

Comprehensive Annual Financial Report

For the year ending
August 31, 2004



LAREDO INDEPENDENT SCHOOL DISTRICT

Laredo, Texas

www.laredoisd.org



Laredo Independent School District

**1702 Houston St.
Laredo, Texas 78040**

Comprehensive Annual Financial Report For the Year Ended August 31, 2004

Issued by:
Jesus J. Amezcua, CPA, Chief Financial Officer
Rosa Maria Torres, Director of Financial Management

**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2004**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	iii
Principal Officials	x
Organizational Chart	xi
GFOA Certificate of Achievement	xii
Certificate of Board	xiii
 FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of the Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	17
Statement of Fiduciary Net Assets – Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	19
Notes to the Financial Statements	21
 OTHER SUPPLEMENTAL INFORMATION	
Combining Balance Sheet – Non Major Governmental Funds	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non Major Governmental Funds	40
 GOVERNMENTAL FUNDS	
Special Revenue Funds	
Combining Balance Sheet Non Major Governmental Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds	50
Debt Service Fund	
Balance Sheet Non Major Governmental Fund	57
Budgetary Comparison Schedule	58
Capital Project Fund	
Combined Balance Sheet Non Major Governmental Funds	59
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds	63
 FIDUCIARY FUNDS	
Private Purpose Trust Funds	
Combining Balance Sheet All Fiduciary Fund Types	65
Combining Balance Private-Purpose Trust Funds	66
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Private-Purpose Trust Funds	67
Combining Statement of Changes in Assets and Liabilities Agency Funds	68
Combining Statement of Changes in Assets and Liabilities Agency Funds	69

CAPITAL ASSETS

Schedule of Capital Assets - By Location and Activity72
Schedule of Changes in Capital Assets - By Location and Activity74
Schedule of Changes in Capital Assets - By Function and Activity76

COMPLIANCE SCHEDULES

Schedule of Delinquent Taxes Receivables77
Schedule of Expenditures for Computation of Indirect Cost for General Fund & Special Revenue Funds.....78
Fund Balance and Cash Flow Calculation Worksheet79
National School Breakfast and Lunch Program Budgetary Comparison Schedule.....80

STATISTICAL SECTION

General Governmental Expenditures by Function83
General Governmental Revenues by Source.....84
General Governmental Expenditures by Function per ADA85
General Governmental Revenues by Source per ADA86
LISD Property Tax Rates and Tax Levies87
LISD Property Tax Levies and Collections88
LISD Appraisal Roll and Property Value89
Property Tax Rates and Tax Levies of Direct and Overlapping Governments90
Principal Taxpayers.....91
Computation of Legal Debt Margin92
Ratio of Net Bonded Debt to Assessed Value & Net Bonded Debt Per Average Daily Attendance93
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total
General Governmental Funds94
Computation of Direct and Overlapping Debt95
Property Values, Construction, and Bank Deposits96
Insurance in Force.....97
Community Profile.....98
 • Demographics99
 • Principal Employers.....100
 • Labor Statistics101
 • Other Statistics.....102
2003 TAKS Results and TAAS Testing Results History107
Annual Dropout and Attendance Rates112
Student Demographics/Composition.....113
AEIS Comparison of District Profiles.....114

SINGLE AUDIT SECTION

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based
on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards..... 117
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control Over Compliance in Accordance with OMB Circular A-133..... 119
Schedule of Findings and Questioned Costs121
Summary Schedule of Prior Audit Findings 122
Corrective Action Plan.....123
Schedule of Expenditures of Federal Awards125
Notes to Schedule of Expenditures of Federal Awards.....127



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December 17, 2004

Sylvia Bruni
Superintendent of Schools

Board of Education

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Board of Trustees and Taxpayers of
Laredo Independent School District
1702 Houston Street
Laredo, Texas 78040

Dear Board Members and Taxpayers:

We are pleased to submit to you the 2003-2004 Comprehensive Annual Financial Report for the Laredo Independent School District (the District). The report was prepared by the District's Financial Management Department. The basic financial statements have been audited by the independent accounting firm of Padgett, Strateman, & CO., L.L.P., whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in respect to all material and is presented in a manner which daily sets forth the financial position and results of operations of the District. Furthermore, we believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

Organization of the Report

The Comprehensive Annual Financial Report consists of four parts: **The Introductory Section** includes this transmittal letter which highlights significant aspects of financial operations during the year and, in particular, the issues faced by the District; an organizational chart; a list of principal business officials; and a list of consultants and advisors. **The Financial Section** includes the independent auditor's report, the basic financial statements, Management Discussion and Analysis (MD&A), related notes, and supplemental financial statements with combining, individual fund statements and schedules. **The Statistical Section** includes several exhibits and tables of un-audited data depicting the financial history of the District as well as demographic and other miscellaneous statistics. Most of this data is provided for the last ten years. **The Single Audit Section** is provided in conformity with the provision of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133 Audits of State and Local Governments, and Non-Profit Organizations, and the Texas Education Agency. This section includes independent auditor's reports.

Generally accepted accounting principles (GAAP) require 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 auditors.

Reporting Entity

The District is an independent school district governed by a seven-member Board of Trustees (the Board). The District was founded in 1882. The Board has governance responsibility over all activities related to public school education within the District. The Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board Statement No. 14. District officials must comply with state and federal laws and regulations, but the Board has complete authority, including adoption and setting of tax rates.

This report includes financial statements of the funds required to account for those activities, organizations and functions that relate to the District and are controlled by or are dependent upon the District's governing body, the Board of Trustees. Criteria used by the District for including activities in preparing its financial statements are in conformity with Governmental Accounting Standards Board (GASB). Control by or dependent of the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the District, the District's obligation to finance and deficits that may occur, funding and selection of governing authority, and other evidence of financial interdependence.

For fiscal year ending August 31, 2004, the District has complied with GASB 34 requirements as required by the Governmental Accounting Standards Board, the Texas Education Agency and the Government Finance Officers Association.

Services Provided

Laredo Independent School District provides a safe and learning environment that ensures a quality education. Beginning in the 20 elementary and extending through the 3 high schools, students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy.

In the 4 middle schools, a diversified group of elective subjects is added to the required studies, including home economics, art, band, choir, orchestra, mariachi band and foreign languages. Individual needs continue to be met at the three high schools.

The District has a communication and fine arts magnet school that offers our students comprehensive courses of study in the areas of communication, dance, music, theatre arts, and visual arts with emphasis on creative development and artistic performance; a health and science magnet school that offers our students a wide range of health and science courses to prepare them for related careers; and a technology and engineering magnet school offers our students courses of study towards industry certifications to prepare them for related careers.

Mission Statement

The mission of the Laredo Independent School District, as an educational partner with the City of Laredo and the larger global community, is to develop and educate our students by providing a relevant and challenging curriculum through innovative programs and effective use of resources in a safe and nurturing environment.

District Goals

The Superintendent's Priority Goals outlined in the District Plan are as follows:

1. To establish and maintain an organizational climate that respects the dignity and worth of all people.
2. To establish and maintain an environment within the district which maximizes safety for all students, employees and visitors.

3. To lead the district's initiative toward continued improvement of academic performance for all students as measured by TAKS and other appropriate measures of student gain and to increase the number of students taking the tests such as SAT, ACT, and AP.
4. To implement programs and initiatives that will result in all healthy children reading on grade level by the third grade and in the measurable improvement of students' reading skills at higher-grade levels.
5. To strengthen the instructional program by increasing emphasis on higher order thinking skills through the enhancement of staff development and the integration of technology.
6. To improve our libraries by meeting or exceeding state standards for recognized status, which include staffing patterns, library collection ratio, the use of technology, up-to-date library collections and other criteria.
7. To effectively implement the district's construction and facilities maintenance program and continue the implementation and monitoring of accountability measures to protect all district resources.
8. To develop initiatives to integrate child nutrition programs into the curriculum to influence healthy life styles for all children.

Achievements

The District received a rating of Superior on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system. The rating system was established during the 77th Legislative session. School districts received their first official rating by TEA in August 2003 for the fiscal year 2001-2002.

Economic Condition and Outlook

Laredo Independent School District is located in the heart of the City of Laredo and encompasses approximately 13 square miles. The total population for the City of Laredo is more than 214,000, of which more than 94,000 are concentrated within the District's boundaries.

Our District is an inner city district which serves the community of Laredo and Webb County; being on the border to Mexico, it is affected by traditional economic and social issues common to border regions.

Laredo, best known for its geographic location with two international bridges bordering Nuevo Laredo, Tamaulipas, Mexico and one international bridge bordering Dolores, Nuevo Leon, Mexico, is in the center of a new era. This era includes the passage of the North American Free Trade Agreement, which has enhanced trade between the United States and Mexico, provided for a growing tax base, and the attraction of new industries.

