Services                         | 188,117             | 12,218                      | 200,335                           |
| 0033 Health Services                              | 264,550             | 72,681                      | 337,231                           |
| 0034 Student Transportation                       | 1,295,580           | 247,463                     | 1,543,043                         |
| 0035 Food Service                                 | --                  | 1,853,439                   | 1,853,439                         |
| 0036 Cocurricular/Extracurricular Activities      | 921,098             | 41,983                      | 963,081                           |
| 0041 General Administration                       | 1,364,927           | 8,647                       | 1,373,574                         |
| 0051 Plant Maintenance and Operations             | 3,355,454           | 75,372                      | 3,430,826                         |
| 0052 Security and Monitoring Services             | 152,106             | 54,733                      | 206,839                           |
| 0053 Data Processing Services                     | 171,523             | 23,688                      | 195,211                           |
| 0061 Community Services                           | 862,141             | 91,763                      | 953,904                           |
| 0071 Principal on Long-term Debt                  | --                  | 1,635,000                   | 1,635,000                         |
| 0072 Interest on Long-term Debt                   | --                  | 1,326,544                   | 1,326,544                         |
| 0073 Bond Issuance Costs and Fees                 | --                  | 117,978                     | 117,978                           |
| 0093 Payments to Shared Service Arrangements      | 242,674             | 327,684                     | 570,358                           |
| 6030 Total Expenditures                           | <u>29,124,150</u>   | <u>9,996,285</u>            | <u>39,120,435</u>                 |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                     |                             |                                   |
| 1100 Expenditures                                 | <u>(49,513)</u>     | <u>147,975</u>              | <u>98,462</u>                     |
| Other Financing Sources and (Uses):               |                     |                             |                                   |
| 7901 Refunding Bonds Issued                       | --                  | 9,524,996                   | 9,524,996                         |
| 7915 Transfers In                                 | --                  | 2,658                       | 2,658                             |
| 7916 Premium or Discount on Issuance of Bonds     | --                  | 469,931                     | 469,931                           |
| 8911 Transfers Out                                | (2,658)             | --                          | (2,658)                           |
| 8940 Payment to Bond Refunding Escrow Agent       | --                  | (9,875,073)                 | (9,875,073)                       |
| 7080 Total Other Financing Sources and (Uses)     | <u>(2,658)</u>      | <u>122,512</u>              | <u>119,854</u>                    |
| 1200 Net Change in Fund Balances                  | <u>(52,171)</u>     | <u>270,487</u>              | <u>218,316</u>                    |
| 0100 Fund Balances - Beginning                    | 6,920,007           | 1,125,976                   | 8,045,983                         |
| 3000 Fund Balances - Ending                       | <u>\$ 6,867,836</u> | <u>\$ 1,396,463</u>         | <u>\$ 8,264,299</u>               |

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2006*

|  |                       |
|--|-----------------------|
| Net change in fund balances - total governmental funds   | \$ 218,316            |
| Amounts reported for governmental activities in the statement of activities ("SOA") are different because: |                       |
| Capital outlays are not reported as expenses in the SOA.   | 108,295               |
| The depreciation of capital assets used in governmental activities is not reported in the funds.           | (2,177,515)           |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.    | 31,634                |
| Bond premium and similar items are amortized in the SOA but not in the funds.                              | 27,300                |
| Bond issuance costs and similar items are amortized in the SOA but not in the funds.                       | (26,300)              |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.               | 1,635,000             |
| Bond premium and similar items are amortized in the SOA but not in the funds                               | (469,931)             |
| The accretion of interest on capital appreciation bonds is not reported in the funds.                      | (671,801)             |
| (Increase) decrease in accrued interest from beginning of period to end of period                          | (40,504)              |
| Transfers to bond refunding escrow agents are reported in the funds but not in the SOA.                    | 9,875,073             |
| Bond proceeds are reported as sources in the funds but not in the SOA.                                     | <u>(9,524,996)</u>    |
| Change in net assets of governmental activities - statement of activities                                  | <u>\$ (1,015,429)</u> |

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

AUGUST 31, 2006

| Data<br>Control<br>Codes                    | Private-purpose<br>Trust<br>Funds | Scholarship<br>Fund | Agency<br>Funds   |
|---|-----------------------------------|---------------------|-------------------|
|   | <u>          </u>                 | <u>          </u>   | <u>          </u> |
| <b>ASSETS:</b>                              |                                   |                     |                   |
| 1110 <i>Cash and Cash Equivalents</i>       | \$ --                             |                     | \$ 87,911         |
| 1120 <i>Current Investments</i>             |                                   | 250,153             | --                |
| 1260 <i>Due from District's Other Funds</i> |                                   | 1,793               | 206               |
| 1290 <i>Other Receivables</i>               |                                   | --                  | 8                 |
| 1000 <i>Total Assets</i>                    | <u>\$ 251,946</u>                 |                     | <u>\$ 88,125</u>  |
| <b>LIABILITIES:</b>                         |                                   |                     |                   |
| Current Liabilities:                        |                                   |                     |                   |
| 2110 <i>Accounts Payable</i>                | \$ 816                            |                     | \$ --             |
| 2170 <i>Due to District's Other Funds</i>   |                                   | 692                 | 16,487            |
| 2190 <i>Due to Student Groups</i>           |                                   | --                  | 71,638            |
| 2300 <i>Unearned Revenues</i>               |                                   | 10                  | --                |
| 2000 <i>Total Liabilities</i>               |                                   | <u>1,518</u>        | <u>88,125</u>     |
| <b>NET ASSETS</b>                           |                                   |                     |                   |
| 3800 <i>Held in Trust</i>                   |                                   | 250,428             | --                |
| 3000 <i>Total Net Assets</i>                | <u>\$ 250,428</u>                 |                     | <u>\$ --</u>      |

The accompanying notes are an integral part of this statement.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2006

|                                  | Private-<br>Purpose<br>Trusts<br><u>Scholarship<br/>Fund</u> |
|----------------------------------|--|
| <b>Additions:</b>                |  |
| Investment Income                | \$ 10,613  |
| Gifts and Bequests               | 75,054   |
| Total Additions                  | <u>85,667</u>  |
| <b>Deductions:</b>               |  |
| Scholarship Awards               | <u>39,975</u>  |
| Total Deductions                 | <u>39,975</u>  |
| <b>Change in Net Assets</b>      | 45,692   |
| Net Assets-Beginning of the Year | 204,736  |
| Net Assets-End of the Year       | <u>\$ 250,428</u>  |

The accompanying notes are an integral part of this statement.

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2006

### 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.

In addition, the District reports the following fund types:

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

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

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

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 YEAR ENDED AUGUST 31, 2006

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 YEAR ENDED AUGUST 31, 2006

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 August 31, 2006, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$492,952 and the bank balance was \$906,499. The District's cash deposits at August 31, 2006 and during the period ended August 31, 2006, 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 YEAR ENDED AUGUST 31, 2006

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 August 31, 2006 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          | \$ 8,030,046        | 87%               |
| MBIA Texas Class (Pool)              | 29 days average | AAA            | 1,242,793           | 13%               |
|                                      |                 |                | <u>\$ 9,272,839</u> | 100%              |

### 3. Analysis of Specific Deposit and Investment Risks

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

#### a. Credit Risk

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

#### b. Custodial Credit Risk

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

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

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

#### c. Concentration of Credit Risk

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

#### d. Interest Rate Risk

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

#### e. Foreign Currency Risk

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

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

### 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.

### D. Capital Assets

Capital asset activity for the year ended August 31, 2006, was as follows:

|  | Beginning<br>Balances | Increases             | Decreases    | Ending<br>Balances   |
|--|-----------------------|-----------------------|--------------|----------------------|
| <u>Governmental activities:</u>              |                       |                       |              |                      |
| <i>Capital assets not being depreciated:</i> |                       |                       |              |                      |
| Land   | \$ 531,300            | \$ --                 | \$ --        | \$ 531,300           |
| Total capital assets not being depreciated   | <u>531,300</u>        | <u>--</u>             | <u>--</u>    | <u>531,300</u>       |
| <i>Capital assets being depreciated:</i>     |                       |                       |              |                      |
| Buildings and improvements                   | 55,204,674            | 10,240                | --           | 55,214,914           |
| Furniture and equipment                      | 3,192,327             | 98,055                | --           | 3,290,382            |
| Total capital assets being depreciated       | <u>58,397,001</u>     | <u>108,295</u>        | <u>--</u>    | <u>58,505,296</u>    |
| Less accumulated depreciation for:           |                       |                       |              |                      |
| Buildings and improvements                   | (19,226,991)          | (1,899,769)           | --           | (21,126,760)         |
| Furniture and equipment                      | (2,162,462)           | (277,746)             | --           | (2,440,208)          |
| Total accumulated depreciation               | <u>(21,389,453)</u>   | <u>(2,177,515)</u>    | <u>--</u>    | <u>(23,566,968)</u>  |
| Total capital assets being depreciated, net  | <u>37,007,548</u>     | <u>(2,069,220)</u>    | <u>--</u>    | <u>34,938,328</u>    |
| Governmental activities capital assets, net  | <u>\$ 37,538,848</u>  | <u>\$ (2,069,220)</u> | <u>\$ --</u> | <u>\$ 35,469,628</u> |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

Depreciation was charged to functions as follows:

|   |                     |
|---|---------------------|
| Instruction                                 | \$ 1,267,859        |
| Instructional Resources and Media Services  | 72,575              |
| Curriculum and Staff Development            | 5,342               |
| Instructional Leadership                    | 19,914              |
| School Leadership                           | 169,070             |
| Guidance, Counseling, & Evaluation Services | 55,699              |
| Social Work Services                        | 14,653              |
| Health Services                             | 21,164              |
| Extracurricular Activities                  | 76,597              |
| General Administration                      | 108,938             |
| Plant Maintenance and Operations            | 269,981             |
| Security and Monitoring Services            | 11,765              |
| Data Processing Services                    | 13,566              |
| Community Services                          | 70,392              |
|   | <u>\$ 2,177,515</u> |

### E. Interfund Balances and Activities

#### 1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2006, consisted of the following:

| <u>Due To Fund</u>       | <u>Due From Fund</u>     | <u>Amount</u>     | <u>Purpose</u>   |
|--------------------------|--------------------------|-------------------|------------------|
| General Fund             | Other Governmental Funds | \$ 216,508        | Short-term loans |
| Other Governmental Funds | Other Governmental Funds | 20,711            | Short-term loans |
|                          | Total                    | <u>\$ 237,219</u> |                  |
| Due from Fiduciary       |                          | <u>\$ 17,179</u>  |                  |
|                          | Total                    | <u>\$ 254,398</u> |                  |

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

#### 2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2006, consisted of the following:

| <u>Transfers From</u> | <u>Transfers To</u>      | <u>Amount</u>   | <u>Reason</u>                  |
|-----------------------|--------------------------|-----------------|--------------------------------|
| General fund          | Other Governmental Funds | \$ 2,658        | Supplement other funds sources |
|                       | Total                    | <u>\$ 2,658</u> |                                |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

### F. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2006, 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%     | \$ 14,859,997        | \$ --                | \$ 10,705,000        | \$ 4,154,997         | \$ 619,997                  |
| 2002                            | 15.50                     | 2.00-5.10%     | 14,545,000           | --                   | 325,000              | 14,220,000           | 325,000                     |
| 2004                            | 1.80                      | 2.90-3.00%     | 1,729,996            | --                   | 35,000               | 1,694,996            | 35,000                      |
| 2006                            | 9.52                      | 3.66%          | --                   | 9,524,997            | 95,000               | 9,429,997            | 75,000                      |
| Accumulated Accretion on CAB    |                           |                | 511,368              | 671,801              | --                   | 1,183,169            | --                          |
| Total governmental activities   |                           |                | <u>\$ 31,646,361</u> | <u>\$ 10,196,798</u> | <u>\$ 11,160,000</u> | <u>\$ 30,683,159</u> | <u>\$ 1,054,997</u>         |

#### 2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2006, are as follows:

| Year Ending August 31, | Governmental Activities |                      |                      |
|------------------------|-------------------------|----------------------|----------------------|
|                        | Principal               | Interest             | Total                |
| 2007                   | \$ 1,054,997            | \$ 1,796,866         | \$ 2,851,863         |
| 2008                   | 1,635,000               | 1,186,994            | 2,821,994            |
| 2009                   | 1,479,996               | 1,573,411            | 3,053,407            |
| 2010                   | 1,750,000               | 1,066,378            | 2,816,378            |
| 2011                   | 809,997                 | 1,624,734            | 2,434,731            |
| 2012-2016              | 7,655,000               | 4,353,968            | 12,008,968           |
| 2017-2021              | 8,780,000               | 2,675,294            | 11,455,294           |
| 2022-2026              | 5,360,000               | 948,278              | 6,308,278            |
| 2027                   | 975,000                 | 48,750               | 1,023,750            |
| Totals                 | <u>\$ 29,499,990</u>    | <u>\$ 15,274,673</u> | <u>\$ 44,774,663</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 August 31, 2006, 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 \$9.525 million in outstanding Series 1997 debt during the year ended 2006. This resulted in a net economic gain of some \$781,000 and a decrease in aggregate debt service payment to maturity of \$776,000.

| Bond Issue  | Amount               |
|-------------|----------------------|
| Series 1992 | \$ 1,800,000         |
| Series 1997 | 9,525,000            |
| Total       | <u>\$ 11,325,000</u> |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2006

### G. 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 2006, 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.

### H. Pension Plan

#### 1. Plan Description

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

#### 2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the fiscal periods ending in 2006, 2005, and 2004 were \$1,367,495, \$1,201,457 and \$1,167,058 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 2006, 2005, and 2004 were \$232,436, \$233,507 and \$228,563, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$1,126,877 for the year ended August 31, 2006. These amounts are reflected as state revenue and personnel expense.

### I. Health Care Coverage

During the period ended August 31, 2006, 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 \$117. 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).

### J. 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.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2006*

2. Litigation

No reportable litigation was pending against the District at August 31, 2006.

## *Required Supplementary Information*

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

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2006

**EXHIBIT G-1**

Page 1 of 2

| Data<br>Control<br>Codes                      | 1  |                    | 2                 | 3                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--|--------------------|-------------------|-------------------|---|
|   | Budgeted Amounts                             |                    |                   | Actual            |   |
|   | Original                                     | Final              |                   |                   |   |
| <b>REVENUES:</b>                              |  |                    |                   |                   |   |
| 5700  | Local and Intermediate Sources               | \$ 12,188,162      | \$ 12,304,045     | \$ 12,200,833     | \$ (103,212)  |
| 5800  | State Program Revenues                       | 16,808,924         | 16,870,539        | 16,556,574        | (313,965)   |
| 5900  | Federal Program Revenues                     | 147,500            | 148,700           | 317,230           | 168,530   |
| 5020  | Total Revenues                               | <u>29,144,586</u>  | <u>29,323,284</u> | <u>29,074,637</u> | <u>(248,647)</u>  |
| <b>EXPENDITURES:</b>                          |  |                    |                   |                   |   |
| Current:                                      |  |                    |                   |                   |   |
| Instruction & Instructional Related Services: |  |                    |                   |                   |   |
| 0011  | Instruction                                  | 16,796,519         | 16,418,830        | 16,282,689        | 136,141   |
| 0012  | Instructional Resources and Media Services   | 968,273            | 939,853           | 888,068           | 51,785  |
| 0013  | Curriculum and Staff Development             | 99,743             | 69,184            | 43,161            | 26,023  |
|   | Total Instruction & Instr. Related Services  | <u>17,864,535</u>  | <u>17,427,867</u> | <u>17,213,918</u> | <u>213,949</u>  |
| Instructional and School Leadership:          |  |                    |                   |                   |   |
| 0021  | Instructional Leadership                     | 257,955            | 257,892           | 251,418           | 6,474   |
| 0023  | School Leadership                            | 2,181,289          | 2,189,464         | 2,135,024         | 54,440  |
|   | Total Instructional & School Leadership      | <u>2,439,244</u>   | <u>2,447,356</u>  | <u>2,386,442</u>  | <u>60,914</u>   |
| Support Services - Student (Pupil):           |  |                    |                   |                   |   |
| 0031  | Guidance, Counseling and Evaluation Services | 711,830            | 721,303           | 705,620           | 15,683  |
| 0032  | Social Work Services                         | 187,223            | 189,755           | 188,117           | 1,638   |
| 0033  | Health Services                              | 271,875            | 274,071           | 264,550           | 9,521   |
| 0034  | Student (Pupil) Transportation               | 1,326,882          | 1,331,579         | 1,295,580         | 35,999  |
| 0036  | Cocurricular/Extracurricular Activities      | 1,041,483          | 991,936           | 921,098           | 70,838  |
|   | Total Support Services - Student (Pupil)     | <u>3,539,293</u>   | <u>3,508,644</u>  | <u>3,374,965</u>  | <u>133,679</u>  |
| Administrative Support Services:              |  |                    |                   |                   |   |
| 0041  | General Administration                       | 1,461,333          | 1,408,407         | 1,364,927         | 43,480  |
|   | Total Administrative Support Services        | <u>1,461,333</u>   | <u>1,408,407</u>  | <u>1,364,927</u>  | <u>43,480</u>   |
| Support Services - Nonstudent Based:          |  |                    |                   |                   |   |
| 0051  | Plant Maintenance and Operations             | 3,536,500          | 3,496,265         | 3,355,454         | 140,811   |
| 0052  | Security and Monitoring Services             | 136,182            | 152,353           | 152,106           | 247   |
| 0053  | Data Processing Services                     | 178,855            | 175,678           | 171,523           | 4,155   |
|   | Total Support Services - Nonstudent Based    | <u>3,851,537</u>   | <u>3,824,296</u>  | <u>3,679,083</u>  | <u>145,213</u>  |
| Ancillary Services:                           |  |                    |                   |                   |   |
| 0061  | Community Services                           | 907,813            | 911,586           | 862,141           | 49,445  |
|   | Total Ancillary Services                     | <u>907,813</u>     | <u>911,586</u>    | <u>862,141</u>    | <u>49,445</u>   |
| Intergovernmental Charges:                    |  |                    |                   |                   |   |
| 0093  | Payments to Fiscal Agent/Member Dist.-SSA    | 296,153            | 342,000           | 242,674           | 99,326  |
|   | Total Intergovernmental Charges              | <u>296,153</u>     | <u>342,000</u>    | <u>242,674</u>    | <u>99,326</u>   |
| 6030  | Total Expenditures                           | <u>30,359,908</u>  | <u>29,870,156</u> | <u>29,124,150</u> | <u>746,006</u>  |
| 1100  | Excess (Deficiency) of Revenues Over (Under) |                    |                   |                   |   |
| 1100  | Expenditures                                 | <u>(1,215,322)</u> | <u>(546,872)</u>  | <u>(49,513)</u>   | <u>497,359</u>  |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2006

EXHIBIT G-1

Page 2 of 2

| Data<br>Control<br>Codes | 1  | 2            | 3            | Variance with<br>Final Budget<br>Positive<br>(Negative) |            |
|--------------------------|--|--------------|--------------|---|------------|
|                          | Budgeted Amounts                         |              | Actual       |   |            |
|                          | Original                                 | Final        |              |   |            |
|                          | Other Financing Sources (Uses):          |              |              |   |            |
| 8911                     | <i>Transfers Out</i>                     | (2,315)      | (2,345)      | (2,658)   | (313)      |
| 7080                     | Total Other Financing Sources and (Uses) | (2,315)      | (2,345)      | (2,658)   | (313)      |
| 1200                     | Net Change in Fund Balance               | (1,217,637)  | (549,217)    | (52,171)  | 497,046    |
| 0100                     | Fund Balance - Beginning                 | 6,920,007    | 6,920,007    | 6,920,007   | --         |
| 3000                     | Fund Balance - Ending                    | \$ 5,702,370 | \$ 6,370,790 | \$ 6,867,836  | \$ 497,046 |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2006*

The District's budgets are prepared on the same GAAP basis of accounting applied to all financial statements.

*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

AUGUST 31, 2006

| Data<br>Control<br>Codes | Special<br>Revenue<br>Funds                    | Debt<br>Service<br>Fund | Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds (See<br>Exhibit C-1) |              |
|--------------------------|--|-------------------------|------------------------------|---|--------------|
| <b>ASSETS:</b>           |  |                         |                              |   |              |
| 1110                     | Cash and Cash Equivalents                      | \$ 411,195              | \$ 1                         | \$ 89   | \$ 411,285   |
| 1120                     | Current Investments                            | 856,469                 | 397,109                      | 99,246  | 1,352,824    |
| 1225                     | Taxes Receivable, Net                          | --                      | 106,925                      | --  | 106,925      |
| 1240                     | Due from Other Governments                     | 204,974                 | --                           | --  | 204,974      |
| 1260                     | Due from Other Funds                           | 20,711                  | --                           | --  | 20,711       |
| 1290                     | Other Receivables                              | 555                     | 4,234                        | --  | 4,789        |
| 1000                     | Total Assets                                   | \$ 1,493,904            | \$ 508,269                   | \$ 99,335   | \$ 2,101,508 |
| <b>LIABILITIES:</b>      |  |                         |                              |   |              |
| Current Liabilities:     |  |                         |                              |   |              |
| 2110                     | Accounts Payable                               | \$ 88,086               | \$ --                        | \$ 61,438   | \$ 149,524   |
| 2160                     | Accrued Wages Payable                          | 34,922                  | --                           | --  | 34,922       |
| 2170                     | Due to Other Funds                             | 236,256                 | --                           | 963   | 237,219      |
| 2180                     | Due to Other Governments                       | 130,902                 | 13,800                       | --  | 144,702      |
| 2190                     | Due to Student Groups                          | 16,142                  | --                           | --  | 16,142       |
| 2300                     | Unearned Revenue                               | 15,611                  | 106,925                      | --  | 122,536      |
| 2000                     | Total Liabilities                              | 521,919                 | 120,725                      | 62,401  | 705,045      |
| <b>FUND BALANCES:</b>    |  |                         |                              |   |              |
| Reserved Fund Balances:  |  |                         |                              |   |              |
| 3420                     | Debt Service                                   | --                      | 387,544                      | --  | 387,544      |
| 3450                     | Reserve for Food Service                       | 285,033                 | --                           | --  | 285,033      |
| 3470                     | Capital Acquisitions & Contractual Obligations | --                      | --                           | 36,934  | 36,934       |
| 3490                     | Other Reserves of Fund Balance                 | 686,952                 | --                           | --  | 686,952      |
| 3000                     | Total Fund Balances                            | 971,985                 | 387,544                      | 36,934  | 1,396,463    |
| 4000                     | Total Liabilities and Fund Balances            | \$ 1,493,904            | \$ 508,269                   | \$ 99,335   | \$ 2,101,508 |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                  |  | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Total Nonmajor Governmental Funds (See Exhibit C-2) |
|-------------------------------------|--|-----------------------|-------------------|------------------------|---|
| <b>REVENUES:</b>                    |  |                       |                   |                        |   |
| 5700                                | Local and Intermediate Sources               | \$ 1,905,273          | \$ 1,436,897      | \$ 13,618              | \$ 3,355,788  |
| 5800                                | State Program Revenues                       | 856,156               | 1,542,010         | --                     | 2,398,166   |
| 5900                                | Federal Program Revenues                     | 4,390,306             | --                | --                     | 4,390,306   |
| 5020                                | Total Revenues                               | <u>7,151,735</u>      | <u>2,978,907</u>  | <u>13,618</u>          | <u>10,144,260</u>                                   |
| <b>EXPENDITURES:</b>                |  |                       |                   |                        |   |
| Current:                            |  |                       |                   |                        |   |
| 0011                                | Instruction                                  | 2,853,623             | --                | 28,309                 | 2,881,932   |
| 0012                                | Instructional Resources and Media Services   | 101,034               | --                | 11,371                 | 112,405   |
| 0013                                | Curriculum and Staff Development             | 92,999                | --                | --                     | 92,999  |
| 0021                                | Instructional Leadership                     | 227,670               | --                | --                     | 227,670   |
| 0023                                | School Leadership                            | 18,948                | --                | --                     | 18,948  |
| 0031                                | Guidance, Counseling, & Evaluation Services  | 773,138               | --                | --                     | 773,138   |
| 0032                                | Social Work Services                         | 12,218                | --                | --                     | 12,218  |
| 0033                                | Health Services                              | 72,681                | --                | --                     | 72,681  |
| 0034                                | Student Transportation                       | 247,463               | --                | --                     | 247,463   |
| 0035                                | Food Service                                 | 1,853,439             | --                | --                     | 1,853,439   |
| 0036                                | Cocurricular/Extracurricular Activities      | 41,983                | --                | --                     | 41,983  |
| 0041                                | General Administration                       | 8,647                 | --                | --                     | 8,647   |
| 0051                                | Plant Maintenance and Operations             | 73,444                | --                | 1,928                  | 75,372  |
| 0052                                | Security and Monitoring Services             | 12,733                | --                | 42,000                 | 54,733  |
| 0053                                | Data Processing Services                     | 23,688                | --                | --                     | 23,688  |
| 0061                                | Community Services                           | 91,763                | --                | --                     | 91,763  |
| 0071                                | Principal on Long-term Debt                  | --                    | 1,635,000         | --                     | 1,635,000   |
| 0072                                | Interest on Long-term Debt                   | --                    | 1,326,544         | --                     | 1,326,544   |
| 0073                                | Bond Issuance Costs and Fees                 | --                    | 117,978           | --                     | 117,978   |
| 0093                                | Payments to Shared Service Arrangements      | 327,684               | --                | --                     | 327,684   |
| 6030                                | Total Expenditures                           | <u>6,833,155</u>      | <u>3,079,522</u>  | <u>83,608</u>          | <u>9,996,285</u>                                    |
| 1100                                | Excess (Deficiency) of Revenues Over (Under) |                       |                   |                        |   |
| 1100                                | Expenditures                                 | <u>318,580</u>        | <u>(100,615)</u>  | <u>(69,990)</u>        | <u>147,975</u>                                      |
| Other Financing Sources and (Uses): |  |                       |                   |                        |   |
| 7901                                | Refunding Bonds Issued                       | --                    | 9,524,996         | --                     | 9,524,996   |
| 7915                                | Transfers In                                 | 2,658                 | --                | --                     | 2,658   |
| 7916                                | Premium or Discount on Issuance of Bonds     | --                    | 469,931           | --                     | 469,931   |
| 8940                                | Payment to Bond Refunding Escrow Agent       | --                    | (9,875,073)       | --                     | (9,875,073)   |
| 7080                                | Total Other Financing Sources and (Uses)     | <u>2,658</u>          | <u>119,854</u>    | <u>--</u>              | <u>122,512</u>                                      |
| 1200                                | Net Change in Fund Balances                  | <u>321,238</u>        | <u>19,239</u>     | <u>(69,990)</u>        | <u>270,487</u>                                      |
| 0100                                | Fund Balances - Beginning                    | 650,747               | 368,305           | 106,924                | 1,125,976   |
| 3000                                | Fund Balances - Ending                       | <u>\$ 971,985</u>     | <u>\$ 387,544</u> | <u>\$ 36,934</u>       | <u>\$ 1,396,463</u>                                 |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2006

| Data Control Codes                       | 204<br>ESEA<br>Title IV<br>SDFSC | 206<br>ESEA Title III<br>Subtitle B<br>Homeless | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 212<br>ESEA<br>Title I, Part C<br>Migrant Children |
|--|----------------------------------|---|--|--|
| <b>ASSETS:</b>                           |                                  |   |  |  |
| 1110 Cash and Cash Equivalents           | \$ --                            | \$ 183  | \$ --  | \$ 2,097   |
| 1120 Current Investments                 | --                               | --  | --   | --   |
| 1240 Due from Other Governments          | 1,250                            | 1,250   | 77,727   | --   |
| 1260 Due from Other Funds                | --                               | --  | --   | --   |
| 1290 Other Receivables                   | --                               | --  | --   | --   |
| 1000 Total Assets                        | <u>\$ 1,250</u>                  | <u>\$ 1,433</u>                                 | <u>\$ 77,727</u>                                   | <u>\$ 2,097</u>                                    |
| <b>LIABILITIES:</b>                      |                                  |   |  |  |
| Current Liabilities:                     |                                  |   |  |  |
| 2110 Accounts Payable                    | \$ 1,250                         | \$ 1,433  | \$ 3,234   | \$ --  |
| 2160 Accrued Wages Payable               | --                               | --  | --   | --   |
| 2170 Due to Other Funds                  | --                               | --  | 74,493   | (30)   |
| 2180 Due to Other Governments            | --                               | --  | --   | --   |
| 2190 Due to Student Groups               | --                               | --  | --   | --   |
| 2300 Unearned Revenue                    | --                               | --  | --   | 2,127  |
| 2000 Total Liabilities                   | <u>1,250</u>                     | <u>1,433</u>                                    | <u>77,727</u>                                      | <u>2,097</u>                                       |
| <b>FUND BALANCES:</b>                    |                                  |   |  |  |
| Reserved Fund Balances:                  |                                  |   |  |  |
| 3450 Reserve for Food Service            | --                               | --  | --   | --   |
| 3490 Other Reserves of Fund Balance      | --                               | --  | --   | --   |
| 3000 Total Fund Balances                 | <u>--</u>                        | <u>--</u>                                       | <u>--</u>  | <u>--</u>  |
| 4000 Total Liabilities and Fund Balances | <u>\$ 1,250</u>                  | <u>\$ 1,433</u>                                 | <u>\$ 77,727</u>                                   | <u>\$ 2,097</u>                                    |

|  | 220<br>Adult<br>Education<br>Federal | 224<br>IDEA-B<br>Formula | 225<br>IDEA-B<br>Preschool Grant | 240<br>National School<br>Breakfast/Lunch<br>Program | 242<br>Summer<br>Feeding<br>Program |
|--|--------------------------------------|--------------------------|----------------------------------|--|-------------------------------------|
|  | \$ 89                                | \$ --                    | \$ 3,691                         | \$ 36,233  | \$ --                               |
|  | --                                   | --                       | --                               | 381,356  | --                                  |
|  | 15,254                               | 62,983                   | 4,390                            | --   | 24,287                              |
|  | --                                   | 1,911                    | --                               | --   | 2,658                               |
|  | --                                   | --                       | --                               | 177  | --                                  |
|  | <u>\$ 15,343</u>                     | <u>\$ 64,894</u>         | <u>\$ 8,081</u>                  | <u>\$ 417,766</u>                                    | <u>\$ 26,945</u>                    |
|  | \$ 15,255                            | \$ (10,184)              | \$ --                            | \$ 55,339  | \$ --                               |
|  | --                                   | 4,643                    | --                               | 30,279   | --                                  |
|  | 88                                   | 70,435                   | 8,081                            | 47,115   | 26,945                              |
|  | --                                   | --                       | --                               | --   | --                                  |
|  | --                                   | --                       | --                               | --   | --                                  |
|  | --                                   | --                       | --                               | --   | --                                  |
|  | <u>15,343</u>                        | <u>64,894</u>            | <u>8,081</u>                     | <u>132,733</u>                                       | <u>26,945</u>                       |
|  | --                                   | --                       | --                               | 285,033  | --                                  |
|  | --                                   | --                       | --                               | --   | --                                  |
|  | --                                   | --                       | --                               | 285,033  | --                                  |
|  | <u>\$ 15,343</u>                     | <u>\$ 64,894</u>         | <u>\$ 8,081</u>                  | <u>\$ 417,766</u>                                    | <u>\$ 26,945</u>                    |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2006

| Data Control Codes      | 244<br>Vo Ed<br>Basic<br>Grant      | 255<br>ESEA Title II<br>Training &<br>Recruiting | 262<br>Enhancing<br>Education thru<br>Technology | 269<br>Title V, Part A<br>Innovative<br>Programs |        |
|-------------------------|-------------------------------------|--|--|--|--------|
| <b>ASSETS:</b>          |                                     |  |  |  |        |
| 1110                    | Cash and Cash Equivalents           | \$ --  | \$ --  | \$ --  | \$ --  |
| 1120                    | Current Investments                 | --   | --   | --   | --     |
| 1240                    | Due from Other Governments          | 1,159  | 6,069  | 260  | 108    |
| 1260                    | Due from Other Funds                | --   | --   | --   | --     |
| 1290                    | Other Receivables                   | --   | --   | --   | --     |
| 1000                    | Total Assets                        | \$ 1,159   | \$ 6,069   | \$ 260   | \$ 108 |
| <b>LIABILITIES:</b>     |                                     |  |  |  |        |
| Current Liabilities:    |                                     |  |  |  |        |
| 2110                    | Accounts Payable                    | \$ 421   | \$ 1,552   | \$ 167   | \$ 108 |
| 2160                    | Accrued Wages Payable               | --   | --   | --   | --     |
| 2170                    | Due to Other Funds                  | 738  | 4,517  | 93   | --     |
| 2180                    | Due to Other Governments            | --   | --   | --   | --     |
| 2190                    | Due to Student Groups               | --   | --   | --   | --     |
| 2300                    | Unearned Revenue                    | --   | --   | --   | --     |
| 2000                    | Total Liabilities                   | 1,159  | 6,069  | 260  | 108    |
| <b>FUND BALANCES:</b>   |                                     |  |  |  |        |
| Reserved Fund Balances: |                                     |  |  |  |        |
| 3450                    | Reserve for Food Service            | --   | --   | --   | --     |
| 3490                    | Other Reserves of Fund Balance      | --   | --   | --   | --     |
| 3000                    | Total Fund Balances                 | --   | --   | --   | --     |
| 4000                    | Total Liabilities and Fund Balances | \$ 1,159   | \$ 6,069   | \$ 260   | \$ 108 |