Financial Information

The Accounting System and Budgetary Control

The Division of Finance is responsible for providing all District financial services including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management budgeting, purchasing, management information systems, capital assets, tax office collections, and special financial and policy analyses to District management. The Chief Financial Officer, appointed by the Superintendent, has oversight responsibility for the division's operations.

The District's hardware includes a Hewlett Packard 996 minicomputer as well as numerous personal computers and system terminals. The District utilizes the Information Design Incorporated government software applications and computerized financial accounting system, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized

use of disposition and the reliability of financial records for preparing financial statements and maintaining accountability over the District's assets.

The District also operates a student accountability system, supported by the District's Information Technology Department. This system services all campuses of the district. The applications being used are attendance, grades and report cards, student tracking, and all other information required by the State of Texas.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting records for governmental fund types are maintained on a modified accrual basis with revenues recorded when services or goods are received and the liabilities are incurred. Accounting records for trust funds are maintained on the accrual basis.

The annual operating budget or financial plan is proposed by the Superintendent and enacted by the Board of Trustees after public discussion. The site-based decision making process, as mandated by the education code, is the cornerstone of all LISD budgetary decisions. Each campus must have an SBDM committee made up of the campus principal, teachers, and community members. Their role is to build consensus and support all efforts consistent with reaching the campus goals and objectives. SBDM committee members, department directors and community members are involved in the budgetary cycle.

Subsequent intra-function budget transfers must be approved by the Board for the General Fund Budget. For Special Revenue Funds, intra-function budget transfers are approved subject to the approval by the granting agency. A summary of all transfers is presented to the Board of Trustees. All departments are required to operate within their budgetary constraints. The operating budgets are amended prior to expenditure, and the accounting system provides a strong budgetary control over expenditures.

Cash Management

The District awarded the depository agreement to Commerce Bank for a period of two years beginning September 1, 2003 and ending August 31, 2005. The agreement provides that virtually every service performed by the bank be billed to the District at a predetermined rate and offset this charge against bank balances before interest earnings are calculated.

As required, investment policies are reviewed annually and updated as rules and regulation change. The investment officers invest directly in securities issued by the Treasury of the United States, certain federal agencies, highly rated investment pools and highly rated commercial paper. At August 31, 2004 the Districts had \$17,182,090 invested in agency notes and \$45,798,894 at investment pools.

Risk Management

The Laredo I.S.D. Risk Management Program includes the following:

Health Insurance

For the term effective 9/1/03-8/31/04, the District continued to be fully-insured with PacifiCare, Inc. being the medical health provider. The carrier, PacifiCare, as well as the local servicing agency, Laurel Insurance, contracted by PacifiCare, administered and serviced the medical program. The program is a fully insured program, but is unique in that it includes a "participating agreement" whereby any savings under the established utilization (loss ratio) threshold of 70% may be reimbursed to the District.

The District contributes \$225.00 for all Teacher Retirement System (TRS) qualified employees towards the cost of participation in the Preferred Provider Organization (PPO) medical insurance program that has a maximum lifetime benefit of \$2,000,000.00. There are three (3) insurance plan options (Low, High, and

State Comparable) as well as options of the four (4) tier coverage levels (Employee Only, Employee & Spouse, Employee & Children, Employee & Family) within each option. The District also offers continued coverage in accordance with federal law to all employees and dependents who are no longer eligible for coverage, but meet COBRA requirements.

The District's health insurance program has been very efficient and successful in that the District has been able to provide employees different choices of plans and levels of benefits which are in compliance with the TRS Comparability Program. Employee participation in the District's medical insurance is estimated at 85%+ of the employee base and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that the "District satisfied all of the reporting requirements of the Education Code; and it has been determined that the district makes available to its employees group health coverage that is comparable to the basic health coverage provided to state employees under the Texas Employees group Benefits Act (HealthSelect)."

Due to the District's effective and efficient collaborative efforts with all stakeholders, which resulted in an estimated year-end loss ratio of 69.10%, the District looks forward to reimbursement of health insurance premiums from PacifiCare based on the participating agreement conditions.

Workers' Compensation

As of 8/31/04, the District has just completed its second year of managing a modified/partial self-funded program. Under this arrangement, Laredo I.S.D. assumes the full responsibility for the established "deductible" portions of specific and aggregate levels of risk. The maximum specific retention per claim is \$1,000,000 and the maximum aggregate retention is \$1,984,676; however, excess loss coverage is purchased to protect the plan against major catastrophic claims and/or over utilization. The specific/aggregate excess coverage insurance carrier is Midwest Employers Casualty Company. The TPA that administers the plan, including claims management and safety & loss control, is Innovative Risk Management (IRM). At the District level, the program is managed via collaborative efforts of the Board of Trustees, Superintendent, CFO, Risk Management Department, Safety & Occupational Health Department, and district-wide campus/department safety officers and employees. As of 8/31/04, the District has experienced utilization of approximately 50% of the maximum aggregate retention cost due to claims. The plan is sound, but the district has assumed responsibility for the life of the claims.

Life & AD&D

As a strategy to protect the second most important asset of the district after the students, the employees, as well as to retain current employees and recruit new employees, the District provides \$10,000 of basic life and \$10,000 of accidental death and dismemberment insurance coverage to each TRS qualified employees. The cost for this employee benefit is fully funded by the District. The insurance carrier is ReliaStar Life Insurance.

Employee Assistance Program

Because of a strong and heartfelt belief that employees are one of the District's most important assets, the District recognized a need to provide the services of an Employee Assistance Program (EAP). An Employee Assistance Program was/is viewed as an important tool which can assist the District in the management of the ever increasing direct and indirect costs and associated expenses pertaining to workers' compensation, health & medical, attendance, disability, etc. Therefore, it was/is the desire of the school district to provide short-term counseling and referral services with the objective of helping all eligible employees and their dependents to cope with a variety of problems related, but not limited, to family, marital, child, adolescent, depression, anxiety, stress, tension, alcohol, chemical, substance abuse or dependency, financial, debt, legal, job performance, attendance, and other. All TRS eligible employees and their dependents are eligible to receive these confidential services. The program is administered by Deer Oaks EAP Services located in San Antonio, TX with a full service office located locally. The cost for this service is fully funded by the District.

Property & Casualty

In order to protect the District from various risk exposures, the District has purchased a property & casualty insurance package. This insurance package provides coverage for several types and variety of

risk exposures inherent to all assets of the district including loss or damage to buildings, contents, boiler & machinery, vehicles, crime (monetary), general liability, professional liability, law enforcement liability, and terrorism. The multiple insurance carriers to which the excess risk and/or liabilities have been transferred to, beyond the District's responsibility of deductibles and/or self insurance retentions include Travelers, Texas Political Sub-division, Illinois Union, Travelers Indemnity, and Lexington. Depending on the coverage, deductibles and/or SIRs may range from \$0 - \$100,000. Total insurable values less exclusions for buildings were estimated at \$220,222,907 and were provided by the appraisal services of Maximus, Inc. The insurable values for contents were estimated at \$66,439,215 and vehicle insurable values were estimated at \$7,000,517. Insurable values for contents and vehicles are estimated at cost, but insured at a replacement cost recovery basis. The maintenance of this value and cost information is monitored and updated by the district's Fixed Assets Department.

Student Insurance

The District is allowed to purchase insurance in order to protect students against bodily injury that may be sustained by students while training for or engaging in interscholastic athletic competition or while engaging in school-sponsored activities. The District currently pays the premium and provides secondary and in some cases, primary due to CHIPS or Medicaid, accident insurance coverage for all eligible students as aforementioned. The coverage includes a blanket student accident policy with a maximum benefit of \$25,000 with \$0 deductible under Chesapeake Life Insurance as the carrier. Coverage also includes catastrophic coverage maximum limit of \$5,000,000 with a \$25,000 deductible, as well as catastrophic cash benefit of \$500,000. AIG Life Insurance Company is the carrier for the catastrophic coverage. The District also makes readily available a program which offers low cost accident insurance (24 Hour & School Only) for students on a voluntary basis in which students or parents are required to pay the premium for the coverage, if they choose to participate.

IRS Section 125

On a yearly basis, effective the calendar year, the District offers a "cafeteria plan" enrollment period which allows the opportunity for all employees to "shelter from income tax" certain eligible insurance product premiums paid by employees under IRS guidelines. Participation in the Section 125 Cafeteria Plan means that pre-taxed dollars can be used to pay for one or all of the three (3) eligible expense categories which include insurance premiums, medical expense flexible spending accounts and dependent care flexible spending accounts. Employees are also afforded an opportunity to add, delete, and/or make changes to voluntary insurance products. Such products include health, dental, vision, cancer, disability, life, AD&D, and flex spending accounts. The plan administrator is National Plan Administrators.