| 394<br>Pregnancy<br>Education and<br>Parenting Program | 397<br>Advanced<br>Placement<br>Incentives | 404<br>Student<br>Success<br>Initiative | 411<br>Technology<br>Allotment | 418<br>Active Employee<br>Health Coverage |
|--|--|---|--------------------------------|---|
| \$ --  | \$ 4,872                                   | \$ 2,225                                | \$ 158,630                     | \$ 9,564                                  |
| --   | --   | --                                      | 475,113                        | --  |
| 1,037  | --   | --                                      | 9,200                          | --  |
| --   | --   | --                                      | --                             | --  |
| --   | --   | --                                      | --                             | --  |
| <u>\$ 1,037</u>  | <u>\$ 4,872</u>                            | <u>\$ 2,225</u>                         | <u>\$ 642,943</u>              | <u>\$ 9,564</u>                           |
| \$ 37  | \$ --                                      | \$ 900                                  | \$ 15,317                      | \$ --                                     |
| --   | --   | --                                      | --                             | --  |
| 1,000  | --   | (28)                                    | --                             | 1,946                                     |
| --   | --   | 1,353                                   | --                             | 7,618                                     |
| --   | --   | --                                      | --                             | --  |
| --   | 4,872                                      | --                                      | --                             | --  |
| <u>1,037</u>   | <u>4,872</u>                               | <u>2,225</u>                            | <u>15,317</u>                  | <u>9,564</u>                              |
| --   | --   | --                                      | --                             | --  |
| --   | --   | --                                      | 627,626                        | --  |
| --   | --   | --                                      | 627,626                        | --  |
| <u>\$ 1,037</u>  | <u>\$ 4,872</u>                            | <u>\$ 2,225</u>                         | <u>\$ 642,943</u>              | <u>\$ 9,564</u>                           |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2006

| Data Control Codes                       | 437<br>Special Education | 450<br>Medicaid Coop | 461<br>Campus Activity Funds | 472<br>San Marcos Civic Foundation |
|--|--------------------------|----------------------|------------------------------|------------------------------------|
| <b>ASSETS:</b>                           |                          |                      |                              |                                    |
| 1110 Cash and Cash Equivalents           | \$ 30,711                | \$ 94,455            | \$ 59,326                    | \$ 110                             |
| 1120 Current Investments                 | --                       | --                   | --                           | --                                 |
| 1240 Due from Other Governments          | --                       | --                   | --                           | --                                 |
| 1260 Due from Other Funds                | --                       | --                   | 16,142                       | --                                 |
| 1290 Other Receivables                   | --                       | --                   | --                           | --                                 |
| 1000 Total Assets                        | <u>\$ 30,711</u>         | <u>\$ 94,455</u>     | <u>\$ 75,468</u>             | <u>\$ 110</u>                      |
| <b>LIABILITIES:</b>                      |                          |                      |                              |                                    |
| Current Liabilities:                     |                          |                      |                              |                                    |
| 2110 Accounts Payable                    | \$ 2,642                 | \$ --                | \$ --                        | \$ 110                             |
| 2160 Accrued Wages Payable               | --                       | --                   | --                           | --                                 |
| 2170 Due to Other Funds                  | 593                      | --                   | --                           | --                                 |
| 2180 Due to Other Governments            | 27,476                   | 94,455               | --                           | --                                 |
| 2190 Due to Student Groups               | --                       | --                   | 16,142                       | --                                 |
| 2300 Unearned Revenue                    | --                       | --                   | --                           | --                                 |
| 2000 Total Liabilities                   | <u>30,711</u>            | <u>94,455</u>        | <u>16,142</u>                | <u>110</u>                         |
| <b>FUND BALANCES:</b>                    |                          |                      |                              |                                    |
| Reserved Fund Balances:                  |                          |                      |                              |                                    |
| 3450 Reserve for Food Service            | --                       | --                   | --                           | --                                 |
| 3490 Other Reserves of Fund Balance      | --                       | --                   | 59,326                       | --                                 |
| 3000 Total Fund Balances                 | <u>--</u>                | <u>--</u>            | <u>59,326</u>                | <u>--</u>                          |
| 4000 Total Liabilities and Fund Balances | <u>\$ 30,711</u>         | <u>\$ 94,455</u>     | <u>\$ 75,468</u>             | <u>\$ 110</u>                      |

| 482<br>TASB Risk<br>Management<br>Grant | 483<br>General<br>Mills<br>Grant | 484<br>Lions<br>Club | 485<br>Meadows<br>Foundation | 487<br>Rural Capital<br>Area Workforce<br>Development |
|---|----------------------------------|----------------------|------------------------------|---|
| \$ 2,300                                | \$ 1,500                         | \$ 1,228             | \$ 460                       | \$ 5  |
| --                                      | --                               | --                   | --                           | --  |
| --                                      | --                               | --                   | --                           | --  |
| --                                      | --                               | --                   | --                           | --  |
| <u>\$ 2,300</u>                         | <u>\$ 1,500</u>                  | <u>\$ 1,228</u>      | <u>\$ 460</u>                | <u>\$ 5</u>   |
| \$ 56                                   | \$ --                            | \$ --                | \$ --                        | \$ 5  |
| --                                      | --                               | --                   | --                           | --  |
| --                                      | --                               | --                   | --                           | --  |
| --                                      | --                               | --                   | --                           | --  |
| 2,244                                   | 1,500                            | 1,228                | 460                          | --  |
| <u>2,300</u>                            | <u>1,500</u>                     | <u>1,228</u>         | <u>460</u>                   | <u>5</u>  |
| --                                      | --                               | --                   | --                           | --  |
| --                                      | --                               | --                   | --                           | --  |
| --                                      | --                               | --                   | --                           | --  |
| <u>\$ 2,300</u>                         | <u>\$ 1,500</u>                  | <u>\$ 1,228</u>      | <u>\$ 460</u>                | <u>\$ 5</u>   |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2006

| Data<br>Control<br>Codes                 | 488<br>Mitchell<br>Ward | 490<br>Professional<br>Janitorial<br>Service of Tx | 491<br>WAL-MART |
|--|-------------------------|--|-----------------|
| <b>ASSETS:</b>                           |                         |  |                 |
| 1110 Cash and Cash Equivalents           | \$ 432                  | \$ 473   | \$ 336          |
| 1120 Current Investments                 | --                      | --   | --              |
| 1240 Due from Other Governments          | --                      | --   | --              |
| 1260 Due from Other Funds                | --                      | --   | --              |
| 1290 Other Receivables                   | --                      | --   | --              |
| 1000 Total Assets                        | <u>\$ 432</u>           | <u>\$ 473</u>                                      | <u>\$ 336</u>   |
| <b>LIABILITIES:</b>                      |                         |  |                 |
| Current Liabilities:                     |                         |  |                 |
| 2110 Accounts Payable                    | \$ --                   | \$ --  | \$ 336          |
| 2160 Accrued Wages Payable               | --                      | --   | --              |
| 2170 Due to Other Funds                  | --                      | --   | --              |
| 2180 Due to Other Governments            | --                      | --   | --              |
| 2190 Due to Student Groups               | --                      | --   | --              |
| 2300 Unearned Revenue                    | 432                     | 473  | --              |
| 2000 Total Liabilities                   | <u>432</u>              | <u>473</u>   | <u>336</u>      |
| <b>FUND BALANCES:</b>                    |                         |  |                 |
| Reserved Fund Balances:                  |                         |  |                 |
| 3450 Reserve for Food Service            | --                      | --   | --              |
| 3490 Other Reserves of Fund Balance      | --                      | --   | --              |
| 3000 Total Fund Balances                 | <u>--</u>               | <u>--</u>  | <u>--</u>       |
| 4000 Total Liabilities and Fund Balances | <u>\$ 432</u>           | <u>\$ 473</u>                                      | <u>\$ 336</u>   |

| 492<br>HEADSTART | 493<br>LCRA<br>Grant | 494<br>Parent<br>Teacher<br>Organization | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-1) |
|------------------|----------------------|--|---|
| \$ --            | \$ 1,275             | \$ 1,000                                 | \$ 411,195  |
| --               | --                   | --                                       | 856,469   |
| --               | --                   | --                                       | 204,974   |
| --               | --                   | --                                       | 20,711  |
| 378              | --                   | --                                       | 555   |
| <u>\$ 378</u>    | <u>\$ 1,275</u>      | <u>\$ 1,000</u>                          | <u>\$ 1,493,904</u>   |
|                  |                      |  |   |
| \$ 108           | \$ --                | \$ --                                    | \$ 88,086   |
| --               | --                   | --                                       | 34,922  |
| 270              | --                   | --                                       | 236,256   |
| --               | --                   | --                                       | 130,902   |
| --               | --                   | --                                       | 16,142  |
| --               | 1,275                | 1,000                                    | 15,611  |
| <u>378</u>       | <u>1,275</u>         | <u>1,000</u>                             | <u>521,919</u>  |
|                  |                      |  |   |
| --               | --                   | --                                       | 285,033   |
| --               | --                   | --                                       | 686,952   |
| --               | --                   | --                                       | 971,985   |
| <u>\$ 378</u>    | <u>\$ 1,275</u>      | <u>\$ 1,000</u>                          | <u>\$ 1,493,904</u>   |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                                | 204<br>ESEA<br>Title IV<br>SDFSC | 206<br>ESEA Title III<br>Subtitle B<br>Homeless | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 212<br>ESEA<br>Title I, Part C<br>Migrant Children |
|---|----------------------------------|---|--|--|
| <b>REVENUES:</b>                                  |                                  |   |  |  |
| 5700 Local and Intermediate Sources               | \$ --                            | \$ --   | \$ --  | \$ --  |
| 5800 State Program Revenues                       | --                               | --  | --   | 6,506  |
| 5900 Federal Program Revenues                     | 24,394                           | 2,500   | 945,643  | --   |
| 5020 Total Revenues                               | <u>24,394</u>                    | <u>2,500</u>                                    | <u>945,643</u>                                     | <u>6,506</u>                                       |
| <b>EXPENDITURES:</b>                              |                                  |   |  |  |
| Current:  |                                  |   |  |  |
| 0011 Instruction                                  | 4,640                            | 816   | 690,533  | --   |
| 0012 Instructional Resources and Media Services   | --                               | --  | --   | --   |
| 0013 Curriculum and Staff Development             | 6,504                            | --  | 7,892  | --   |
| 0021 Instructional Leadership                     | 600                              | --  | 33,657   | 6,506  |
| 0023 School Leadership                            | --                               | --  | --   | --   |
| 0031 Guidance, Counseling, & Evaluation Services  | --                               | --  | 122,064  | --   |
| 0032 Social Work Services                         | --                               | 369   | 11,599   | --   |
| 0033 Health Services                              | --                               | 128   | 66,360   | --   |
| 0034 Student Transportation                       | --                               | --  | --   | --   |
| 0035 Food Service                                 | --                               | --  | --   | --   |
| 0036 Cocurricular/Extracurricular Activities      | --                               | --  | --   | --   |
| 0041 General Administration                       | --                               | --  | --   | --   |
| 0051 Plant Maintenance and Operations             | --                               | --  | --   | --   |
| 0052 Security and Monitoring Services             | 3,150                            | --  | --   | --   |
| 0053 Data Processing Services                     | --                               | --  | --   | --   |
| 0061 Community Services                           | 9,500                            | 1,187   | 13,538   | --   |
| 0093 Payments to Shared Service Arrangements      | --                               | --  | --   | --   |
| 6030 Total Expenditures                           | <u>24,394</u>                    | <u>2,500</u>                                    | <u>945,643</u>                                     | <u>6,506</u>                                       |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --                               | --  | --   | --   |
| 1100 Expenditures                                 | --                               | --  | --   | --   |
| Other Financing Sources and (Uses):               |                                  |   |  |  |
| 7915 Transfers In                                 | --                               | --  | --   | --   |
| 7080 Total Other Financing Sources and (Uses)     | --                               | --  | --   | --   |
| 1200 Net Change in Fund Balances                  | --                               | --  | --   | --   |
| 0100 Fund Balances - Beginning                    | --                               | --  | --   | --   |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>                     | <u>\$ --</u>                                    | <u>\$ --</u>                                       | <u>\$ --</u>                                       |

|    | 220<br>Adult<br>Education<br>Federal | 224<br>IDEA-B<br>Formula | 225<br>IDEA-B<br>Preschool Grant | 226<br>IDEA-B<br>Discretionary | 240<br>National School<br>Breakfast/Lunch<br>Program |
|----|--------------------------------------|--------------------------|----------------------------------|--------------------------------|--|
| \$ | --                                   | \$ --                    | \$ --                            | \$ --                          | \$ 709,293   |
|    | --                                   | --                       | --                               | --                             | 23,907   |
|    | 83,307                               | 1,381,816                | 35,124                           | 9,822                          | 1,142,366  |
|    | <u>83,307</u>                        | <u>1,381,816</u>         | <u>35,124</u>                    | <u>9,822</u>                   | <u>1,875,566</u>                                     |
|    | 79,088                               | 751,816                  | 35,124                           | 9,822                          | --   |
|    | --                                   | --                       | --                               | --                             | --   |
|    | --                                   | 13,433                   | --                               | --                             | --   |
|    | --                                   | --                       | --                               | --                             | --   |
|    | --                                   | 417,701                  | --                               | --                             | --   |
|    | --                                   | --                       | --                               | --                             | --   |
|    | --                                   | 198,224                  | --                               | --                             | --   |
|    | --                                   | --                       | --                               | --                             | 1,818,511  |
|    | --                                   | --                       | --                               | --                             | --   |
|    | 36                                   | --                       | --                               | --                             | 7,464  |
|    | --                                   | --                       | --                               | --                             | --   |
|    | 4,183                                | 642                      | --                               | --                             | --   |
|    | --                                   | --                       | --                               | --                             | --   |
|    | <u>83,307</u>                        | <u>1,381,816</u>         | <u>35,124</u>                    | <u>9,822</u>                   | <u>1,825,975</u>                                     |
|    | --                                   | --                       | --                               | --                             | 49,591   |
|    | --                                   | --                       | --                               | --                             | --   |
|    | --                                   | --                       | --                               | --                             | 49,591   |
|    | --                                   | --                       | --                               | --                             | 235,442  |
| \$ | <u>--</u>                            | <u>--</u>                | <u>--</u>                        | <u>--</u>                      | <u>285,033</u>                                       |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                                | 242<br>Summer Feeding Program | 243<br>Vo Ed Technical Preparation | 244<br>Vo Ed Basic Grant | 255<br>ESEA Title II Training & Recruiting |
|---|-------------------------------|------------------------------------|--------------------------|--|
| <b>REVENUES:</b>                                  |                               |                                    |                          |  |
| 5700 Local and Intermediate Sources               | \$ 670                        | \$ 1,879                           | \$ --                    | \$ --                                      |
| 5800 State Program Revenues                       | --                            | --                                 | --                       | --   |
| 5900 Federal Program Revenues                     | 12,466                        | --                                 | 52,474                   | 220,968                                    |
| 5020 Total Revenues                               | <u>13,136</u>                 | <u>1,879</u>                       | <u>52,474</u>            | <u>220,968</u>                             |
| <b>EXPENDITURES:</b>                              |                               |                                    |                          |  |
| Current:  |                               |                                    |                          |  |
| 0011 Instruction                                  | --                            | --                                 | 51,523                   | 200,763                                    |
| 0012 Instructional Resources and Media Services   | --                            | --                                 | --                       | --   |
| 0013 Curriculum and Staff Development             | --                            | 1,879                              | 951                      | 15,863                                     |
| 0021 Instructional Leadership                     | --                            | --                                 | --                       | 4,342                                      |
| 0023 School Leadership                            | --                            | --                                 | --                       | --   |
| 0031 Guidance, Counseling, & Evaluation Services  | --                            | --                                 | --                       | --   |
| 0032 Social Work Services                         | --                            | --                                 | --                       | --   |
| 0033 Health Services                              | --                            | --                                 | --                       | --   |
| 0034 Student Transportation                       | --                            | --                                 | --                       | --   |
| 0035 Food Service                                 | 16,000                        | --                                 | --                       | --   |
| 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                           | <u>16,000</u>                 | <u>1,879</u>                       | <u>52,474</u>            | <u>220,968</u>                             |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                               |                                    |                          |  |
| 1100 Expenditures                                 | <u>(2,864)</u>                | <u>--</u>                          | <u>--</u>                | <u>--</u>                                  |
| Other Financing Sources and (Uses):               |                               |                                    |                          |  |
| 7915 Transfers In                                 | 2,658                         | --                                 | --                       | --   |
| 7080 Total Other Financing Sources and (Uses)     | <u>2,658</u>                  | <u>--</u>                          | <u>--</u>                | <u>--</u>                                  |
| 1200 Net Change in Fund Balances                  | (206)                         | --                                 | --                       | --   |
| 0100 Fund Balances - Beginning                    | 206                           | --                                 | --                       | --   |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>                  | <u>\$ --</u>                       | <u>\$ --</u>             | <u>\$ --</u>                               |