Rolling Owner Controlled Insurance Program

The ROCIP insurance program was considered, reviewed, approved, and implemented as an alternative cost saving insurance program to be utilized as a result of the District's direction towards the planned high volume of construction. The program is an innovative method of providing the necessary and required insurance coverage (Workers' Compensation, Builder's Risk, General Liability, and Excess Liability) by the District so pertinent in order to expedite the construction process. Guaranteed minimum cost savings provisions built into the five (5) year contract as well as obtaining and securing insurance premiums at pre-9/11 level, has made this visionary and aggressive financial strategic move by the District very cost effective. The plan administrator is Inscorp and McGriff, Siebels & Williams.

Tax Sheltered Annuities

The District provides employee the opportunity to participate in section 403(b) plans. Due to the complexities in administering the tax sheltered annuity program and the increased concern about the District's liability exposure for excess contributions under the annuity program, the District contracts for third party administrators who screen all tax sheltered annuities, calculate all maximum exclusion allowances, assume any liability for excess contributions and reimburse the District for any penalties imposed as a result of the excess contributions.

On March 2003, the District implemented three new programs for the Superintendent of Schools and for other employees to allow for tax sheltering of funds under IRS section 401(a), 457 (a), and 403(b).

Other Information

The Texas Education Agency required that an annual audit of the books of account, financial records, and transactions of all administrative departments of the school district be performed by an independent certified public accountant(s). The auditing firm of Padgett, Strateman, & Co. L.L.P., was selected by the school district's Board Audit Committee and approved by the Board of Trustees. In addition to meeting the requirements set forth in the state and local policies, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the basic financial statements and schedules are included in a separate report. The auditor's report related specifically to the single audit is included in the Single Audit section of the report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laredo Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2003. This was the seventh consecutive year that LISD has received this prestigious award. In order to be awarded this Certificate of Achievement, the LISD must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both the accounting principles generally and legal requirements.

The Government Finance Officers Association of the United States and Canada (GFOA) also presented a Distinguished Budget Presentation Award to Laredo Independent School District for its Official Budget Book for the fiscal year ended August 31, 2004. This was the seventh consecutive year that LISD has received this prestigious award. The Budget Awards Program is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision-making and citizens.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Division of Finance.

We would like to acknowledge the thorough, professional and timely manner in which the audit was conducted by our independent auditors, Padgett, Strateman, & Co. L.L.P.

We would like to acknowledge the President of the Board, the Finance Committee of the Board and all Board Members who have consistently supported the school district's goals of excellence in all aspect of financial management. Their support is greatly appreciated.


Sylvia Brunj
Superintendent of Schools


Jesus J. Amezcua, CPA
Chief Financial Officer

LAREDO INDEPENDENT SCHOOL DISTRICT

Board of Trustees



Dennis D. Cantu, M.D.
President
District 5



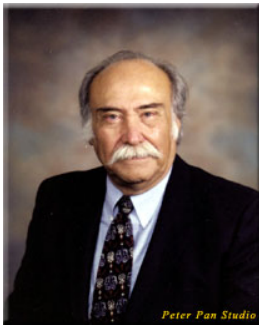
John Peter Montalvo
Vice President
District 3



George H. Beckelhymer
Secretary
District 4



Jesus J. Guerra
Parliamentarian
District 7



Jose A. Valdez
Board Member
District 1



Jorge Luis Rodriguez
Board Member
District 2



Guillermina Montes
Board Member
District 6

Superintendent & Administration



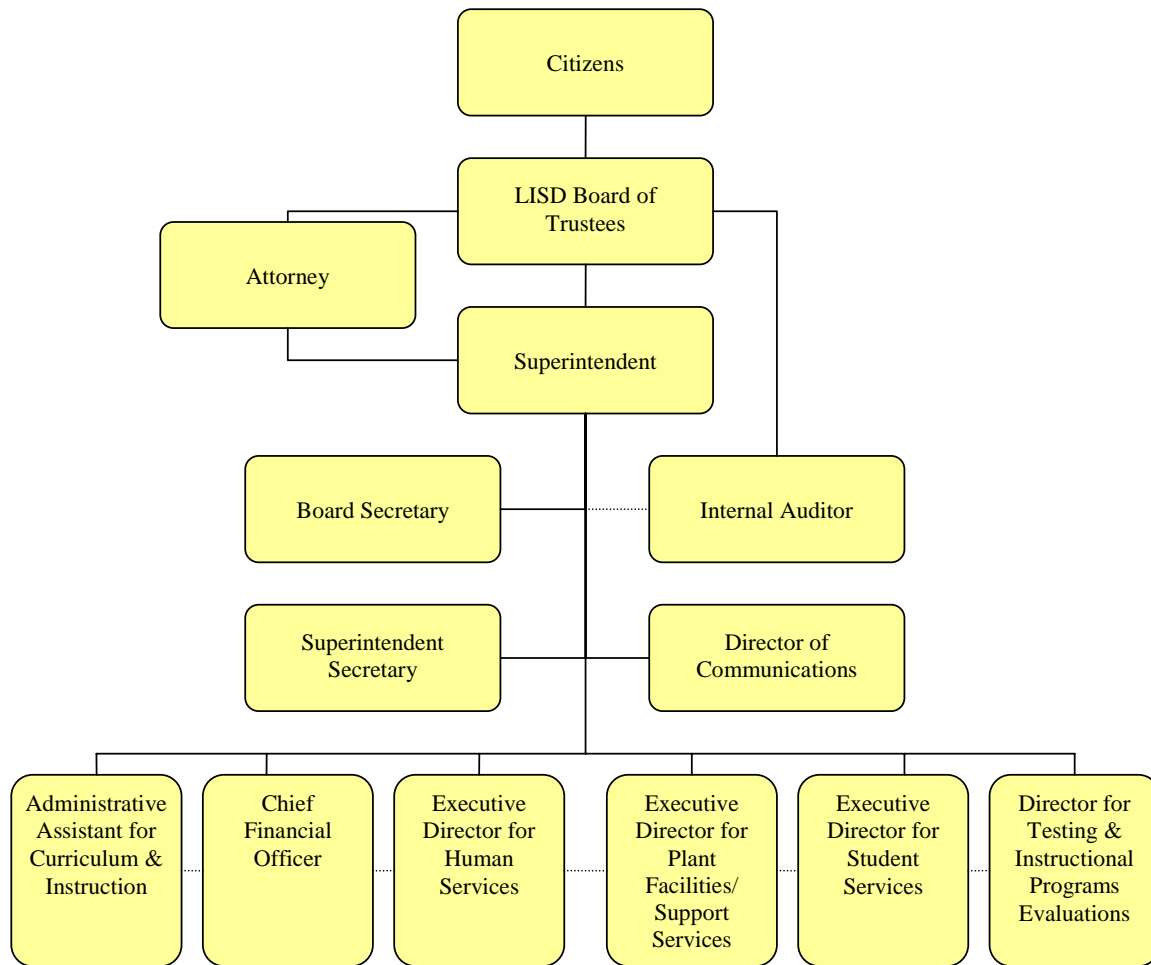
Sylvia Bruni
Superintendent of Schools

Veronica F. Guerra
Jesus J. Amezcua, CPA
Elsa Arce
Don Schulte, Ed.D.
Dr. Oscar Cartas
Marco Alvarado
Rosaura Rodriguez

Admin. Asst. for Curriculum & Instruction
Chief Financial Officer
Executive Director for Student Services
Executive Director for Human Resources
Executive Director for Plant Facilities/Support Services
Director of Communications
Director of Testing & Instructional Programs
Evaluation

LAREDO INDEPENDENT SCHOOL DISTRICT

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Laredo Independent School
District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Emswiler

Executive Director

CERTIFICATE OF BOARD

Laredo Independent School District
Name of School District

Webb
County

240-901
County District 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, 2004, at a meeting of the Board of Trustees of such school district on the 16th day of December, 2004.

George M. Robelbymer
Signature of Board Secretary

Deanis D. Canty
Signature of Board President



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PADGETT, STRATEMANN & CO., L.L.P.

Certified Public Accountants and Business Advisors

Independent Auditors' Report

To the Board of Trustees
Laredo Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District (the "District") as of and for the year ended August 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

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 the District as of August 31, 2004, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Statements and Schedules, which are also the responsibility of the management of the District, listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Fund Statements and Schedules

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have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. In addition, the accompanying Schedule of Expenditures of Federal Awards listed in the foregoing table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such 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 Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Padgett, Strickman & Co., L.L.P.

Certified Public Accountants
November 19, 2004

LAREDO INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

This section of Laredo Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2004. Please read it in conjunction with the transmittal letter in page iii, the independent auditor's report on pages 1 and 2 and the District basic financial statements beginning on page 11.

FINANCIAL HIGHLIGHTS:

- The District's total combined net assets were \$92,237,801 at August 31, 2004.
- During the year, the District's governmental expenditures were \$22,988,803 less than the \$221,086,607 generated in taxes and other revenues for governmental activities and \$4,117,125 of other Finance Sources.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$35,227,892 which is \$ 9,628,563 more than the previous year end.
- The District issued a \$4,000,000 Public Property Finance Contractual Obligation, for the purchase of kitchen equipment at various schools, during fiscal year ended August 31, 2004.

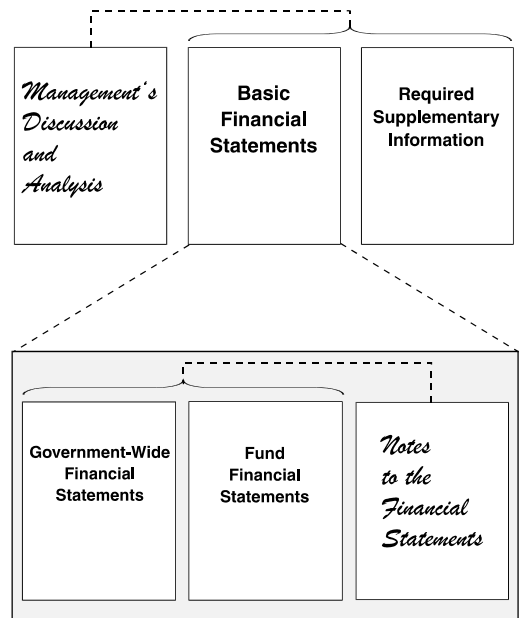
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1F, Required Components of the District's Annual Financial Report



Summary ↔ Detail

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of revenues, expenses and changes in fund net assets ◆ Statement of cash flows 	<ul style="list-style-type: none"> ◆ Statement of fiduciary net assets ◆ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net assets were \$92,237,801 at August 31, 2004. (See Table A-1). Unrestricted net assets (those net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled \$28,161,780. The government-wide increase in net assets was \$ 11,640,876.

Table A-1
Laredo Independent School District's Net Assets

	Governmental Activities		Percentage Change
	2004	2003	
Current and other assets	\$ 118,663,784	\$ 135,983,547	-13%
Capital assets	156,322,650	128,575,222	22%
Total Assets	274,986,434	264,558,769	4%
Long-term liabilities outstanding	152,630,979	156,448,956	-2%
Other liabilities	30,117,654	27,512,888	9%
Total Liabilities	182,748,633	183,961,844	-1%
Net assets:			
Investment in capital assets, net of related debt	53,428,494	50,622,049	6%
Restricted	9,923,382	8,686,707	14%
Unrestricted	28,885,925	21,288,169	36%
Total Net Assets	\$ 92,237,801	\$ 80,596,925	14%

Changes in net assets. The District's total revenues were \$221,245,129. Only 10.10% of the District's revenue comes from taxes. 57.67% comes from state aid formula grants and other grants, 27.78% from operating grants and contributions, 0.69% from investment earnings and 3.12% from miscellaneous sources.

Governmental Activities

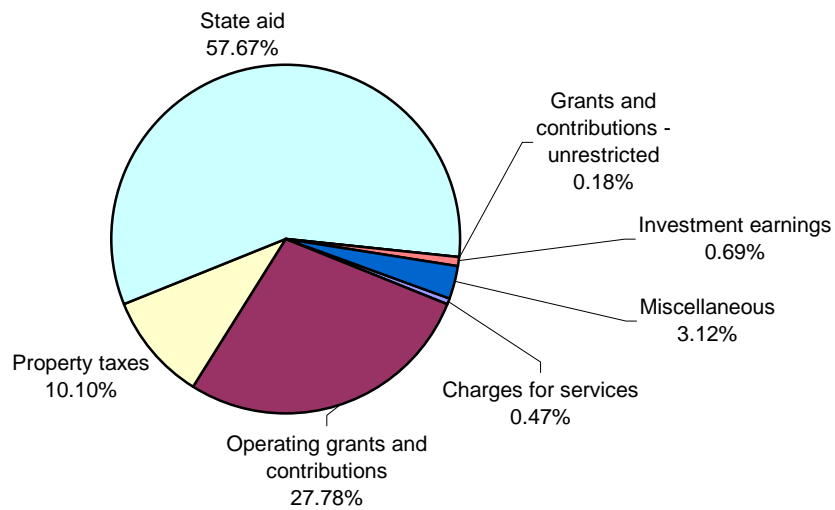
- The District opened two new replacement schools this year: Alma Pierce Elementary, Macdonnell Elementary, and Bruni Elementary. Other renovations began to at several elementary and secondary schools.
- Additional revenues of \$5 million were received due to sale of WADA credits to other districts such as Plano ISD, Deer Park ISD, La Porte LISD, Eanes ISD, Spring Branch ISD, Sweeny ISD, and Texas City ISD.

Table A-2
Laredo Independent School District's Changes in Net Assets

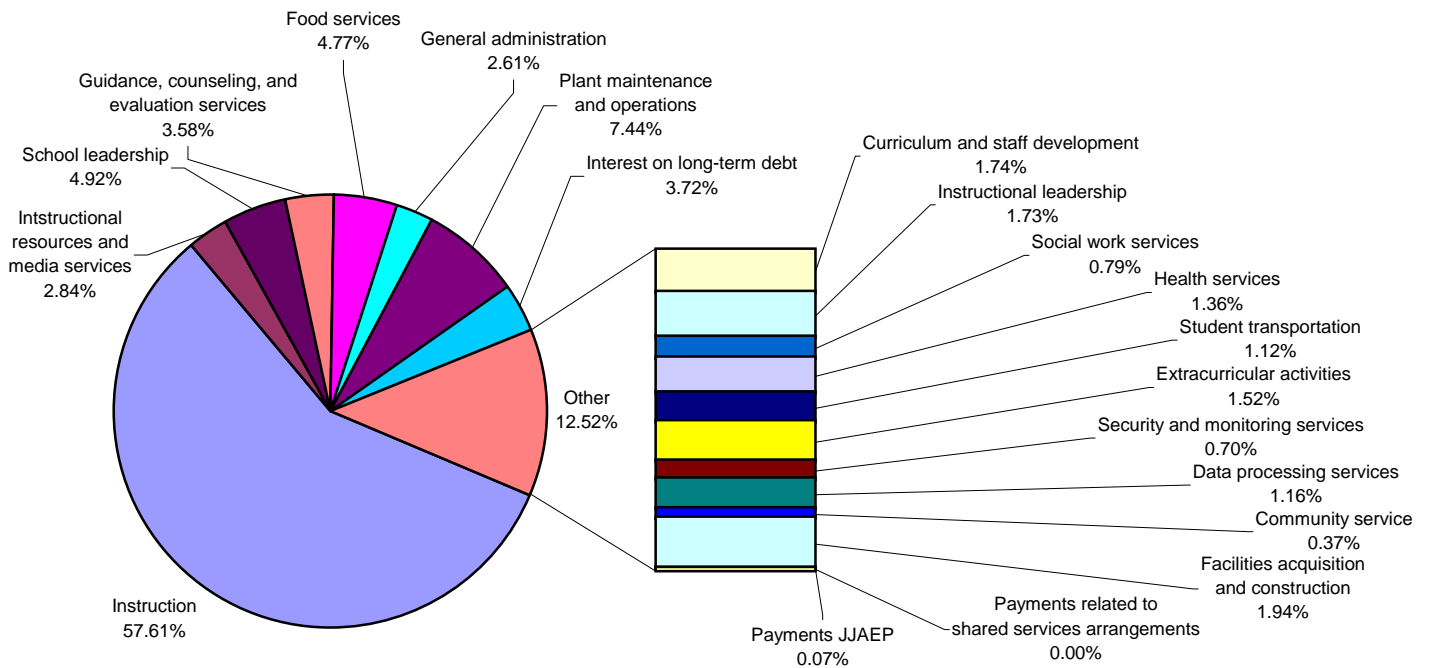
	Governmental Activities		Percentage Change
	2004	2003	
Revenues:			
Program revenues			
Charges for services	\$ 1,029,191	\$ 730,684	41%
Operating grants and contributions	61,466,594	59,067,943	4%
General revenues			
Property taxes	22,349,613	20,970,728	7%
State aid	127,590,082	108,117,088	18%
Grants and contributions - unrestricted	389,943	620,371	-37%
Investment earnings	1,522,487	2,750,735	-45%
Miscellaneous	6,897,219	6,020,517	15%
Sale of Capital Assets	(8,686,372)	-	100%
Total Revenues	<u>212,558,757</u>	<u>198,278,066</u>	<u>7%</u>
Expenses			
Instruction	115,680,810	107,384,297	8%
Instructional resources and media services	5,701,079	4,430,854	29%
Curriculum and staff development	3,495,915	2,078,259	68%
Instructional leadership	3,481,745	3,523,053	-1%
School leadership	9,888,715	9,466,283	4%
Guidance, counseling, and evaluation services	7,187,656	6,216,697	16%
Social work services	1,592,854	1,308,360	22%
Health services	2,735,815	2,530,252	8%
Student transportation	2,253,072	2,248,431	0%
Food services	9,568,655	9,311,871	3%
Extracurricular activities	3,057,706	2,828,939	8%
General administration	5,240,709	5,696,593	-8%
Plant maintenance and operations	14,941,942	13,666,070	9%
Security and monitoring services	1,400,411	1,960,551	-29%
Data processing services	2,325,266	1,904,632	22%
Community service	743,336	784,825	-5%
Interest on long-term debt	7,571,089	7,726,182	-2%
Facilities acquisition and construction	3,903,541	111,087	3414%
Payments related to shared services arrangements	6,675	6,200	8%
Payments to Juvenile Justice Alternative Education Programs	140,892	305,736	-54%
Total Expenses	<u>200,917,883</u>	<u>183,489,172</u>	<u>9%</u>
Increase in net assets	11,640,874	14,788,894	-21%
Net assets at beginning of year	80,596,927	65,808,033	22%
Net assets at end of year	<u>\$ 92,237,801</u>	<u>\$ 80,596,927</u>	<u>14%</u>