| 262<br>Enhancing<br>Education thru<br>Technology | 269<br>Title V, Part A<br>Innovative<br>Programs | 289<br>Temporary<br>Emergency<br>Impact Aid | 315<br>IDEA-B<br>Discretionary | 385<br>Supplemental<br>Visually<br>Impaired |
|--|--|---|--------------------------------|---|
| \$ --  | \$ --  | \$ --                                       | \$ --                          | \$ --                                       |
| --   | --   | --  | --                             | 1,600                                       |
| 15,549   | 14,791   | 51,363                                      | 48,639                         | --  |
| <u>15,549</u>                                    | <u>14,791</u>                                    | <u>51,363</u>                               | <u>48,639</u>                  | <u>1,600</u>                                |
| 10,177   | --   | --  | --                             | 1,600                                       |
| --   | --   | 51,363                                      | --                             | --  |
| 5,170  | 14,683   | --  | --                             | --  |
| 202  | 108  | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | 48,639                         | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| <u>15,549</u>                                    | <u>14,791</u>                                    | <u>51,363</u>                               | <u>48,639</u>                  | <u>1,600</u>                                |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| --   | --   | --  | --                             | --  |
| <u>\$ --</u>                                     | <u>\$ --</u>                                     | <u>\$ --</u>                                | <u>\$ --</u>                   | <u>\$ --</u>                                |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                                | 394<br>Pregnancy<br>Education and<br>Parenting Program | 397<br>Advanced<br>Placement<br>Incentives | 404<br>Student<br>Success<br>Initiative | 411<br>Technology<br>Allotment |
|---|--|--|---|--------------------------------|
| <b>REVENUES:</b>                                  |  |  |   |                                |
| 5700 Local and Intermediate Sources               | \$ --  | \$ --                                      | \$ --                                   | \$ 483,132                     |
| 5800 State Program Revenues                       | 24,197   | 3,714                                      | 119,916                                 | 106,717                        |
| 5900 Federal Program Revenues                     | --   | --   | --                                      | --                             |
| 5020 Total Revenues                               | <u>24,197</u>  | <u>3,714</u>                               | <u>119,916</u>                          | <u>589,849</u>                 |
| <b>EXPENDITURES:</b>                              |  |  |   |                                |
| Current:  |  |  |   |                                |
| 0011 Instruction                                  | --   | 410  | 119,916                                 | 233,482                        |
| 0012 Instructional Resources and Media Services   | --   | --   | --                                      | --                             |
| 0013 Curriculum and Staff Development             | --   | 3,304                                      | --                                      | 21,817                         |
| 0021 Instructional Leadership                     | --   | --   | --                                      | 12,639                         |
| 0023 School Leadership                            | --   | --   | --                                      | --                             |
| 0031 Guidance, Counseling, & Evaluation Services  | --   | --   | --                                      | --                             |
| 0032 Social Work Services                         | --   | --   | --                                      | --                             |
| 0033 Health Services                              | --   | --   | --                                      | --                             |
| 0034 Student Transportation                       | 100  | --   | --                                      | --                             |
| 0035 Food Service                                 | --   | --   | --                                      | --                             |
| 0036 Cocurricular/Extracurricular Activities      | --   | --   | --                                      | --                             |
| 0041 General Administration                       | --   | --   | --                                      | --                             |
| 0051 Plant Maintenance and Operations             | --   | --   | --                                      | 35,187                         |
| 0052 Security and Monitoring Services             | --   | --   | --                                      | --                             |
| 0053 Data Processing Services                     | --   | --   | --                                      | 18,605                         |
| 0061 Community Services                           | 24,097   | --   | --                                      | --                             |
| 0093 Payments to Shared Service Arrangements      | --   | --   | --                                      | --                             |
| 6030 Total Expenditures                           | <u>24,197</u>  | <u>3,714</u>                               | <u>119,916</u>                          | <u>321,730</u>                 |
| 1100 Excess (Deficiency) of Revenues Over (Under) |  |  |   |                                |
| 1100 Expenditures                                 | --   | --   | --                                      | 268,119                        |
| Other Financing Sources and (Uses):               |  |  |   |                                |
| 7915 Transfers In                                 | --   | --   | --                                      | --                             |
| 7080 Total Other Financing Sources and (Uses)     | --   | --   | --                                      | --                             |
| 1200 Net Change in Fund Balances                  | --   | --   | --                                      | 268,119                        |
| 0100 Fund Balances - Beginning                    | --   | --   | --                                      | 359,507                        |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>   | <u>\$ --</u>                               | <u>\$ --</u>                            | <u>\$ 627,626</u>              |

| 418<br>Active Employee<br>Health Coverage | 421<br>Master Reading<br>& Math<br>Teachers | 437<br>Special<br>Education | 450<br>Medicaid<br>Coop | 461<br>Campus<br>Activity<br>Funds |
|---|---|-----------------------------|-------------------------|------------------------------------|
| \$ --                                     | \$ --                                       | \$ 408,229                  | \$ --                   | \$ 288,109                         |
| 289,817                                   | 4,815                                       | 274,967                     | --                      | --                                 |
| --  | --  | --                          | 349,084                 | --                                 |
| <u>289,817</u>                            | <u>4,815</u>                                | <u>683,196</u>              | <u>349,084</u>          | <u>288,109</u>                     |
| 190,223                                   | 4,815                                       | 290,610                     | 21,400                  | 145,846                            |
| 7,749                                     | --  | --                          | --                      | 39,395                             |
| --  | --  | 788                         | --                      | 300                                |
| 2,791                                     | --  | 166,825                     | --                      | --                                 |
| 9,748                                     | --  | --                          | --                      | 9,200                              |
| 6,730                                     | --  | 220,929                     | --                      | 5,714                              |
| 250                                       | --  | --                          | --                      | --                                 |
| 4,990                                     | --  | --                          | --                      | 1,203                              |
| 500                                       | --  | --                          | --                      | --                                 |
| 18,928                                    | --  | --                          | --                      | --                                 |
| 948                                       | --  | --                          | --                      | 41,035                             |
| 4,124                                     | --  | 4,044                       | --                      | 479                                |
| 29,004                                    | --  | --                          | --                      | 1,753                              |
| 1,042                                     | --  | --                          | --                      | 8,541                              |
| 5,083                                     | --  | --                          | --                      | --                                 |
| 7,707                                     | --  | --                          | --                      | 30,909                             |
| --  | --  | --                          | 327,684                 | --                                 |
| <u>289,817</u>                            | <u>4,815</u>                                | <u>683,196</u>              | <u>349,084</u>          | <u>284,375</u>                     |
| --  | --  | --                          | --                      | 3,734                              |
| --  | --  | --                          | --                      | --                                 |
| --  | --  | --                          | --                      | --                                 |
| --  | --  | --                          | --                      | 3,734                              |
| --  | --  | --                          | --                      | 55,592                             |
| <u>\$ --</u>                              | <u>\$ --</u>                                | <u>\$ --</u>                | <u>\$ --</u>            | <u>\$ 59,326</u>                   |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

| Data<br>Control<br>Codes                                    | 485<br>Meadows<br>Foundation | 488<br>Mitchell<br>Ward | 489<br>San Marcos<br>Civic Foundatio<br>Grant |
|---|------------------------------|-------------------------|---|
| <b>REVENUES:</b>  |                              |                         |   |
| 5700 <i>Local and Intermediate Sources</i>                  | \$ 549                       | \$ 3,031                | \$ 415  |
| 5800 <i>State Program Revenues</i>                          | --                           | --                      | --  |
| 5900 <i>Federal Program Revenues</i>                        | --                           | --                      | --  |
| 5020 <b>Total Revenues</b>                                  | <u>549</u>                   | <u>3,031</u>            | <u>415</u>                                    |
| <b>EXPENDITURES:</b>  |                              |                         |   |
| Current:  |                              |                         |   |
| 0011 <i>Instruction</i>                                     | 549                          | 3,031                   | --  |
| 0012 <i>Instructional Resources and Media Services</i>      | --                           | --                      | --  |
| 0013 <i>Curriculum and Staff Development</i>                | --                           | --                      | 415   |
| 0021 <i>Instructional Leadership</i>                        | --                           | --                      | --  |
| 0023 <i>School Leadership</i>                               | --                           | --                      | --  |
| 0031 <i>Guidance, Counseling, &amp; Evaluation Services</i> | --                           | --                      | --  |
| 0032 <i>Social Work Services</i>                            | --                           | --                      | --  |
| 0033 <i>Health Services</i>                                 | --                           | --                      | --  |
| 0034 <i>Student Transportation</i>                          | --                           | --                      | --  |
| 0035 <i>Food Service</i>                                    | --                           | --                      | --  |
| 0036 <i>Cocurricular/Extracurricular Activities</i>         | --                           | --                      | --  |
| 0041 <i>General Administration</i>                          | --                           | --                      | --  |
| 0051 <i>Plant Maintenance and Operations</i>                | --                           | --                      | --  |
| 0052 <i>Security and Monitoring Services</i>                | --                           | --                      | --  |
| 0053 <i>Data Processing Services</i>                        | --                           | --                      | --  |
| 0061 <i>Community Services</i>                              | --                           | --                      | --  |
| 0093 <i>Payments to Shared Service Arrangements</i>         | --                           | --                      | --  |
| 6030 <b>Total Expenditures</b>                              | <u>549</u>                   | <u>3,031</u>            | <u>415</u>                                    |
| 1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>    |                              |                         |   |
| 1100 <b>Expenditures</b>                                    | <u>--</u>                    | <u>--</u>               | <u>--</u>                                     |
| Other Financing Sources and (Uses):                         |                              |                         |   |
| 7915 <i>Transfers In</i>                                    | --                           | --                      | --  |
| 7080 <b>Total Other Financing Sources and (Uses)</b>        | <u>--</u>                    | <u>--</u>               | <u>--</u>                                     |
| 1200 <b>Net Change in Fund Balances</b>                     | <u>--</u>                    | <u>--</u>               | <u>--</u>                                     |
| 0100 <b>Fund Balances - Beginning</b>                       | --                           | --                      | --  |
| 3000 <b>Fund Balances - Ending</b>                          | <u>\$ --</u>                 | <u>\$ --</u>            | <u>\$ --</u>                                  |

|   | 490<br>Professional<br>Janitorial<br>Service of Tx | 491<br>WAL-MART | 492<br>HEADSTART | 493<br>LCRA<br>Grant | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-2) |
|---|--|-----------------|------------------|----------------------|---|
| 1 | \$ 1,527   | \$ 2,000        | \$ 2,964         | \$ 3,475             | \$ 1,905,273  |
|   | --   | --              | --               | --                   | 856,156   |
|   | --   | --              | --               | --                   | 4,390,306   |
|   | <u>1,527</u>                                       | <u>2,000</u>    | <u>2,964</u>     | <u>3,475</u>         | <u>7,151,735</u>  |
|   | --   | 1,000           | 2,964            | 3,475                | 2,853,623   |
|   | 1,527  | 1,000           | --               | --                   | 101,034   |
|   | --   | --              | --               | --                   | 92,999  |
|   | --   | --              | --               | --                   | 227,670   |
|   | --   | --              | --               | --                   | 18,948  |
|   | --   | --              | --               | --                   | 773,138   |
|   | --   | --              | --               | --                   | 12,218  |
|   | --   | --              | --               | --                   | 72,681  |
|   | --   | --              | --               | --                   | 247,463   |
|   | --   | --              | --               | --                   | 1,853,439   |
|   | --   | --              | --               | --                   | 41,983  |
|   | --   | --              | --               | --                   | 8,647   |
|   | --   | --              | --               | --                   | 73,444  |
|   | --   | --              | --               | --                   | 12,733  |
|   | --   | --              | --               | --                   | 23,688  |
|   | --   | --              | --               | --                   | 91,763  |
|   | --   | --              | --               | --                   | 327,684   |
|   | <u>1,527</u>                                       | <u>2,000</u>    | <u>2,964</u>     | <u>3,475</u>         | <u>6,833,155</u>  |
|   | --   | --              | --               | --                   | 318,580   |
|   | --   | --              | --               | --                   | 2,658   |
|   | --   | --              | --               | --                   | 2,658   |
|   | --   | --              | --               | --                   | 321,238   |
|   | --   | --              | --               | --                   | 650,747   |
|   | <u>\$ --</u>                                       | <u>\$ --</u>    | <u>\$ --</u>     | <u>\$ --</u>         | <u>\$ 971,985</u>   |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

AUGUST 31, 2006

| Data<br>Control<br>Codes | 601<br>School<br>Facilities<br>Assistance      | 615<br>2002<br>Bond<br>Proceeds | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds (See<br>Exhibit H-1) |
|--------------------------|--|---------------------------------|--|
| <b>ASSETS:</b>           |  |                                 |  |
| 1110                     | Cash and Cash Equivalents                      | \$ 89                           | \$ 89  |
| 1120                     | Current Investments                            | --                              | 99,246   |
| 1000                     | Total Assets                                   | \$ 89                           | \$ 99,335  |
| <b>LIABILITIES:</b>      |  |                                 |  |
| Current Liabilities:     |  |                                 |  |
| 2110                     | Accounts Payable                               | \$ 25                           | \$ 61,438  |
| 2170                     | Due to Other Funds                             | --                              | 963  |
| 2000                     | Total Liabilities                              | 25                              | 62,401   |
| <b>FUND BALANCES:</b>    |  |                                 |  |
| Reserved Fund Balances:  |  |                                 |  |
| 3470                     | Capital Acquisitions & Contractual Obligations | 64                              | 36,870   |
| 3000                     | Total Fund Balances                            | 64                              | 36,870   |
| 4000                     | Total Liabilities and Fund Balances            | \$ 89                           | \$ 99,246  |
|                          |  | \$ 99,246                       | \$ 99,335  |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

| Data<br>Control<br>Codes                                 | 601<br>School<br>Facilities<br>Assistance | 615<br>2002<br>Bond<br>Proceeds | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds (See<br>Exhibit H-2) |
|--|---|---------------------------------|--|
| <b>REVENUES:</b>   |   |                                 |  |
| 5700 <i>Local and Intermediate Sources</i>               | \$ --                                     | \$ 13,618                       | \$ 13,618  |
| 5020 <i>Total Revenues</i>                               | <u>--</u>                                 | <u>13,618</u>                   | <u>13,618</u>  |
| <b>EXPENDITURES:</b>                                     |   |                                 |  |
| Current:   |   |                                 |  |
| 0011 <i>Instruction</i>                                  | 962                                       | 27,347                          | 28,309   |
| 0012 <i>Instructional Resources and Media Services</i>   | 2,694                                     | 8,677                           | 11,371   |
| 0051 <i>Plant Maintenance and Operations</i>             | --  | 1,928                           | 1,928  |
| 0052 <i>Security and Monitoring Services</i>             | --  | 42,000                          | 42,000   |
| 6030 <i>Total Expenditures</i>                           | <u>3,656</u>                              | <u>79,952</u>                   | <u>83,608</u>  |
| 1100 <i>Excess (Deficiency) of Revenues Over (Under)</i> |   |                                 |  |
| 1100 <i>Expenditures</i>                                 | <u>(3,656)</u>                            | <u>(66,334)</u>                 | <u>(69,990)</u>  |
| 1200 <i>Net Change in Fund Balances</i>                  | <u>(3,656)</u>                            | <u>(66,334)</u>                 | <u>(69,990)</u>  |
| 0100 <i>Fund Balances - Beginning</i>                    | 3,720                                     | 103,204                         | 106,924  |
| 3000 <i>Fund Balances - Ending</i>                       | <u>\$ 64</u>                              | <u>\$ 36,870</u>                | <u>\$ 36,934</u>   |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 AUGUST 31, 2006