The following chart highlights the District's revenues by funding source:

District's Total Revenue



District's Functional Expenditures



The above charts presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$200,917,883
- However, the amount that our taxpayers paid for these activities through property taxes was only \$22,349,613 or 10%
- Some of the cost was paid by those who directly benefited from the programs \$1,029,191 or 0.4%
- By state aid formula grants and contributions \$127,590,082 or 58%

Business-type Activities

The district did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$212,558,757. The increase in revenues is a result of increased enrollment, additional Chapter 41 contracts with property wealthy districts. Additionally student population growth necessitates increased revenues to offset resulting increased local expenses. The increase in state revenues is a result of 147 increased in students in average daily attendance and additional tax collection effort. The increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 17 times. Even with these adjustments, actual expenditures were \$19,467,371 below the final budget amounts. The most significant positive variance resulted from staffing and more specific in teacher vacancies. Staffing is budgeted for full employment throughout the full year. Budget amounts for vacant positions throughout the year are not eligible to budget revisions. Other variances were due to capital projects commencing after the end of the year resulting in unspent appropriations.

On the other hand, resources available were \$9,634,444 from the final budgeted amount. As noted earlier:

- Property tax collections were more than expected.
- Increased average daily attendance caused state funding to exceed beginning budget amounts for the current year.
- Increased contracts for Chapter 41 agreements with property wealthy districts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the District had invested \$156,322,649 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$27,747,427 or 22% percent over last year.

Table A-3
Laredo Independent School District's Capital Assets

	2004	2003	Percentage Change
Land	\$ 8,618,503	\$ 8,285,508	4%
Buildings and improvements	141,072,185	80,201,695	76%
Property under capital lease	1,498,243	1,498,243	0%
Equipment	25,213,255	19,670,592	28%
Construction in progress	53,274,455	87,110,859	-39%
Totals at historical cost	<u>229,676,641</u>	<u>196,766,897</u>	<u>17%</u>
Total accumulated depreciation	73,353,991	68,191,675	8%
Net capital assets	<u>\$ 156,322,650</u>	<u>\$ 128,575,222</u>	<u>22%</u>

The District's fiscal year 2004 capital improvement budget totals to \$49,668,348 which will be used principally for the completion of the Capital Improvement Plan. The bonds issued in previous years will be used to complete the bond program. The general fund has appropriated funds for the purchase equipment and software in the amount of \$3,655,000, \$1,000,000 for the purchase of library books, \$500,000 for the purchase of land, \$1,045,000 for the construction of a warehouse, \$1,500,000 for building maintenance and repairs, and \$15,595 for the purchase of vehicles to be used by the athletics department. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$159,983,470 in bonds and loans outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A1" and Standard & Poors "A".

Table A-4
Laredo Independent School District's Long-Term Debt

	2004	2003	Percentage Change
Loans payable	\$ 22,225,000	\$ 20,355,000	9%
Bonds payable	137,758,470	143,533,926	-4%
Total loans and bonds payable	\$ 159,983,470	\$ 163,888,926	-2%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2004-05 budget and tax rates. One of these factors was the district needs, the campus needs, appraised values and the Laredo economy. The following factors are the highlights of the budget:

- Appraised value used for the 2004-05 budget preparation is up \$188,770,327, or 12.65% from last year. This unprecedented increase is not projected to occur for the next three years. The historical increase has been steadily at a 2% growth.
- The tax rate for 2004-05 decrease by 3 cents to a total of \$1.47 per \$100 valuation as compared to the tax rate for 2003-04 of \$1.50.
- The District's fiscal year 2004-2005 refined average daily attendance is expected to be 22,000.

These indicators were taken into account when adopting the general fund budget for 2004-2005. Amounts available for appropriation in the general fund budget are \$165,116,781, an increase of 10.7% percent over the final 2004 budget of \$149,136,237. Property taxes will increase due to the increasing values and the collection rate has increased to 96%. State revenues will also increase as the student population grows. The District will use these increases in revenues to finance programs that are currently offered.

Expenditures are budgeted to rise nearly 5% percent to \$151,082,858. The largest increments are the increased staffing including the new police department, and teacher salary schedule adjustments. These competitive salary schedule adjustments allowed the District to open the 2004-2005 school year with no teacher vacancies. The District has added no major new programs or initiatives to the 2004 budget.

If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of the 2004-2005 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate 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 Financial Management Department attention of the Chief Financial Officer at (956) 795-3254 or send an email message to jamezcua@laredoisd.org.



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Laredo Independent School District

Statement of Net Assets

August 31, 2004

Data Control Codes		Primary Government
		Governmental Activities
	ASSETS	
	Current Assets:	
1110	Cash and Investments	\$ 96,884,927
	Receivables:	
1220	Delinquent property taxes (net of estimated uncollectible taxes of \$371,473 - General Fund, \$57,870 - Debt Service Fund	2,801,887 413,945
1240	Due from Other Governments	16,115,446
1250	Accrued interest	26,746
1290	Other Receivables	845,219
1300	Inventories	1,183,339
	Noncurrent Assets:	
1490	Bond Issuance Cost (Net)	392,275
	Capital Assets:	
1510	Land	8,618,503
1520	Buildings and improvements, net	86,366,637
1530	Property Under Capital Lease	749,243
1530	Equipment, net	7,313,812
1580	Construction in Progress	53,274,455
	Total Capital Assets	156,322,650
1000	Total Assets	274,986,434
	LIABILITIES	
	Current Liabilities:	
2100	Bank Overdraft	2,508,811
2110	Accounts Payable	8,896,124
2140	Interest Payable	559,236
2150	Payroll Deductions and Withholdings	1,027,827
2160	Accrued Wages Payable	6,607,890
2180	Due to other governments	1,104,710
2300	Unearned revenue	863,048
	Current Portion:	
2121	Bonds payable	6,695,000
2122	Loan payable	1,745,000
2123	Compensated Absences	110,008
	Long -Term Portion:	
2510	Bonds payable	131,063,470
2520	Loan payable	20,480,000
2590	Compensated Absences	1,087,509
2000	Total Liabilities	182,748,633
	NET ASSETS	
	Restricted	
3810	Food Service	3,995,241
3820	General Fund - Other Designated	5,928,141
3200	Invested in Capital Assets, Net of Related Debt	53,428,494
3900	Unrestricted	28,885,925
3000	Total Net Assets	\$ 92,237,801

The accompanying notes are an integral part of this statement.

Laredo Independent School District
Statement of Activities
For the Year Ended August 31, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
11 Instruction	\$ 115,680,810	\$ 356,998	\$ 26,181,460	\$ (89,142,352)
12 Instructional resources and media services	5,701,079	-	1,279,026	(4,422,053)
13 Curriculum and staff development	3,495,915	6,296	2,531,496	(958,123)
21 Instructional leadership	3,481,745	-	1,589,076	(1,892,669)
23 School leadership	9,888,715	-	618,971	(9,269,744)
31 Guidance, counseling, and evaluation services	7,187,656	-	1,340,891	(5,846,765)
32 Social work services	1,592,854	170,975	135,360	(1,286,519)
33 Health services	2,735,815	87,435	1,159,731	(1,488,649)
34 Student transportation	2,253,072	-	652,510	(1,600,562)
35 Food Services	9,568,655	223,343	10,839,617	1,494,305
36 Extracurricular activities	3,057,706	175,860	125,577	(2,756,269)
41 General administration	5,240,709	-	289,756	(4,950,953)
51 Plant maintenance and operations	14,941,942	8,284	648,338	(14,285,320)
52 Security and monitoring services	1,400,411	-	1,166,172	(234,239)
53 Data processing services	2,325,266	-	247,460	(2,077,806)
61 Community services	743,336	-	650,314	(93,022)
71 Interest on long-term debt	7,571,089	-	10,665,674	3,094,585
81 Facilities Acquisition	3,903,541	-	1,338,490	(2,565,051)
93 Payments related to shared services arrangements	6,675	-	6,675	-
95 Payments to Juvenile Justice Alternative	140,892	-	-	(140,892)
Total governmental activities	<u>\$ 200,917,883</u>	<u>\$ 1,029,191</u>	<u>\$ 61,466,594</u>	<u>\$ (138,422,098)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				19,709,398
Property taxes, levied for debt service				2,640,215
State aid-formula grants				127,590,082
Grants and contributions not restricted to specific programs				389,943
Investment earnings				1,522,487
Miscellaneous				6,897,219
Sale of Capital Assets				(8,686,372)
Total general revenues, special items, and transfers				<u>150,062,972</u>
Change in net assets				<u>11,640,874</u>
Net assets—beginning				<u>80,596,927</u>
Net assets—ending				<u>\$ 92,237,801</u>

Laredo Independent School District
Balance Sheet - Governmental Funds
August 31, 2004

Data Control Codes	199 General Fund	697 IFA #2 Fund	699 IFA #1 Fund	Other Governmental Funds	Total		
					2004 Governmental Funds	2003 Governmental Funds	
ASSETS:							
1110	Cash and Temporary Investments, at cost	\$ 33,803,306	\$ 23,184,683	\$ 16,478,365	\$ 23,418,573	\$ 96,884,927	\$ 114,561,385
Receivables:							
1220	Property Taxes - Delinquent	3,104,479	-	-	482,251	3,586,730	3,558,805
1230	Allowance for Uncollectible Taxes	(371,473)	-	-	(57,870)	(429,343)	(424,626)
1240	Due From Other Governments	13,453,980	-	-	2,661,466	16,115,446	16,548,817
1250	Accrued Interest	1,926	8,806	6,400	9,614	26,746	7,315
1260	Due From Other Funds	1,134,200	30,875	51,223	412,695	1,628,993	6,170,999
1290	Other Receivables	116,887	-	-	728,332	845,219	156,627
1310	Inventories, at cost	1,183,339	-	-	-	1,183,339	1,016,167
1410	Deferred Expenditures	-	-	-	-	-	94,463
1000	Total Assets and Other Debits	<u>52,426,644</u>	<u>23,224,364</u>	<u>16,535,988</u>	<u>27,655,061</u>	<u>119,842,057</u>	<u>141,689,952</u>
LIABILITIES:							
2100	Bank Overdraft	28,070	-	-	2,480,741	2,508,811	3,179,393
2110	Accounts Payable	4,042,031	1,807,012	2,533,991	513,090	8,896,124	10,877,783
2150	Payroll Deductions and Withholdings	1,027,827	-	-	-	1,027,827	52,464
2160	Accrued Wages Payable	6,550,425	-	-	57,465	6,607,890	4,505,388
2170	Due to Other Funds	1,426,564	26,015	435	175,979	1,628,993	6,170,999
2180	Due to Other Governments	1,101,755	-	-	2,955	1,104,710	3,226
2300	Unearned Revenue	3,022,080	-	-	1,025,669	4,047,749	4,003,687
2000	Total Liabilities	<u>17,198,752</u>	<u>1,833,027</u>	<u>2,534,426</u>	<u>4,255,899</u>	<u>25,822,104</u>	<u>28,792,940</u>
FUND BALANCE:							
Reserved Fund Balances:							
3410	Investments in Inventory	828,089	-	-	-	828,089	827,640
3420	Retirement of Long-Term Debt	-	-	-	6,760,286	6,760,286	4,557,512
3450	Reserved for Child Nutrition	3,995,241	-	-	-	3,995,241	3,857,224
Unreserved Fund Balances:							
3510	Designated for Construction	-	21,391,337	14,001,562	14,275,449	49,668,348	79,045,740
3590	Designated for Child Nutrition/ Equipment/Building Improvements	15,313,568	-	-	-	15,313,568	9,707,813
3600	Undesignated Fund Balance	15,090,994	-	-	-	15,090,994	11,206,652
3600	Undesignated reported in non-major: Special Revenue Funds	-	-	-	2,363,427	2,363,427	3,694,431
3000	Total Fund Balance	<u>35,227,892</u>	<u>21,391,337</u>	<u>14,001,562</u>	<u>23,399,162</u>	<u>94,019,953</u>	<u>112,897,012</u>
4000	Total Liabilities and Fund Equity, and Other Credits	<u>\$ 52,426,644</u>	<u>\$ 23,224,364</u>	<u>\$ 16,535,988</u>	<u>\$ 27,655,061</u>	<u>\$ 119,842,057</u>	<u>\$ 141,689,952</u>

Fund Balance:	
General Fund	\$ 27,181,943
Child Nutrition	4,481,235
PPFCO-2001	109,190
PPFCO-2003	3,455,524
	<u>\$35,227,892</u>

Laredo Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets

Total fund balances--governmental funds (Exhibit C-1)	\$	94,019,953
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital Assets used in government activities are not reported in the funds.		196,766,896
Accumulated depreciation used in governmental activities are not reported in the funds.		(68,191,674)
Payables for bond principal which are not due in the current period are not recorded in the funds.		(164,416,099)
Bond issuance costs used in government activities are not reported in the funds.		361,791
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		3,134,179
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.		44,822
Record current asset additions and reverse capital outlay expenditures not recorded in the funds.		41,596,117
Record current year depreciation expense not recorded in the funds.		(5,162,317)
Record gain on sale of capital assets not reported in the funds		(8,686,372)
Reverse principal payments recorded in the funds.		8,230,000
Record accrued interest payable not recorded in the funds.		(559,236)
Bond issuance costs are amortized in the statement of net assets but not in the funds.		109,078
Record bond issuance amortization expense for PPFCO 2001.		(11,400)
Record bond issuance amortization expense for Series 2001.		(11,213)
Record bond issuance amortization expense for Series 2002.		(35,529)
Record bond issuance amortization expense for PPFCO 2003.		(20,452)
To remove loan proceeds used in governmental activities that are reported in the funds.		(4,000,000)
To remove loan premium reported in the funds.		(36,695)
Record amortization of bond premium on PPFCO Series 2001.		50,534
Record amortization of bond premium on PPFCO Series 2002.		143,126
Record amortization of bond premium on PPFCO Series 2002.		6,880
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.		128,573
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.		17,533
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.		(94,343)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.		(1,688)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.		16,292
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.		(2,222)
Record capital appreciation bond principal not due in the current year are not reported in the funds.		(488,389)
Record prior year capital appreciation bond principal not due in the current year are not reported in the funds.		527,173
Record compensated absences not included in the funds.		(1,197,517)
		(1,197,517)
Total net assets--governmental activities (Exhibit B-1)	\$	92,237,801