| Data Control Codes                          | 888<br>Bluebonnet<br>Activity<br>Funds | 889<br>C.O.<br>Activity<br>Fund | 890<br>Kindergarten<br>Activity<br>Fund | 891<br>Clear Fork<br>Activity<br>Fund |
|---|--|---------------------------------|---|---------------------------------------|
| <b>ASSETS:</b>                              |  |                                 |   |                                       |
| 1110 <i>Cash and Cash Equivalents</i>       | \$ 506                                 | \$ (5,924)                      | \$ --                                   | \$ 92                                 |
| 1260 <i>Due from District's Other Funds</i> | --                                     | --                              | --                                      | --                                    |
| 1290 <i>Other Receivables</i>               | --                                     | --                              | --                                      | --                                    |
| 1000 Total Assets                           | <u>\$ 506</u>                          | <u>\$ (5,924)</u>               | <u>\$ --</u>                            | <u>\$ 92</u>                          |
| <b>LIABILITIES:</b>                         |  |                                 |   |                                       |
| Current Liabilities:                        |  |                                 |   |                                       |
| 2170 <i>Due to District's Other Funds</i>   | \$ 1,889                               | \$ 5,924                        | \$ 3,759                                | \$ 42                                 |
| 2190 <i>Due to Student Groups</i>           | (1,383)                                | (11,848)                        | (3,759)                                 | 50                                    |
| 2000 Total Liabilities                      | <u>506</u>                             | <u>(5,924)</u>                  | <u>--</u>                               | <u>92</u>                             |
| <b>NET ASSETS</b>                           |  |                                 |   |                                       |
| 3000 Total Net Assets                       | <u>\$ --</u>                           | <u>\$ --</u>                    | <u>\$ --</u>                            | <u>\$ --</u>                          |

| 892<br>Navarro<br>Activity<br>Fund | 893<br>Community Ed.<br>Activity<br>Fund | 895<br>Junior High<br>Activity<br>Fund | 896<br>High School<br>Activity<br>Fund | 897<br>Plum Creek<br>Activity<br>Fund |
|------------------------------------|--|--|--|---------------------------------------|
| \$ 16,351                          | \$ --                                    | \$ 6,640                               | \$ 57,011                              | \$ 11,662                             |
| 206                                | --                                       | --                                     | --                                     | --                                    |
| --                                 | --                                       | --                                     | 8                                      | --                                    |
| <u>\$ 16,557</u>                   | <u>\$ --</u>                             | <u>\$ 6,640</u>                        | <u>\$ 57,019</u>                       | <u>\$ 11,662</u>                      |
| <br>                               |  |  |  |                                       |
| \$ --                              | \$ 4,458                                 | \$ --                                  | \$ 109                                 | \$ 187                                |
| 16,557                             | (4,458)                                  | 6,640                                  | 56,910                                 | 11,475                                |
| <u>16,557</u>                      | <u>--</u>                                | <u>6,640</u>                           | <u>57,019</u>                          | <u>11,662</u>                         |
| <br>                               |  |  |  |                                       |
| <u>\$ --</u>                       | <u>\$ --</u>                             | <u>\$ --</u>                           | <u>\$ --</u>                           | <u>\$ --</u>                          |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 AUGUST 31, 2006

| Data<br>Control<br>Codes | 898<br>Freshman<br>Campus Activity<br>Fund | 899<br>Special Ed.<br>Activity<br>Fund | Total<br>Agency<br>Funds (See<br>Exhibit E-1) |           |
|--------------------------|--|--|---|-----------|
| <b>ASSETS:</b>           |  |  |   |           |
| 1110                     | Cash and Cash Equivalents                  | \$ 1,573                               | \$ --   | \$ 87,911 |
| 1260                     | Due from District's Other Funds            | --                                     | --  | 206       |
| 1290                     | Other Receivables                          | --                                     | --  | 8         |
| 1000                     | Total Assets                               | \$ 1,573                               | \$ --   | \$ 88,125 |
| <b>LIABILITIES:</b>      |  |  |   |           |
| Current Liabilities:     |  |  |   |           |
| 2170                     | Due to District's Other Funds              | \$ 7                                   | \$ 112  | \$ 16,487 |
| 2190                     | Due to Student Groups                      | 1,566                                  | (112)   | 71,638    |
| 2000                     | Total Liabilities                          | 1,573                                  | --  | 88,125    |
| <b>NET ASSETS</b>        |  |  |   |           |
| 3000                     | Total Net Assets                           | \$ --                                  | \$ --   | \$ --     |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED AUGUST 31, 2006

EXHIBIT H-8

| Data Control Codes           | 97<br>Balance<br>September 1,<br>2005 | 5030<br>Additions | 6050<br>Deductions | 98<br>Balance<br>August 31,<br>2006 |                  |
|------------------------------|---------------------------------------|-------------------|--------------------|-------------------------------------|------------------|
| <b>STUDENT ACTIVITIES:</b>   |                                       |                   |                    |                                     |                  |
| <b>ASSETS</b>                |                                       |                   |                    |                                     |                  |
| 1110                         | Cash & Temporary Investments          | \$ 109,961        | \$ 235,275         | \$ 257,325                          | \$ 87,911        |
| 1260                         | Due from Other Funds                  | 206               | --                 | --                                  | 206              |
| 1290                         | Other Receivables                     | 60                | --                 | 52                                  | 8                |
| 1000                         | Total Assets                          | <u>\$ 110,227</u> | <u>\$ 235,275</u>  | <u>\$ 257,377</u>                   | <u>\$ 88,125</u> |
| <b>LIABILITIES</b>           |                                       |                   |                    |                                     |                  |
| 2160                         | Due to Other Funds                    | \$ 16,608         | \$ --              | \$ 121                              | \$ 16,487        |
| 2170                         | Due to Student Groups                 | 93,619            | 236,082            | 258,063                             | 71,638           |
| 2000                         | Total Liabilities                     | <u>\$ 110,227</u> | <u>\$ 236,082</u>  | <u>\$ 258,184</u>                   | <u>\$ 88,125</u> |
| <b>Due to Student Groups</b> |                                       |                   |                    |                                     |                  |
| Activity Fund:               |                                       |                   |                    |                                     |                  |
|                              | Bluebonnet                            | \$ --             | \$ 806             | \$ 2,189                            | \$ (1,383)       |
|                              | C.O.                                  | --                | --                 | 11,848                              | (11,848)         |
|                              | Kindergarten                          | --                | --                 | 3,759                               | (3,759)          |
|                              | Clear Fork                            | 321               | 1,047              | 1,318                               | 50               |
|                              | Navarro                               | 17,207            | 20,584             | 21,234                              | 16,557           |
|                              | Community Ed.                         | --                | --                 | 4,458                               | (4,458)          |
|                              | Junior High                           | 5,768             | 9,877              | 9,005                               | 6,640            |
|                              | High School                           | 50,882            | 178,064            | 172,036                             | 56,910           |
|                              | Plum Creek                            | 18,133            | 15,498             | 22,156                              | 11,475           |
|                              | Freshman Campus                       | 1,308             | 10,206             | 9,948                               | 1,566            |
|                              | Special Ed.                           | --                | --                 | 112                                 | (112)            |
|                              |                                       | <u>\$ 93,619</u>  | <u>\$ 236,082</u>  | <u>\$ 258,063</u>                   | <u>\$ 71,638</u> |

## *Other Supplementary Information*

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

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2006*

| Year Ended<br>August 31        | Tax Rates        |                   | 3<br>Assessed/Appraised<br>Value For School<br>Tax Purposes |
|--------------------------------|------------------|-------------------|---|
|                                | 1<br>Maintenance | 2<br>Debt Service |   |
| 1997 and Prior Years           | \$ Various       | \$ Various        | \$ Various  |
| 1998                           | .9751            | .3399             | 349,420,066   |
| 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 (School Year Under Audit) | 1.50             | .19               | 689,917,337   |
| 1000 Totals                    |                  |                   |   |

| 10<br>Beginning<br>Balance<br>9/1/05 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/06 |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| \$ 243,693                           | \$ --                                 | \$ 17,127                        | \$ 6,095                          | \$ (11,513)                           | \$ 208,958                         |
| 38,015                               | --                                    | 3,162                            | 1,102                             | (1,073)                               | 32,678                             |
| 48,815                               | --                                    | 4,905                            | 1,221                             | (1,076)                               | 41,613                             |
| 61,577                               | --                                    | 8,131                            | 869                               | (1,263)                               | 51,314                             |
| 81,301                               | --                                    | 17,723                           | 1,819                             | 3,063                                 | 64,822                             |
| 124,282                              | --                                    | 29,346                           | 3,326                             | 1,071                                 | 92,681                             |
| 179,246                              | --                                    | 54,708                           | 7,244                             | 3,871                                 | 121,165                            |
| 326,564                              | --                                    | 130,443                          | 21,426                            | 4,401                                 | 179,096                            |
| 639,251                              | --                                    | 271,514                          | 39,708                            | 819                                   | 328,848                            |
| --                                   | 11,659,603                            | 9,666,777                        | 1,221,785                         | (59,713)                              | 711,328                            |
| <u>\$ 1,742,744</u>                  | <u>\$ 11,659,603</u>                  | <u>\$ 10,203,836</u>             | <u>\$ 1,304,595</u>               | <u>\$ (61,413)</u>                    | <u>\$ 1,832,503</u>                |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2007-2008  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006*

**FUNCTION 41 - GENERAL ADMINISTRATION**

| Account Number | Account Name   | 1<br>(702)<br>School Board | 2<br>(703)<br>Tax Collection | 3<br>(701)<br>Supt's Office | 4<br>(750)<br>Indirect Cost | 5<br>(720)<br>Direct Cost | 6<br>(Other)<br>Misc. | 7<br>Total |
|----------------|--|----------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------|------------|
| 611X-6146      | Payroll Costs  | \$ 4,052                   | \$ --                        | \$ 169,024                  | \$ 496,223                  | \$ --                     | \$ 354                | \$ 669,653 |
| 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   | --                         | --                           | 35,476                      | --                          | --                        | --                    | 35,476     |
| 6212           | Audit Services   | --                         | --                           | --                          | 14,750                      | --                        | --                    | 14,750     |
| 6213           | Tax Appraisal and Collection   | --                         | 368,715                      | --                          | --                          | --                        | --                    | 368,715    |
| 621X           | Other Prof. Services   | --                         | --                           | 5,625                       | 160,538                     | --                        | --                    | 166,163    |
| 6220           | Tuition and Transfer Payments  | --                         | --                           | --                          | --                          | --                        | --                    | --         |
| 6230           | Education Service Centers  | --                         | --                           | --                          | --                          | --                        | --                    | --         |
| 6240           | Contr. Maint. and Repair   | --                         | --                           | --                          | --                          | 2,851                     | --                    | 2,851      |
| 6250           | Utilities  | --                         | --                           | --                          | --                          | --                        | --                    | --         |
| 6260           | Rentals  | --                         | --                           | --                          | 1,608                       | --                        | --                    | 1,608      |
| 6290           | Miscellaneous Contr.   | --                         | --                           | --                          | 1,182                       | --                        | --                    | 1,182      |
| 6310           | Operational Supplies, Materials  | --                         | --                           | --                          | --                          | --                        | --                    | --         |
| 6320           | Textbooks and Reading  | 561                        | --                           | --                          | 300                         | --                        | --                    | 861        |
| 6330           | Testing Materials  | --                         | --                           | --                          | --                          | --                        | --                    | --         |
| 63XX           | Other Supplies, Materials  | 4,469                      | --                           | 1,767                       | 29,521                      | --                        | --                    | 35,757     |
| 6410           | Travel, Subsistence, Stipends  | 9,020                      | --                           | 6,155                       | 14,600                      | --                        | --                    | 29,775     |
| 6420           | Ins. and Bonding Costs   | --                         | --                           | --                          | 28,334                      | --                        | --                    | 28,334     |
| 6430           | Election Costs   | 15,341                     | --                           | --                          | --                          | --                        | --                    | 15,341     |
| 6490           | Miscellaneous Operating  | 3,034                      | --                           | 127                         | 38,342                      | --                        | --                    | 41,503     |
| 6500           | Debt Service   | --                         | --                           | --                          | --                          | --                        | --                    | --         |
| 6600           | Capital Outlay   | --                         | --                           | --                          | --                          | --                        | --                    | --         |

Total \$ 36,477 \$ 368,715 \$ 218,174 \$ 785,398 \$ 2,851 \$ 354 \$ 1,411,969

Total expenditures for General and Special Revenue Funds (9) \$ 35,957,305

LESS: Deductions of Unallowable Costs

FISCAL YEAR

|  |      |                   |
|--|------|-------------------|
| Total Capital Outlay (6600)                | (10) | \$ 66,295         |
| Total Debt & Lease (6500)                  | (11) | \$ --             |
| Plant Maintenance (Function 51, 6100-6400) | (12) | \$ 3,428,898      |
| Food (Function 35, 6341 and 6499)          | (13) | \$ 616,802        |
| Stipends (6413)                            | (14) | \$ --             |
| Column 4 (above) - Total Indirect Cost     |      | <u>\$ 785,398</u> |

Subtotal 4,897,393

Net Allowed Direct Cost \$ 31,059,912

CUMULATIVE

|   |      |               |
|---|------|---------------|
| Total Cost of Buildings Before Depreciation (1520)                    | (15) | \$ 55,214,914 |
| 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) | 3,290,381     |
| Historical Cost of Furniture & Equipment over 16 years old            | (19) | 208,750       |
| Amount of Federal Money in Furniture & Equipment (Net of #19)         | (20) | \$ --         |

(8) Note A - \$49,387 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 AUGUST 31, 2006

| Data Control Codes | Explanation  | Amount       |
|--------------------|--|--------------|
| 1                  | Total General Fund Fund Balance as of August 31, 2006 (Exhibit C-1 object 3000 for the General Fund only)  | \$ 6,867,836 |
| 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)  | --           |
| 4                  | Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)  | 1,417,591    |
| 5                  | Estimate of one month's average cash disbursements during the regular school session (9/1/06 - 5/31/07)  | 2,948,527    |
| 6                  | Estimate of delayed payments from state sources (58XX) including August payment delays   | 1,485,868    |
| 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)   | 223,190      |
| 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)  | 6,075,176    |
| 11                 | Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)  | \$ 792,660   |

If Item 11 is a Positive Number

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

Undesignated Unreserved General Fund Fund Balance:

*Funds remaining will be used to fund capital outlay in 2006-07.*

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                                | 1                 | 2                 | 3                            |
|---|-------------------|-------------------|------------------------------|
|   | Budget            | Actual            | Variance Positive (Negative) |
| <b>REVENUES:</b>                                  |                   |                   |                              |
| 5700 Local and Intermediate Sources               | \$ 710,755        | \$ 709,293        | \$ (1,462)                   |
| 5800 State Program Revenues                       | 26,000            | 23,907            | (2,093)                      |
| 5900 Federal Program Revenues                     | 1,073,182         | 1,142,366         | 69,184                       |
| 5020 Total Revenues                               | <u>1,809,937</u>  | <u>1,875,566</u>  | <u>65,629</u>                |
| <b>EXPENDITURES:</b>                              |                   |                   |                              |
| Current:  |                   |                   |                              |
| Support Services - Student (Pupil):               |                   |                   |                              |
| 0035 Food Services                                | 1,823,585         | 1,818,511         | 5,074                        |
| Total Support Services - Student (Pupil)          | <u>1,823,585</u>  | <u>1,818,511</u>  | <u>5,074</u>                 |
| Support Services - Nonstudent Based:              |                   |                   |                              |
| 0051 Plant Maintenance and Operations             | 7,600             | 7,464             | 136                          |
| Total Support Services - Nonstudent Based         | <u>7,600</u>      | <u>7,464</u>      | <u>136</u>                   |
| 6030 Total Expenditures                           | <u>1,831,185</u>  | <u>1,825,975</u>  | <u>5,210</u>                 |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                   |                   |                              |
| 1100 Expenditures                                 | <u>(21,248)</u>   | 49,591            | <u>70,839</u>                |
| Other Financing Sources (Uses):                   |                   |                   |                              |
| 7915 Transfers In                                 | 27,000            | --                | (27,000)                     |
| 7080 Total Other Financing Sources and (Uses)     | <u>27,000</u>     | <u>--</u>         | <u>(27,000)</u>              |
| 1200 Net Change in Fund Balance                   | 5,752             | 49,591            | 43,839                       |
| 0100 Fund Balance - Beginning                     | 235,442           | 235,442           | --                           |
| 3000 Fund Balance - Ending                        | <u>\$ 241,194</u> | <u>\$ 285,033</u> | <u>\$ 43,839</u>             |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-5**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2006

| Data Control Codes                                | 1                 | 2                 | 3                            |
|---|-------------------|-------------------|------------------------------|
|   | Budget            | Actual            | Variance Positive (Negative) |
| <b>REVENUES:</b>                                  |                   |                   |                              |
| 5700 Local and Intermediate Sources               | \$ 1,449,782      | \$ 1,436,897      | \$ (12,885)                  |
| 5800 State Program Revenues                       | 1,540,770         | 1,542,010         | 1,240                        |
| 5020 Total Revenues                               | <u>2,990,552</u>  | <u>2,978,907</u>  | <u>(11,645)</u>              |
| <b>EXPENDITURES:</b>                              |                   |                   |                              |
| Debt Service:                                     |                   |                   |                              |
| 0071 Principal on Long-Term Debt                  | 1,635,000         | 1,635,000         | --                           |
| 0072 Interest on Long-Term Debt                   | 1,330,005         | 1,326,544         | 3,461                        |
| 0073 Bond Issuance Costs and Fees                 | 140,955           | 117,978           | 22,977                       |
| Total Debt Service                                | <u>3,105,960</u>  | <u>3,079,522</u>  | <u>26,438</u>                |
| 6030 Total Expenditures                           | <u>3,105,960</u>  | <u>3,079,522</u>  | <u>26,438</u>                |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                   |                   |                              |
| 1100 Expenditures                                 | <u>(115,408)</u>  | <u>(100,615)</u>  | <u>14,793</u>                |
| Other Financing Sources (Uses):                   |                   |                   |                              |
| 7901 Refunding Bonds Issued                       | 9,524,997         | 9,524,996         | (1)                          |
| 7916 Premium or Discount on Issuance of Bonds     | 469,931           | 469,931           | --                           |
| 8940 Payment to Bond Refunding Escrow Agent       | (9,875,073)       | (9,875,073)       | --                           |
| 7080 Total Other Financing Sources and (Uses)     | <u>119,855</u>    | <u>119,854</u>    | <u>(1)</u>                   |
| 1200 Net Change in Fund Balance                   | 4,447             | 19,239            | 14,792                       |
| 0100 Fund Balance - Beginning                     | 368,305           | 368,305           | --                           |
| 3000 Fund Balance - Ending                        | <u>\$ 372,752</u> | <u>\$ 387,544</u> | <u>\$ 14,792</u>             |

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

**Independent Auditors' Report**

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

Board of Trustees  
Lockhart Independent School District  
Lockhart, Texas

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District as of and for the year ended August 31, 2006, which collectively comprise the Lockhart Independent School District's basic financial statements and have issued our report thereon dated December 2, 2006. 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.

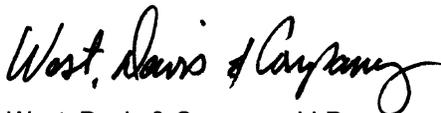
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lockhart Independent School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

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.



West, Davis & Company, LLP  
December 2, 2006

**WEST, DAVIS AND COMPANY, LLP**

11615 Angus Road, Suite 219

Austin, Texas 78759

**Independent Auditors' 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  
Lockhart, Texas

Members of the Board of Trustees:

Compliance

We have audited the compliance of Lockhart Independent School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2006. 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 on 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 year ended August 31, 2006.

Internal Control Over Compliance

The management of Lockhart Independent School District is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants

caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation 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.

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

West, Davis & Company, LLP  
December 2, 2006

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FOR THE YEAR ENDED AUGUST 31, 2006**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?      Yes   X   No

Reportable condition(s) 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:

Material weakness(es) identified?      Yes   X   No

Reportable condition(s) 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             |

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

Auditee qualified as low-risk auditee?   X   Yes      No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2006

**EXHIBIT K-1**

Page 1 of 2

| Data Control Codes | (1)<br>Federal Grantor/<br>Pass-Through Grantor/<br>Program Title   | (2)<br>Federal CFDA Number | (2A)<br>Pass-Through Entity Identifying Number | (3)<br>Federal Expenditures |
|--------------------|---|----------------------------|--|-----------------------------|
|                    | <b>U. S. DEPARTMENT OF EDUCATION</b>                                |                            |  |                             |
|                    | Passed Through Texas Higher Education Coordinating Board:           |                            |  |                             |
| 243                | Vocational Education - Technical Preparation                        | 84.243A                    | 61704  | \$ 1,879                    |
|                    | Passed Through State Department of Education:                       |                            |  |                             |
| 220                | Adult Education (ABE) - Federal                                     | 84.002                     | 064100087110063                                | 68,013                      |
| 220                | Adult Education (ABE) - Federal                                     | 84.002                     | 074100087110124                                | 15,254                      |
|                    | Total CFDA Number 84.002  |                            |  | 83,267                      |
| 211                | ESEA Title I Part A - Improving Basic Programs                      | 84.010A                    | 06610101028902                                 | 960,754                     |
| 211                | ESEA Title I Part A - Improving Basic Programs                      | 84.010A                    | 07610101028902                                 | 3,365                       |
|                    | Total CFDA Number 84.010A   |                            |  | 964,119                     |
| 212                | ESEA Title I Part C - Education of Migratory Children               | 84.011                     | 06615001227950                                 | 6,506                       |
|                    | Total CFDA Number 84.011  |                            |  | 6,506                       |
| 224                | IDEA-B Formula  | 84.027                     | 0666000102890266                               | 1,401,563                   |
| 224                | IDEA-B Formula  | 84.027                     | 0766000102890266                               | 7,345                       |
| 226                | IDEA-B Discretionary  | 84.027                     | 0666000402890266                               | 9,822                       |
| 226                | SSA IDEA-B Discretionary  | 84.027                     | 0666000602890266                               | 48,639                      |
|                    | Total CFDA Number 84.027  |                            |  | 1,467,369                   |
| 244                | Vocational Education - Basic Grant                                  | 84.048                     | 0642000602890213                               | 52,550                      |
| 244                | Vocational Education - Basic Grant                                  | 84.048                     | 0642000602890213                               | 951                         |
|                    | Total CFDA Number 84.048  |                            |  | 53,501                      |
| 225                | IDEA-B Preschool  | 84.173                     | 0666100102890266                               | 35,124                      |
|                    | Total CFDA Number 84.173  |                            |  | 35,124                      |
| 204                | ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act     | 84.186A                    | 065691001028902                                | 23,144                      |
| 204                | ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act     | 84.186A                    | 06691001028902                                 | 1,250                       |
|                    | Total CFDA Number 84.186A   |                            |  | 24,394                      |
| 206                | ESEA Title III Subtitle B - Education for Homeless Children & Youth | 84.196                     | 66005  | 2,500                       |
|                    | Total CFDA Number 84.196  |                            |  | 2,500                       |
| 269                | Title V, Part A - Innovative Programs                               | 84.298                     | 06685001028902                                 | 14,683                      |
| 269                | Title V, Part A - Innovative Programs                               | 84.298                     | 06685001028902                                 | 108                         |
|                    | Total CFDA Number 84.298  |                            |  | 14,791                      |
| 262                | Title II Part D Enhancing Education Through Technology              | 84.318                     | 06630001028902                                 | 15,684                      |
| 262                | Title II Part D Enhancing Education Through Technology              | 84.318                     | 06630001028902                                 | 167                         |
|                    | Total CFDA Number 84.318  |                            |  | 15,851                      |
| 255                | ESEA Title II Part A - Teacher & Principal Training & Recruiting    | 84.367A                    | 06694501028902                                 | 223,028                     |
| 255                | ESEA Title II Part A - Teacher & Principal Training & Recruiting    | 84.367A                    | 07694501028902                                 | 2,256                       |
|                    | Total CFDA Number 84.367A   |                            |  | 225,284                     |
| 511                | Temporary Emergency Impact Aid                                      | 84.938C                    | 06520301028902                                 | 51,363                      |
|                    | Total Passed Through State Department of Education                  |                            |  | 2,944,069                   |
|                    | Total U. S. Department of Education                                 |                            |  | 2,945,948                   |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

**EXHIBIT K-1**

Page 2 of 2

| Data Control Codes | (1)<br>Federal Grantor/<br>Pass-Through Grantor/<br>Program Title | (2)<br>Federal CFDA Number | (2A)<br>Pass-Through Entity Identifying Number | (3)<br>Federal Expenditures |
|--------------------|---|----------------------------|--|-----------------------------|
|                    | U. S. DEPARTMENT OF AGRICULTURE                                   |                            |  |                             |
|                    | Passed Through State Department of Education:                     |                            |  |                             |
| 240                | School Breakfast Program *  | 10.553                     | 71400501                                       | 274,945                     |
| 240                | National School Lunch Program *                                   | 10.555                     | 71300501                                       | 807,111                     |
| 241                | Commodity Supplemental Food Program                               | 10.565                     | 028-902  | 63,905                      |
|                    | Total Passed Through State Department of Education                |                            |  | <u>1,145,961</u>            |
|                    | Total U. S. Department of Agriculture                             |                            |  | <u>1,145,961</u>            |
|                    | <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                       |                            |  | <u><u>\$ 4,091,909</u></u>  |

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

The accompanying notes are an integral part of this schedule.

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED AUGUST 31, 2006*

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 AUGUST 31, 2006*

| <u>Data<br/>Control<br/>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?      | \$ 1,183,169     |

# STATISTICAL SECTION

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

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| Financial Trends  | 86          |
| <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>  |             |
| Revenue Capacity  | 93          |
| <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   | 98          |
| <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  | 103         |
| <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   | 105         |
| <i>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</i> |             |

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

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

NET ASSETS BY COMPONENT

LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

|  | Fiscal Year      |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  | 2002             | 2003             | 2004             | 2005             | 2006             |
| Primary Government                                 |                  |                  |                  |                  |                  |
| Invested in Capital Assets,<br>Net of Related Debt | \$ 6,510         | \$ 7,229         | \$ 771           | \$ 5,893         | \$ 4,786         |
| Restricted   | 1,239            | 1,493            | 10,698           | 1,091            | 1,401            |
| Unrestricted                                       | 7,637            | 8,538            | 4,986            | 7,841            | 7,623            |
| 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> |

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 FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

|  | Fiscal Year            |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2002                   | 2003                   | 2004                   | 2005                   | 2006                   |
| <b>Expenses</b>                            |                        |                        |                        |                        |                        |
| Governmental Activities:                   |                        |                        |                        |                        |                        |
| Instruction                                | \$ 18,241,316          | \$ 18,402,439          | \$ 19,636,033          | \$ 20,017,666          | \$ 20,392,666          |
| Instructional Resources & Media Services   | 609,507                | 689,749                | 595,253                | 1,083,496              | 1,073,048              |
| Curriculum & Staff Development             | 438,791                | 467,695                | 252,812                | 176,491                | 141,502                |
| Instructional Leadership                   | 408,898                | 336,292                | 333,054                | 433,641                | 499,002                |
| School Leadership                          | 1,733,027              | 1,879,974              | 1,918,365              | 2,281,989              | 2,323,042              |
| Guidance, Counseling & Evaluation Svcs     | 1,174,471              | 1,481,468              | 1,330,424              | 1,460,320              | 1,534,457              |
| Social Work Services                       | 44,692                 | 18,356                 | 21,975                 | 153,976                | 214,988                |
| Health Services                            | 281,113                | 244,321                | 260,700                | 288,065                | 358,395                |
| Student Transportation                     | 1,212,407              | 1,422,838              | 1,535,965              | 1,562,747              | 1,543,043              |
| Food Service                               | 1,520,669              | 1,584,515              | 1,674,175              | 1,932,024              | 1,848,389              |
| Cocurricular/Extracurricular Activities    | 1,324,617              | 1,421,622              | 1,433,830              | 1,177,877              | 1,039,678              |
| General Administration                     | 1,123,867              | 1,095,303              | 1,278,978              | 1,469,071              | 1,482,512              |
| Plant Maintenance & Operations             | 3,008,920              | 3,171,783              | 3,289,466              | 3,600,117              | 3,700,807              |
| Security & Monitoring Services             | 39,172                 | 44,023                 | 81,390                 | 120,850                | 155,173                |
| Data Processing Services                   | 630,669                | 356,086                | 358,488                | 227,977                | 208,777                |
| Community Services                         | 1,319,419              | 1,374,852              | 1,265,257              | 1,056,004              | 1,024,296              |
| Interest on Long-Term Debt                 | 1,173,463              | 1,713,077              | 1,826,642              | 1,539,946              | 2,038,849              |
| Bond Issuance Costs & Fees                 | --                     | 11,006                 | 13,527                 | 95,947                 | 144,278                |
| Payments Related to SSA's                  | 424,568                | 405,642                | 452,230                | 387,167                | 570,358                |
| Total Governmental Activities Expenses     | <u>34,709,586</u>      | <u>36,121,041</u>      | <u>37,558,564</u>      | <u>39,065,371</u>      | <u>40,293,260</u>      |
| Total Primary Government Expenses          | <u>\$ 34,709,586</u>   | <u>\$ 36,121,041</u>   | <u>\$ 37,558,564</u>   | <u>\$ 39,065,371</u>   | <u>\$ 40,293,260</u>   |
| <b>Program Revenues</b>                    |                        |                        |                        |                        |                        |
| Governmental Activities:                   |                        |                        |                        |                        |                        |
| Charges for Services:                      |                        |                        |                        |                        |                        |
| Instruction                                | \$ 29,740              | \$ 924,349             | \$ 1,307,598           | \$ 244,034             | \$ 229,953             |
| Food Services                              | 562,017                | 682,357                | 628,304                | 645,291                | 658,243                |
| Extracurricular Activities                 | 460,843                | 388,295                | 393,345                | 90,959                 | 76,230                 |
| Other Activities                           | 508,302                | 448,728                | 129,708                | 973,469                | 979,506                |
| Operating Grants and Contributions         | 8,271,803              | 6,995,179              | 6,602,377              | 5,006,376              | 5,427,937              |
| Total Governmental Activities Program Rev. | <u>9,832,705</u>       | <u>9,438,908</u>       | <u>9,061,332</u>       | <u>6,960,129</u>       | <u>7,371,869</u>       |
| Total Primary Government Program Rev.      | <u>9,832,705</u>       | <u>9,438,908</u>       | <u>9,061,332</u>       | <u>6,960,129</u>       | <u>7,371,869</u>       |
| <b>Net (Expense)/Revenue</b>               |                        |                        |                        |                        |                        |
| Governmental Activities                    | \$ (24,876,881)        | \$ (26,682,133)        | \$ (28,497,232)        | \$ (32,105,242)        | \$ (32,921,391)        |
| Total Primary Government Net Expense       | <u>\$ (24,876,881)</u> | <u>\$ (26,682,133)</u> | <u>\$ (28,497,232)</u> | <u>\$ (32,105,242)</u> | <u>\$ (32,921,391)</u> |