Laredo Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended August 31, 2004

Data Control Codes	199 General Fund	697 IFA #2 Fund	699 IFA #1 Fund	Other Governmental Funds	Total		
					2004 Governmental Funds	2003 Governmental Funds	
REVENUES:							
5700	Total Local and Intermediate Sources	\$26,848,091	\$ 357,803	\$ 238,250	\$ 3,657,278	\$31,101,422	\$ 31,576,208
5800	State Program Revenues	134,457,955	-	-	19,000,359	153,458,314	134,160,656
5900	Federal Program Revenues	11,299,140	-	-	25,227,731	36,526,871	32,551,767
5020	Total Revenues	<u>172,605,186</u>	<u>357,803</u>	<u>238,250</u>	<u>47,885,368</u>	<u>221,086,607</u>	<u>198,288,631</u>
EXPENDITURES:							
Current:							
0011	Instruction	87,134,320	-	-	27,917,323	115,051,643	108,533,210
0012	Instructional Resources & Media Services	4,478,815	-	-	1,112,199	5,591,014	4,540,795
0013	Curriculum & Instructional Staff Development	979,830	-	-	2,502,766	3,482,596	2,083,381
0021	Instructional Leadership	2,187,831	-	-	1,489,420	3,677,251	3,517,336
0023	School Leadership	10,087,561	-	-	125,696	10,213,257	9,459,702
0031	Guidance, Counseling and Evaluation Services	6,085,138	-	-	1,032,402	7,117,540	6,216,362
0032	Social Work Services	1,341,305	-	-	242,819	1,584,124	1,307,776
0033	Health Services	1,542,056	-	-	1,175,469	2,717,525	2,529,828
0034	Student (Pupil) Transportation	3,239,446	-	-	113,911	3,353,357	2,798,513
0035	Food Services	9,993,354	-	-	495,093	10,488,447	10,705,893
0036	Cocurricular/Extracurricular Activities	3,298,319	-	-	36,884	3,335,203	2,890,288
0041	General Administration	5,818,376	-	-	83,747	5,902,123	5,908,368
0051	Plant Maintenance and Operations	15,565,082	-	-	258,513	15,823,595	13,772,442
0052	Security and Monitoring Services	1,454,606	-	-	1,134,757	2,589,363	2,249,899
0053	Data Processing Services	2,560,946	-	-	163,254	2,724,200	2,020,913
0061	Community Service	95,230	-	-	647,821	743,051	783,457
Debt Service:							
0071	Principal on Long-Term Debt	949,425	-	-	14,548,289	15,497,714	14,693,175
Capital Outlay:							
0081	Facilities Acquisition and Construction	2,509,956	20,842,883	9,111,027	1,571,974	34,035,840	48,771,194
Intergovernmental:							
0093	Payments to Fiscal Agent/Mem.	-	-	-	6,675	6,675	6,200
0095	Payments to Juvenile Justice Alternative Ed.	140,892	-	-	-	140,892	305,738
6030	Total Expenditures	<u>159,462,488</u>	<u>20,842,883</u>	<u>9,111,027</u>	<u>54,659,012</u>	<u>244,075,410</u>	<u>243,094,470</u>
1100	Excess(Deficiency) of Revenues Over (Under) Expenditures	13,142,698	(20,485,080)	(8,872,777)	(6,773,644)	(22,988,803)	(44,805,839)
OTHER FINANCING SOURCES (USES):							
7914	Loan Proceeds	4,000,000	-	-	-	4,000,000	-
7911	Issuance of Bonds	-	-	-	-	-	4,240,000
7916	Premium Issuance of Bond	-	-	-	80,430	80,430	113,701
7949	Premium Issuance of Loans	36,695	-	-	-	36,695	-
8949	Redemption of Refunded Bonds	-	-	-	-	-	(4,250,000)
8949	Payment to Refunded Bonds Escrow Agents	-	-	-	-	-	(103,701)
7020	Transfers In	647,082	-	-	7,635,830	8,282,912	7,580,700
8911	Transfers Out	(8,197,912)	-	-	(85,000)	(8,282,912)	(7,580,700)
	Total Other Financing Sources (Uses)	<u>(3,514,135)</u>	<u>-</u>	<u>-</u>	<u>7,631,260</u>	<u>4,117,125</u>	<u>-</u>
1200	Net Changes in Fund Balances	9,628,563	(20,485,080)	(8,872,777)	857,616	(18,871,678)	(44,805,839)
0100	Fund Balance - September 1 (Beginning)	25,599,329	41,876,417	22,874,339	22,546,927	112,897,012	157,702,851
	Adjustment to Fund Balance	-	-	-	(5,381)	(5,381)	-
3000	Fund Balance - August 31 (Ending)	<u>\$35,227,892</u>	<u>\$21,391,337</u>	<u>\$14,001,562</u>	<u>\$23,399,162</u>	<u>\$94,019,953</u>	<u>\$112,897,012</u>

The accompanying notes are an integral part of this statement.

Laredo 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, 2004

Net change in fund balances--total governmental funds (Exhibit C-2) \$ (18,871,678)

Amounts reported for *governmental activities* in the statement of activities are different because:

Prior Period Adjustment	(5,381)
Record current asset additions and reverse capital outlay expenditures not recorded in the funds.	41,596,117
Record current year depreciation expense not recorded in the funds.	(5,162,317)
Record gain on sale of capital assets not recorded in the funds.	(8,686,372)
Reverse bond principal payments recorded in the funds.	8,230,000
Record accrued interest payable not recorded in the funds.	(559,236)
Bond issuance costs are amortized in the statement of net assets but not in the funds.	109,078
Record bond issuance amortization expense for PPFCO 2001.	(11,400)
Record bond issuance amortization expense for Series 2001.	(11,213)
Record bond issuance amortization expense for Series 2002.	(35,529)
Record bond issuance amortization expense for PPFCO 2003.	(20,452)
To remove loan proceeds used in governmental activities that are reported in the funds.	(4,000,000)
To remove loan premium reported in the funds.	(36,695)
Record amortization of bond premium on PPFCO Series 2001.	50,534
Record amortization of bond premium on PPFCO Series 2002.	143,126
Record amortization of bond premium on PPFCO Series 2002.	6,880
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.	128,573
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.	17,533
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.	(94,343)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.	(1,688)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	16,292
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	(2,222)
Record capital appreciation bond principal not due in the current year are not reported in the funds.	(488,389)
Record prior year capital appreciation bond principal not due in the current year are not reported in the funds.	527,173
Record compensated absences not included in the funds.	(1,197,517)
	<u>11,640,874</u>
Change in net assets of governmental activities (Exhibit B-1)	<u>\$ 11,640,874</u>

Laredo Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended August 31, 2004

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	2003 Actual	
	Original	Final		Positive (Negative)		
REVENUES:						
5700	Total Local and Intermediate Sources	\$ 25,699,890	\$ 26,830,890	\$ 26,848,091	\$ 17,201	\$ 26,159,927
5800	State Program Revenues	119,509,897	124,942,852	134,457,955	9,515,103	113,324,345
5900	Federal Program Revenues	10,627,000	11,197,000	11,299,140	102,140	10,237,876
5020	Total Revenues	<u>155,836,787</u>	<u>162,970,742</u>	<u>172,605,186</u>	<u>9,634,444</u>	<u>149,722,148</u>
EXPENDITURES:						
Current:						
0011	Instruction	88,496,828	91,438,770	87,134,320	4,304,450	82,427,801
0012	Instructional Resources and Media Services	3,643,785	4,649,388	4,478,815	170,573	3,716,126
0013	Curriculum Dev. & Instructional Staff Dev.	931,079	981,061	979,830	1,231	463,725
0021	Instructional Leadership	2,091,505	2,212,678	2,187,831	24,847	2,217,146
0023	School Leadership	9,839,199	10,367,290	10,087,561	279,729	9,168,871
0031	Guidance, Counseling and Evaluation Services	5,222,421	6,095,982	6,085,138	10,844	5,410,678
0032	Social Services	1,412,915	1,578,516	1,341,305	237,211	999,947
0033	Health Services	1,306,200	1,575,738	1,542,056	33,682	1,349,473
0034	Student (Pupil) Transportation	2,910,063	3,955,529	3,239,446	716,083	2,531,054
0035	Food Service	11,254,611	16,198,611	9,993,354	6,205,257	10,129,006
0036	Curricular/Extracurricular Activities	2,033,278	3,562,686	3,298,319	264,367	2,851,137
0041	General Administration	6,489,704	6,599,234	5,818,376	780,858	5,791,515
0051	Plant Maintenance and Operations	14,862,128	17,927,906	15,565,082	2,362,824	13,345,359
0052	Security and Monitoring Services	1,172,040	1,909,184	1,454,606	454,578	969,836
0053	Data Processing Services	2,289,503	2,892,909	2,560,946	331,963	1,818,576
0061	Community Services	32,592	116,794	95,230	21,564	72,703
Debt Service:						
0071	Debt Service	-	951,884	949,425	2,459	-
Capital Outlay:						
0081	Facilities Acquisition and Construction	1,765,000	5,675,699	2,509,956	3,165,743	629,610
Intergovernmental Charges:						
0095	Payment to Juvenile Justice Alternative Education	240,000	240,000	140,892	99,108	305,738
6030	Total Expenditures	<u>155,992,851</u>	<u>178,929,859</u>	<u>159,462,488</u>	<u>19,467,371</u>	<u>144,198,301</u>
1100	Excess(Deficiency) of Revenues Over (Under) Expenditures	(156,064)	(15,959,117)	13,142,698	(9,832,927)	5,523,847
OTHER FINANCING SOURCES (USES):						
7911	Proceeds from Sale of Loans	-	4,000,000	4,036,695	36,695	-
7915	Operating Transfers In	680,000	680,000	647,082	(32,918)	682,424
8911	Operating Transfers Out	(7,743,629)	(8,226,218)	(8,197,912)	28,306	(7,521,110)
7080	Total Other Financing Sources and (Uses)	<u>(7,063,629)</u>	<u>(3,546,218)</u>	<u>(3,514,135)</u>	<u>32,083</u>	<u>(6,838,686)</u>
1200	Net Changes in Fund Balances	(7,219,693)	(19,505,335)	9,628,563	29,133,898	(1,314,839)
0100	Fund Balance - September 1 (Beginning)	26,914,168	26,914,168	25,599,329	(1,314,839)	26,914,168
3000	Fund Balance - August 31 (Ending)	<u>\$ 19,694,475</u>	<u>\$ 7,408,833</u>	<u>\$ 35,227,892</u>	<u>\$ 27,819,059</u>	<u>\$ 25,599,329</u>