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

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

|   | Fiscal Year         |                     |                     |                       |                       |
|---|---------------------|---------------------|---------------------|-----------------------|-----------------------|
|   | 2002                | 2003                | 2004                | 2005                  | 2006                  |
| <b>Net (Expense)/Revenue</b>                              |                     |                     |                     |                       |                       |
| Governmental Activities                                   | \$ (24,876,881)     | \$ (26,682,133)     | \$ (28,497,232)     | \$ (32,105,242)       | \$ (32,921,404)       |
| Total Primary Government Net Expense                      | <u>(24,876,881)</u> | <u>(26,682,133)</u> | <u>(28,497,232)</u> | <u>(32,105,242)</u>   | <u>(32,921,404)</u>   |
| <b>General Revenues &amp; Other Changes in Net Assets</b> |                     |                     |                     |                       |                       |
| Governmental Activities:                                  |                     |                     |                     |                       |                       |
| Property Taxes:   |                     |                     |                     |                       |                       |
| Levied for General Purposes                               | 6,510,875           | 7,229,428           | 8,372,940           | 9,450,848             | 10,535,713            |
| Levied for Debt Service                                   | 730,507             | 1,012,926           | 1,400,283           | 1,386,796             | 1,356,970             |
| Investment Earnings                                       | 220,449             | 342,642             | 277,719             | 405,202               | 532,972               |
| Unrestricted Grants and Contributions                     | 19,194,425          | 18,781,573          | 16,725,219          | 18,482,913            | 18,237,919            |
| Miscellaneous   | 663,955             | 1,189,181           | 916,431             | 749,193               | 1,242,401             |
| Total Governmental Activities                             | <u>27,320,211</u>   | <u>28,555,750</u>   | <u>27,692,592</u>   | <u>30,474,952</u>     | <u>31,905,975</u>     |
| Total Primary Government                                  | <u>27,320,211</u>   | <u>28,555,750</u>   | <u>27,692,592</u>   | <u>30,474,952</u>     | <u>31,905,975</u>     |
| <b>Change in Net Assets</b>                               |                     |                     |                     |                       |                       |
| Governmental Activities                                   | 2,443,330           | 1,873,617           | (804,640)           | (1,630,290)           | (1,015,429)           |
| Total Primary Government                                  | <u>\$ 2,443,330</u> | <u>\$ 1,873,617</u> | <u>\$ (804,640)</u> | <u>\$ (1,630,290)</u> | <u>\$ (1,015,429)</u> |

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

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

#### (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

|   | Fiscal Year         |                      |                      |                     |                     |
|---|---------------------|----------------------|----------------------|---------------------|---------------------|
|   | 1997                | 1998                 | 1999                 | 2000                | 2001                |
| <b>General Fund</b>                       |                     |                      |                      |                     |                     |
| Reserved                                  | \$ 409,403          | \$ 15,046,846        | \$ 10,119,577        | \$ 1,158,937        | \$ 678,819          |
| Unreserved                                | 2,542,404           | 3,199,721            | 4,174,338            | 4,545,951           | 5,397,548           |
| <b>Total General Fund</b>                 | <b>\$ 2,951,807</b> | <b>\$ 18,246,567</b> | <b>\$ 14,293,915</b> | <b>\$ 5,704,888</b> | <b>\$ 6,076,367</b> |
| <b>All Other Governmental Funds</b>       |                     |                      |                      |                     |                     |
| Reserved                                  |                     |                      |                      |                     |                     |
| State & Federal Programs                  | \$ 48,168           | \$ 50,641            | \$ 88,064            | \$ 171,195          | \$ 76,634           |
| Other - Special Revenue                   | --                  | --                   | --                   | --                  | --                  |
| Food Service                              | 40,729              | 24,427               | 50,373               | 50,484              | 23,650              |
| Capital Acquisitions                      | --                  | 14,648,716           | 9,807,392            | 743,756             | 389,685             |
| Debt Service                              | 320,506             | 323,062              | 173,748              | 193,502             | 188,850             |
| <b>Total All Other Governmental Funds</b> | <b>\$ 409,403</b>   | <b>\$ 15,046,846</b> | <b>\$ 10,119,577</b> | <b>\$ 1,158,937</b> | <b>\$ 678,819</b>   |

TABLE L-4

|    |                  | Fiscal Year |                   |      |                   |      |                  |    |                  |
|----|------------------|-------------|-------------------|------|-------------------|------|------------------|----|------------------|
|    |                  | 2002        | 2003              | 2004 | 2005              | 2006 |                  |    |                  |
| \$ | 1,238,734        | \$          | 15,166,167        | \$   | 7,268,551         | \$   | 1,125,975        | \$ | 1,396,463        |
|    | 6,597,295        |             | 7,693,491         |      | 7,298,389         |      | 6,920,005        |    | 6,867,836        |
| \$ | <u>7,836,029</u> | \$          | <u>22,859,658</u> | \$   | <u>14,566,940</u> | \$   | <u>8,045,980</u> | \$ | <u>8,264,299</u> |
| \$ | 799,218          | \$          | 78,873            | \$   | 59,678            | \$   | 415,099          | \$ | 686,952          |
|    | 51,288           |             | 1,044,026         |      | 497,912           |      | --               |    | --               |
|    | 57,177           |             | 167,386           |      | 220,319           |      | 235,648          |    | 285,033          |
|    | 142,201          |             | 13,707,934        |      | 6,277,633         |      | 106,923          |    | 36,934           |
|    | 188,850          |             | 167,948           |      | 213,009           |      | 368,305          |    | 387,544          |
| \$ | <u>1,238,734</u> | \$          | <u>15,166,167</u> | \$   | <u>7,268,551</u>  | \$   | <u>1,125,975</u> | \$ | <u>1,396,463</u> |

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

#### (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

|  | Fiscal Year       |                      |                       |                       |                   |
|--|-------------------|----------------------|-----------------------|-----------------------|-------------------|
|  | 1997              | 1998                 | 1999                  | 2000                  | 2001              |
| <b>Revenues</b>  |                   |                      |                       |                       |                   |
| Local & Intermediate Sources                               | \$ 5,898,342      | \$ 6,890,864         | \$ 8,278,334          | \$ 8,163,541          | \$ 9,136,143      |
| State Program Revenues                                     | 15,187,955        | 17,394,438           | 17,899,217            | 20,386,772            | 20,194,373        |
| Federal Program Revenues                                   | 2,729,146         | 2,628,367            | 3,059,729             | 3,054,984             | 4,034,360         |
| Total Revenues   | <u>23,815,443</u> | <u>26,913,669</u>    | <u>29,237,280</u>     | <u>31,605,297</u>     | <u>33,364,876</u> |
| <b>Expenditures</b>  |                   |                      |                       |                       |                   |
| Instruction  | 11,789,336        | 12,486,134           | 12,769,088            | 15,264,336            | 15,548,854        |
| Instructional Resources & Media Services                   | 470,696           | 431,154              | 423,303               | 650,068               | 625,621           |
| Curriculum & Staff Development                             | 230,350           | 214,317              | 387,530               | 456,128               | 439,967           |
| Instructional Leadership                                   | 230,897           | 192,304              | 240,980               | 371,556               | 412,616           |
| School Leadership  | 1,246,448         | 1,280,545            | 1,385,323             | 1,491,970             | 1,719,524         |
| Guidance, Counseling & Evaluation Svcs                     | 746,229           | 894,337              | 955,908               | 1,001,851             | 1,118,181         |
| Social Work Services                                       | 79,429            | 85,185               | 81,843                | 81,356                | 77,456            |
| Health Services  | 246,270           | 274,141              | 281,415               | 243,818               | 280,006           |
| Student Transportation                                     | 914,066           | 938,211              | 976,782               | 1,107,782             | 1,379,958         |
| Food Service   | 1,194,257         | 1,209,076            | 1,234,335             | 1,339,988             | 1,582,454         |
| Cocurricular/Extracurricular Activities                    | 614,892           | 686,303              | 764,506               | 1,003,632             | 1,070,484         |
| General Administration                                     | 1,218,933         | 1,034,234            | 1,068,547             | 1,096,163             | 809,378           |
| Plant Maintenance & Operations                             | 1,962,188         | 2,194,785            | 2,346,123             | 2,578,141             | 2,691,670         |
| Security & Monitoring Services                             | --                | --                   | 33,361                | 57,543                | 64,358            |
| Data Processing Services                                   | 257,285           | 302,239              | 353,446               | 331,025               | 355,214           |
| Community Services   | 492,072           | 431,546              | 554,705               | 646,796               | 1,151,705         |
| Principal on Long-Term Debt                                | 1,197,733         | 1,193,733            | 1,489,650             | 1,518,457             | 1,500,684         |
| Interest on Long-Term Debt                                 | 527,974           | 1,097,855            | 1,177,424             | 1,075,758             | 1,083,057         |
| Bond Issuance Costs & Fees                                 | 1,869             | 2,218                | 1,662                 | 19,967                | 4,678             |
| Capital Outlay   | 322,683           | 404,886              | 6,288,224             | 10,455,657            | 532,701           |
| Payments Related to SSA's                                  | --                | 381,722              | 381,586               | 391,133               | 367,252           |
| Total Expenditures   | <u>23,743,607</u> | <u>25,734,925</u>    | <u>33,195,741</u>     | <u>41,183,125</u>     | <u>32,815,818</u> |
| Excess of Revenues<br>Over (Under) Expenditures            | 71,836            | 1,178,744            | (3,958,461)           | (9,577,828)           | 549,058           |
| <b>Other Financing Sources (Uses)</b>                      |                   |                      |                       |                       |                   |
| Capital-Related Debt                                       |                   |                      |                       |                       |                   |
| Issued (Regular Bonds)                                     | --                | 14,131,899           | --                    | --                    | --                |
| Proceeds from Capital Leases                               | --                | --                   | --                    | --                    | --                |
| Non-Current Loan Proceeds                                  | --                | --                   | --                    | --                    | --                |
| Transfers In   | --                | --                   | --                    | --                    | --                |
| Premium or Discount<br>On Issuance of Bonds                | --                | --                   | --                    | --                    | --                |
| Prepaid Interest   | --                | --                   | --                    | --                    | --                |
| Other Resources  | 66,938            | --                   | 252,581               | 1,047,544             | 53,838            |
| Transfers Out  | --                | --                   | --                    | --                    | --                |
| Payment to Bond Refunding<br>Escrow Agent                  | --                | --                   | --                    | --                    | --                |
| Other Uses   | (9,450)           | (18,358)             | (246,425)             | (65,869)              | (60,224)          |
| Total Other Financing<br>Sources (Uses)                    | <u>57,488</u>     | <u>14,113,541</u>    | <u>6,156</u>          | <u>981,675</u>        | <u>(6,386)</u>    |
| Net Change in Fund Balances                                | <u>\$ 129,324</u> | <u>\$ 15,292,285</u> | <u>\$ (3,952,305)</u> | <u>\$ (8,596,153)</u> | <u>\$ 542,672</u> |
| Debt Service As A Percentage<br>Of Noncapital Expenditures | 7.4%              | 9.1%                 | 9.9%                  | 8.5%                  | 8.0%              |

TABLE L-5

|                     | Fiscal Year          |                       |                       |                   |      |
|---------------------|----------------------|-----------------------|-----------------------|-------------------|------|
|                     | 2002                 | 2003                  | 2004                  | 2005              | 2006 |
| \$ 12,542,534       | \$ 12,869,713        | \$ 13,287,369         | \$ 14,106,416         | \$ 15,552,911     |      |
| 20,453,530          | 20,867,716           | 18,390,205            | 19,074,218            | 18,954,740        |      |
| 4,117,470           | 4,554,017            | 4,750,626             | 4,411,204             | 4,707,536         |      |
| <u>37,113,534</u>   | <u>38,291,446</u>    | <u>36,428,200</u>     | <u>37,591,838</u>     | <u>39,215,187</u> |      |
| 17,380,192          | 17,551,634           | 18,645,318            | 18,926,028            | 19,164,621        |      |
| 575,094             | 658,007              | 625,678               | 1,060,576             | 1,000,486         |      |
| 421,981             | 451,824              | 243,295               | 182,809               | 136,160           |      |
| 395,050             | 320,421              | 366,701               | 417,953               | 479,088           |      |
| 1,632,301           | 1,800,620            | 1,796,789             | 2,122,938             | 2,153,972         |      |
| 1,135,905           | 1,417,985            | 1,286,327             | 1,411,004             | 1,478,758         |      |
| 43,137              | 18,356               | 21,971                | 144,703               | 200,335           |      |
| 267,966             | 228,450              | 247,047               | 271,354               | 337,231           |      |
| 1,212,407           | 1,359,355            | 1,453,528             | 1,562,747             | 1,543,043         |      |
| 1,505,653           | 1,521,032            | 1,674,175             | 1,797,484             | 1,853,439         |      |
| 1,268,016           | 1,374,010            | 1,363,667             | 1,151,689             | 963,081           |      |
| 1,061,302           | 1,031,820            | 1,222,287             | 1,376,574             | 1,373,574         |      |
| 2,844,522           | 3,028,946            | 3,084,433             | 3,376,086             | 3,430,826         |      |
| 36,965              | 44,023               | 97,761                | 270,566               | 206,839           |      |
| 598,183             | 393,112              | 337,440               | 213,621               | 195,211           |      |
| 1,292,495           | 1,311,369            | 1,221,596             | 993,352               | 953,904           |      |
| 1,545,000           | 1,680,000            | 1,630,000             | 1,515,000             | 1,635,000         |      |
| 1,042,197           | 1,636,139            | 1,617,429             | 1,503,536             | 1,326,544         |      |
| --                  | 4,957                | 7,478                 | 68,099                | 117,978           |      |
| 671,590             | 2,337,197            | 7,345,450             | 5,444,566             | --                |      |
| 408,067             | 389,771              | 432,548               | 365,125               | 570,358           |      |
| <u>35,338,023</u>   | <u>38,559,028</u>    | <u>44,720,918</u>     | <u>44,175,810</u>     | <u>39,120,448</u> |      |
| 1,775,511           | (267,582)            | (8,292,718)           | (6,583,972)           | 94,739            |      |
| --                  | 15,255,419           | --                    | 1,799,996             | 9,524,996         |      |
| --                  | --                   | --                    | --                    | --                |      |
| --                  | 24,017               | 25,002                | 19,519                | 2,658             |      |
| --                  | --                   | --                    | 127,862               | 469,931           |      |
| --                  | --                   | --                    | --                    | --                |      |
| --                  | 35,792               | --                    | --                    | 3,723             |      |
| --                  | (24,017)             | (25,002)              | (19,519)              | (2,658)           |      |
| --                  | --                   | --                    | (1,864,835)           | (9,875,073)       |      |
| --                  | --                   | --                    | --                    | --                |      |
| <u>--</u>           | <u>15,291,211</u>    | <u>--</u>             | <u>63,023</u>         | <u>123,577</u>    |      |
| <u>\$ 1,775,511</u> | <u>\$ 15,023,629</u> | <u>\$ (8,292,718)</u> | <u>\$ (6,520,949)</u> | <u>\$ 218,316</u> |      |
| 7.5%                | 9.2%                 | 8.7%                  | 8.0%                  | 7.9%              |      |

**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> |
|--------------------|-----------------------------|----------------------------|----------------------------|----------------------------------|-------------------------------------|
| 1997               | \$ 183,096,370              | \$ 26,481,760              | \$ 27,831,960              | \$ 36,462,030                    | \$ 200,948,060                      |
| 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                         |

Source: Caldwell County Appraisal District

TABLE L-6

|    | <u>Total<br/>Direct<br/>Tax<br/>Rate</u> | <u>Estimated<br/>Actual<br/>Taxable<br/>Value</u> | <u>Taxable Assessed<br/>Value as a<br/>Percentage of<br/>Actual Taxable Value</u> |
|----|--|---|---|
| \$ | 1.3053                                   | \$ 143,392,650                                    | 140.138%  |
|    | 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%  |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

| Fiscal<br>Year | District Direct Rates |                     |           | Overlapping Rates  |                        |
|----------------|-----------------------|---------------------|-----------|--------------------|------------------------|
|                | General<br>Purposes   | Capital<br>Purposes | Total     | Caldwell<br>County | City<br>of<br>Lockhart |
| 1997           | \$ 0.9507             | \$ 0.3546           | \$ 1.3053 | \$ 0.6043          | \$ 0.4145              |
| 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                 |

Source: Caldwell County Appraisal District

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

| Taxpayer                        | 2006                 |      |                                   | 1997                 |      |                                   |
|---------------------------------|----------------------|------|-----------------------------------|----------------------|------|-----------------------------------|
|                                 | Taxable Value        | Rank | Percentage of Total Taxable Value | Taxable Value        | Rank | Percentage of Total Taxable Value |
| LCRA Transmission Srv Corp      | \$ 8,292,850         | 1    | 1.87%                             | \$ --                | --   | --                                |
| Southwestern Bell Telephone     | 5,590,350            | 2    | 1.26%                             | 7,116,520            | 1    | 3.54%                             |
| Lockhart Village Partners LP    | 5,341,020            | 3    | 1.21%                             | --                   | --   | --                                |
| Flint Hills Resources LP (TPL)  | 4,853,050            | 4    | 1.10%                             | --                   | --   | --                                |
| Bluebonnet Electric Cooperative | 3,892,400            | 5    | 0.88%                             | 3,288,340            | 5    | 1.64%                             |
| H.E. Butt Grocery               | 3,888,170            | 6    | 0.88%                             | --                   | --   | --                                |
| Hoskins, Fred W.                | 3,234,020            | 7    | 0.73%                             | 1,828,310            | 6    | 0.91%                             |
| Lockhart II Partners Ltd        | 3,011,020            | 8    | 0.68%                             | --                   | --   | --                                |
| Economy Realty Ltd              | 2,945,360            | 9    | 0.67%                             | --                   | --   | --                                |
| Union Pacific RR Company        | 2,854,050            | 10   | 0.64%                             | --                   | --   | --                                |
| Koch Refining                   | --                   | --   | --                                | 4,417,510            | 2    | 2.20%                             |
| Walmart Properties Inc          | --                   | --   | --                                | 3,637,470            | 3    | 1.81%                             |
| Kewaunee Scientific Eqp. Corp.  | --                   | --   | --                                | 3,617,230            | 4    | 1.80%                             |
| Missouri Pacific Railroad       | --                   | --   | --                                | 1,627,410            | 7    | 0.81%                             |
| General Telephone Company of SW | --                   | --   | --                                | 1,474,800            | 8    | 0.73%                             |
| Southern Union Company          | --                   | --   | --                                | 1,444,360            | 9    | 0.72%                             |
| Lockhart Motor Company          | --                   | --   | --                                | 1,108,615            | 10   | 0.55%                             |
| Total                           | \$ <u>43,902,290</u> |      | <u>9.92%</u>                      | \$ <u>29,560,565</u> |      | <u>14.71%</u>                     |

Source: Caldwell County Appraisal District, District Records

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

| Fiscal<br>Year | Taxes Levied<br>for the<br>Fiscal Year | Collected Within the<br>Fiscal Year of the Levy |                       | Collections<br>In Subsequent<br>Years | Total Collections to Date |                       |
|----------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                |  | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 1997           | \$ 4,264,726                           | \$ 3,970,450                                    | 93.10%                | \$ 263,463                            | \$ 4,233,913              | 99.28%                |
| 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%                | --                                    | 10,888,562                | 93.39%                |

Source: Caldwell County Appraisal District, District Records

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

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

| <u>Fiscal Year</u> | <u>General<br/>Obligation<br/>Bonds</u> | <u>Percentage<br/>of Actual<br/>Taxable Value<br/>of Property</u> | <u>Per<br/>Capita</u> | <u>Notes<br/>Payable</u> | <u>Capital<br/>Leases</u> |
|--------------------|---|---|-----------------------|--------------------------|---------------------------|
| 1997               | \$ 22,099,777                           | 15.41%  | \$ 732                | \$ 325,000               | \$ 1,688,490              |
| 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%  | 621                   | 825,000                  | 460,861                   |
| 2001               | 19,677,982                              | 8.69%   | 582                   | 225,000                  | 322,102                   |
| 2002               | 34,607,925                              | 11.95%  | 993                   | 150,000                  | --                        |
| 2003               | 33,619,224                              | 10.94%  | 946                   | 224,091                  | --                        |
| 2004               | 32,649,994                              | 10.30%  | 897                   | --                       | --                        |
| 2005               | 31,134,993                              | 9.52%   | 852                   | --                       | --                        |
| 2006               | 29,499,990                              | 8.31%   | 808                   | --                       | --                        |

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<br>Year | General Bonded Debt Outstanding |               | Percentage of<br>Actual Taxable<br>Value of<br>Property | Per<br>Capita |
|----------------|---------------------------------|---------------|---|---------------|
|                | General<br>Obligation<br>Bonds  | Total         |   |               |
| 1997           | \$ 22,099,777                   | \$ 22,099,777 | 15.41%  | \$ 732        |
| 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%  | 621           |
| 2001           | 19,677,982                      | 19,677,982    | 8.69%   | 582           |
| 2002           | 34,607,925                      | 34,607,925    | 11.95%  | 993           |
| 2003           | 33,619,224                      | 33,619,224    | 10.94%  | 946           |
| 2004           | 32,649,994                      | 32,649,994    | 10.30%  | 897           |
| 2005           | 31,134,993                      | 31,134,993    | 9.52%   | 852           |
| 2006           | 29,499,990                      | 29,499,990    | 8.31%   | 808           |

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

**LOCKHART INDEPENDENT SCHOOL DISTRICT**  
*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT*

| <u>Governmental Unit</u>          | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Direct and<br/>Overlapping<br/>Debt</u> |
|-----------------------------------|-----------------------------|--|---|
| Caldwell County                   | \$ 5,288,018                | 58.190%  | \$ 3,077,098  |
| City of Lockhart                  | 4,473,710                   | 100.000%                                       | 4,473,710   |
| Lockhart ISD                      | 30,766,686                  | 100.000%                                       | <u>30,766,686</u>   |
| Subtotal, Overlapping Debt        |                             |  | 38,317,494  |
| District Direct Debt              |                             |  | --  |
| Total Direct and Overlapping Debt |                             |  | \$ 38,317,494   |

Sources: Texas Municipal Report dated 6/20/06.

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## LEGAL DEBT MARGIN INFORMATION

### LAST TEN FISCAL YEARS

|   | Fiscal Year         |                     |                     |                      |                      |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
|   | <u>1997</u>         | <u>1998</u>         | <u>1999</u>         | <u>2000</u>          | <u>2001</u>          |
| Debt Limit  | \$ 24,138,256       | \$ 24,795,148       | \$ 26,673,196       | \$ 29,998,367        | \$ 33,637,971        |
| Total Net Debt Applicable to Limit                                      | <u>21,779,271</u>   | <u>20,916,715</u>   | <u>20,591,029</u>   | <u>19,983,098</u>    | <u>19,489,132</u>    |
| Legal Debt Margin   | \$ <u>2,358,985</u> | \$ <u>3,878,433</u> | \$ <u>6,082,167</u> | \$ <u>10,015,269</u> | \$ <u>14,148,839</u> |
| Total Net Debt Applicable to the Limit<br>As a Percentage of Debt Limit | 90.23%              | 84.36%              | 77.20%              | 66.61%               | 57.94%               |

Source: Texas Municipal Reports

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

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

|  |                      |
|--|----------------------|
| Assessed Value   | \$ 702,389,066       |
| Debt Limit (7% of Assessed Value)                                  | 49,167,235           |
| Debt Applicable to Limit:  |                      |
| General Obligation Bonds   | 31,134,991           |
| Less: Amount Set Aside for Repayment of<br>General Obligation Debt | <u>387,544</u>       |
| Total Net Debt Applicable to Limit                                 | <u>30,747,447</u>    |
| Legal Debt Margin  | \$ <u>18,419,788</u> |

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

| <u>Calendar<br/>Year</u> | <u>Population</u> | <u>Personal<br/>Income<br/>(thousands<br/>of dollars)</u> | <u>Per<br/>Capita<br/>Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|--------------------------|-------------------|---|---|------------------------------|
| 1997                     | 30,208            | \$ 467,801  | \$ 15,486                                     | 4.20%                        |
| 1998                     | 30,763            | 500,083   | 16,256  | 3.80%                        |
| 1999                     | 31,485            | 550,074   | 17,471  | 3.40%                        |
| 2000                     | 32,474            | 621,520   | 19,139  | 3.60%                        |
| 2001                     | 33,805            | 676,708   | 20,018  | 4.60%                        |
| 2002                     | 34,861            | 699,068   | 20,053  | 6.70%                        |
| 2003                     | 35,556            | 711,404   | 20,088  | 7.50%                        |
| 2004                     | 36,384            | 744,926   | 20,474  | 6.20%                        |
| 2005                     | 36,523            | 775,055   | 21,221  | 4.90%                        |
| 2006                     | ****              | ****  | ****  | 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                    | 2006         |      |                                | 1997      |      |                                |
|-----------------------------|--------------|------|--------------------------------|-----------|------|--------------------------------|
|                             | Employees    | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Lockhart ISD                | 688          | 1    | ****                           | ****      | 1    | ****                           |
| The GEO Group, Inc.         | 186          | 2    | ****                           | ****      | 2    | ****                           |
| Pegasus                     | 151          | 3    | ****                           | ****      | 3    | ****                           |
| H.E.B. Food Store           | 147          | 4    | ****                           | ****      | 4    | ****                           |
| City of Lockhart            | 141          | 5    | ****                           | ****      | 5    | ****                           |
| Wal-Mart                    | 122          | 6    | ****                           | ****      | 6    | ****                           |
| Golden Age Home             | 112          | 7    | ****                           | ****      | 7    | ****                           |
| Chisholm Trail Rehab Center | 82           | 8    | ****                           | ****      | 8    | ****                           |
| Livengood Feed              | 60           | 9    | ****                           | ****      | 9    | ****                           |
| Durham Transportation       | 55           | 10   | ****                           | ****      | --   | ****                           |
| Total                       | <u>1,744</u> |      | ****                           | ****      |      | ****                           |

\*\*\*\* The 2006 total employment information has not been published,  
and the 1997 information is not available from any source.

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

|  | Full-Time Equivalent Employees as of Year End |      |      |      |      |            |            |            |            |            |
|--|---|------|------|------|------|------------|------------|------------|------------|------------|
|  | 1997  | 1998 | 1999 | 2000 | 2001 | 2002       | 2003       | 2004       | 2005       | 2006       |
| Instruction                              | --  | --   | --   | --   | --   | 385        | 388        | 383        | 385        | 422        |
| Instructional Resources & Media Services | --  | --   | --   | --   | --   | 7          | 7          | 7          | 7          | 8          |
| Instructional Leadership                 | --  | --   | --   | --   | --   | 8          | 6          | 5          | 5          | 5          |
| School Leadership                        | --  | --   | --   | --   | --   | 36         | 36         | 36         | 38         | 40         |
| Guidance & Counseling                    | --  | --   | --   | --   | --   | 21         | 21         | 22         | 27         | 27         |
| Health Services                          | --  | --   | --   | --   | --   | 9          | 9          | 8          | 9          | 8          |
| Food Service                             | --  | --   | --   | --   | --   | 46         | 46         | 41         | 43         | 45         |
| Cocurricular/Extracurricular Activities  | --  | --   | --   | --   | --   | 1          | 1          | 1          | 3          | 3          |
| General Administration                   | --  | --   | --   | --   | --   | 23         | 23         | 27         | 19         | 19         |
| Plant Maintenance & Operations           | --  | --   | --   | --   | --   | 64         | 64         | 66         | 66         | 75         |
| Security & Monitoring Services           | --  | --   | --   | --   | --   | 2          | 2          | 2          | 3          | 3          |
| Data Processing Services                 | --  | --   | --   | --   | --   | 2          | 2          | 2          | 2          | 2          |
| Community Services                       | --  | --   | --   | --   | --   | 20         | 20         | 33         | 32         | 31         |
| <b>Total</b>                             | --  | --   | --   | --   | --   | <u>624</u> | <u>625</u> | <u>633</u> | <u>639</u> | <u>688</u> |

Source: In-house District information

Note: Information for 1997 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> |
|--------------------|-------------------|-------------------------------|-----------------------|--------------------------|-----------------|
| 1997               | 4,111             | \$ 18,836,798                 | \$ 4,582              | --                       | \$ 23,743,607   |
| 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      |

Source: AEIS Reports

TABLE L-17

|    | <u>Cost<br/>Per<br/>Pupil</u> | <u>Percentage<br/>Change</u> | <u>Teaching<br/>Staff</u> | <u>Pupil-<br/>Teacher<br/>Ratio</u> | <u>Percentage<br/>of Students<br/>Receiving<br/>Free or<br/>Reduced-Price<br/>Meals</u> |
|----|-------------------------------|------------------------------|---------------------------|-------------------------------------|---|
| \$ | 5,776                         | --                           | 248.2                     | 16.6                                | 54.5%   |
|    | 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%   |

**LOCKHART INDEPENDENT SCHOOL DISTRICT**

*TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS*

| <u>Fiscal<br/>Year</u> | <u>Minimum<br/>Salary</u> | <u>Maximum<br/>Salary</u> | <u>County<br/>Average<br/>Salary</u> | <u>Statewide<br/>Average<br/>Salary</u> |
|------------------------|---------------------------|---------------------------|--------------------------------------|---|
| 1997                   | \$ 24,000                 | \$ 37,750                 | \$ 30,110                            | \$ 32,426                               |
| 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                                  |

Sources: AEIS Reports, District Records

# LOCKHART INDEPENDENT SCHOOL DISTRICT

## SCHOOL BUILDING INFORMATION

### LAST TEN FISCAL YEARS

| School                             | Fiscal Year |         |         |         |         |
|------------------------------------|-------------|---------|---------|---------|---------|
|                                    | 1997        | 1998    | 1999    | 2000    | 2001    |
| <b>School Elementary</b>           |             |         |         |         |         |
| 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                         | --          | --      | --      | --      | --      |
| <b>School Secondary</b>            |             |         |         |         |         |
| Lockhart Junior High (2000)        |             |         |         |         |         |
| Square Feet                        | --          | --      | --      | --      | 152,105 |
| Capacity                           | --          | --      | --      | --      | 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                         | --          | --      | --      | --      | --      |
| <b>School Support</b>              |             |         |         |         |         |
| Community Education (1996)         |             |         |         |         |         |
| Square Feet                        | 3,298       | 3,298   | 3,298   | 3,298   | 3,298   |
| Capacity                           | n/a         | n/a     | n/a     | n/a     | n/a     |
| Enrollment                         | n/a         | n/a     | n/a     | n/a     | n/a     |
| Spec Education/Food Service (1956) |             |         |         |         |         |
| Square Feet                        | 2,946       | 2,946   | 2,946   | 2,946   | 2,946   |
| Capacity                           | n/a         | n/a     | n/a     | n/a     | n/a     |
| Enrollment                         | n/a         | n/a     | n/a     | n/a     | n/a     |
| Technology Annex (1995)            |             |         |         |         |         |
| Square Feet                        | 1,532       | 1,532   | 1,532   | 1,532   | 1,532   |
| Capacity                           | n/a         | n/a     | n/a     | n/a     | n/a     |
| Enrollment                         | n/a         | n/a     | n/a     | n/a     | n/a     |

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

TABLE L-19

| Fiscal Year |         |         |         |         |
|-------------|---------|---------|---------|---------|
| 2002        | 2003    | 2004    | 2005    | 2006    |
| 52,578      | 52,578  | 52,578  | 52,578  | 52,578  |
| 385         | 385     | 385     | 385     | 385     |
| --          | --      | --      | --      | 388     |
| 57,113      | 57,113  | 57,113  | 57,113  | 57,113  |
| 441         | 441     | 441     | 441     | 441     |
| --          | --      | --      | --      | 419     |
| 67,233      | 67,233  | 67,233  | 67,233  | 67,233  |
| 449         | 449     | 449     | 449     | 449     |
| --          | --      | --      | --      | 449     |
| 55,573      | 55,573  | 55,573  | 55,573  | 55,573  |
| 415         | 415     | 415     | 415     | 415     |
| --          | --      | --      | --      | 421     |
| --          | --      | --      | 64,992  | 64,992  |
| --          | --      | --      | 479     | 479     |
| --          | --      | --      | --      | 468     |
| 152,105     | 152,105 | 152,105 | 152,105 | 152,105 |
| 1,036       | 1,036   | 1,036   | 1,036   | 1,036   |
| --          | --      | --      | --      | 1,019   |
| 71,057      | 71,057  | 71,057  | 71,057  | 71,057  |
| 361         | 361     | 361     | 361     | 361     |
| --          | --      | --      | 352     | 352     |
| 175,180     | 175,180 | 175,180 | 175,180 | 175,180 |
| 924         | 924     | 924     | 924     | 924     |
| --          | --      | --      | 831     | 831     |
| 10,647      | 10,647  | 10,647  | 10,647  | 10,647  |
| 58          | 58      | 58      | 58      | 58      |
| --          | --      | --      | --      | --      |
| 8,088       | 8,088   | 8,088   | 8,088   | 8,088   |
| 40          | 40      | 40      | 40      | 40      |
| --          | --      | --      | --      | --      |
| 3,298       | 3,298   | 3,298   | 3,298   | 3,298   |
| n/a         | n/a     | n/a     | n/a     | n/a     |
| n/a         | n/a     | n/a     | n/a     | n/a     |
| 2,946       | 2,946   | 2,946   | 2,946   | 2,946   |
| n/a         | n/a     | n/a     | n/a     | n/a     |
| n/a         | n/a     | n/a     | n/a     | n/a     |
| 1,532       | 1,532   | 1,532   | 1,532   | 1,532   |
| n/a         | n/a     | n/a     | n/a     | n/a     |
| n/a         | n/a     | n/a     | n/a     | n/a     |