Laredo Independent School District
Statement of Fiduciary Net Assets
Fiduciary Funds
August 31, 2004

Data		Private-Purpose Trust Fund	Agency Fund
Control		Trust	Student Activity
Codes		Fund	Fund
<hr/>			
	ASSETS:		
1110	Cash and Temporary Investments, at cost	\$ 147,540	\$ 292,682
1000	Total Assets	<u>147,540</u>	<u>292,682</u>
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	1,325	-
2190	Due To Student Groups	-	292,682
2000	Total Liabilities	<u>1,325</u>	<u>292,682</u>
	NET ASSETS:		
3800	Held in Trust	146,215	-
3000	Total Net Assets	<u>\$ 146,215</u>	<u>\$ -</u>

Laredo Independent School District
 Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 Fiscal Year Ending August 31, 2004

	Private-purpose Trust Fund
	829
	Trust Fund
ADDITIONS:	
Gifts and Bequests	\$ 142,787
Interest Earnings	1,174
Total Additions	143,961
DEDUCTIONS:	
Scholarships	48,525
Total Deductions	48,525
Change in Net Assets	95,436
Net Assets-Beginning of the Year	50,779
Net Assets-End of the Year	\$ 146,215



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LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
August 31, 2004

Note		PAGE
A	Summary of Significant Accounting Policies	23
B	Compliance & Accountability	28
C	Deposits and Investments	28
D	Due From Other Governments	29
E	Inter-Fund Balances & Activity	30
F	Capital Assets	31
G	Unearned Revenue	32
H	Loans	32
I	Long-Term Obligations	33
J	Accumulated State Personal and Sick Leave Benefits	34
K	Changes in Long-Term Liabilities	34
L	Revenues From Local and Intermediate Sources	35
M	General Fund Federal Source Revenue	35
N	Risk Financing Activities	36
O	Pension Plan	36
P	Health Care Coverage	37
Q	Commitments & Contingencies	37
R	Construction Commitments	38
S	Shared Service Arrangements	38
T	Prior Period Adjustment	38
U	Subsequent Events	38



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LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

A. Summary of Significant Accounting Policies

The basic financial statements of Laredo 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.

For the fiscal year ended August 31, 2004, the District implemented the new reporting requirements of GASB Statements Nos. 33, 34, and 39. As a result, an entirely new financial reporting model has been implemented.

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 appointed 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 Statements: The statement of net assets and 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 non-exchange 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. 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 classified as program revenues 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 non-major 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.

IFA #1 and IFA #2 – Capital Projects Funds: The District accounts for proceeds from long-term debt financing (including the sale of bonds) and revenues and expenditures related to authorized construction and other capital asset acquisitions in these funds. The Board approves project budgets, not annual appropriated budgets.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

A. Summary of Significant Accounting Policies (continued)

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.

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. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include Impact Aid received in lieu of property taxes, grants, entitlements, and donations. Revenue from Impact Aid received in lieu of property taxes is recognized in the fiscal year for which the taxes are received. 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 60 days after year-end. Impact Aid 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.

3. Financial Statement Amounts

a. Deposits

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond 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 insurance.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are carried at cost, which is determined principally by the average cost method, while investments of food commodities are recorded at market values supplied by the United States Department of Agriculture (USDA). Inventories are considered expenditures or expenses as 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 USDA and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are changed, and revenue is recognized for an equal amount.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

A. Summary of Significant Accounting Policies (continued)

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

c. 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are \$384,821 and \$57,870 for the Debt Service Fund which 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.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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 is not capitalized. A capitalization threshold of \$500 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>
Buildings	15-30
Furniture and Equipment	3-15
Vehicles	7-10

e. Receivable and Payable Balances

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

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

f. Inter-fund Activity

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund 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 inter-fund 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, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

A. Summary of Significant Accounting Policies (continued)

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Budgets

The office budget was prepared for adoption for all required Governmental Fund Types. The following procedures are followed in establishing the budgetary data:

- (1). Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- (2). A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- (3). Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, several amendments were necessary.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Debt Service, and the General Fund - Food Service. The Special Revenue Funds and Capital Projects Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The budget was properly amended throughout the year by the Board. Such amendments are before the fact and are reflected in the official minutes of the Board.

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

	Original Budget	Increase	Amended Budget
General Fund	\$ 144,536,640	\$ 21,136,671	\$ 165,673,311
General Fund - Child Nutrition	11,456,211	1,800,337	13,256,548
Debt Service Fund	14,553,582	-	14,553,582
	<u>\$ 170,546,433</u>	<u>\$ 22,937,008</u>	<u>\$ 193,483,441</u>

j. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

k. Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District had no arbitrage liability as of August 31, 2004.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

A. Summary of Significant Accounting Policies (continued)

I. Unearned Revenues

Unearned revenues arise principally from amounts received from the state that relate to the subsequent fiscal year.

m. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

n. Investment 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 in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds 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. As of August 31st, the District invested part of its money with Lone Star and MBIA, which hold a AAA rating from Moody's.

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.

o. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

B. Compliance and Accountability

1. Financing-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>Violations</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 balance 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

Cash Deposits:

At August 31, 2004, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$31,832,654 and the bank balance was \$34,476,755. The District also had \$2,700 in petty cash. The District's cash deposits at August 31, 2004 and during the year ended August 31, 2004, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: International Bank of Commerce
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$74,476,342.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$51,108,815 and occurred during the month of January 2004.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$100,000.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as category 1.

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

C. Deposits and Investments (Continued)

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 general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. These custodial risk categories are as follows:

Category 1 - Investments that are insured, registered, or held by the District or by its agent in the District's name.

Category 2 - Investments that are uninsured and unregistered held by the counterparty's trust department, or agent in the District's name.

Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department, or its agent, but not in the District's name.

The District's investments at August 31, 2004 are shown below. Those investments which are evidenced by securities that exist in physical or book entry form are categorized by the custodial risk categories described above.

Investment	Category			Reported Amount	Fair Value
	1	2	3		
Federal Home Loan Discount Note	X			\$ 5,000,000	\$ 5,032,077
Federal Home Loan Discount Note	X			5,000,000	4,964,270
Freddie Mac Note	X			3,999,000	4,003,493
Freddie Mac Discount Note	X			992,770	1,011,110
Federal Home Loan	X			2,190,320	2,200,330
				<u>17,182,090</u>	<u>17,211,280</u>
Investments not subject to categorization:					
Investment Pools				45,798,894	45,833,713
Total investments				<u>\$62,980,984</u>	<u>\$63,044,993</u>

D. Due from Other Governments

The District participates in a variety of federal, state, and local programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal, state, and local governments as of August 31, 2004 are summarized below and are reported on the government-wide statement of net assets as due from other governments:

	Federal Grants Passed Through TEA	State Grants Passed Through TEA	Other Local Grants	Total
General Fund	\$ -	\$ 9,126,173	\$ 4,327,807	\$ 13,453,980
Special Revenue Funds	1,582,997	1,001,775	76,694	2,661,466
	<u>\$ 1,582,997</u>	<u>\$ 10,127,948</u>	<u>\$ 4,404,501</u>	<u>\$ 16,115,446</u>

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2004

E. Inter-fund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2004 consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,134,200	\$ 1,426,564
Special Revenue Funds:		
IDEA B Formula	1,564	-
Summer Food Service Program	408,873	174,179
LEP	319	-
Gear Up	-	3
PEP	-	7
Texas Successful Schools	4	-
Accelerated Reading	3	-
Technology Grant	119	12
Pre-K Grant	226	185
TRS Supplement	1,124	-
Ready to Read	100	-
Regional Day School for Deaf	363	-
Abstinence Grant	-	6
Debt Service Fund	-	1,587
Capital Projects Fund	82,098	26,450
	<u>\$ 1,628,993</u>	<u>\$ 1,628,993</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, 2004 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Technology	\$ 3,605,773	Transfer the gain of sale of WADA for Technology Expenditures.
General Fund	Debt Service	3,190,445	Transfer to cover for interest and principals costs for loans.
General Fund	E-Rate	719,240	Transfer to cover local share of grant.
General Fund	Athletics	647,082	Transfer to cover Athletics cost for all schools.
General Fund	TRS Supplement	35,372	Transfer to TRS Supplement.
Technology Fund	E-Rate	<u>85,000</u>	Transfer to cover local share of grant.
Total		<u>\$ 8,282,912</u>	

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2004

F. Capital Assets

Capital asset activity for the year ended August 31, 2004 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 8,285,508	\$ 332,995	\$ -	\$ 8,618,503
Construction in Progress	87,110,859	33,994,903	67,831,307	53,274,455
Total capital assets not being depreciated	<u>95,396,367</u>	<u>34,327,898</u>	<u>67,831,307</u>	<u>61,892,958</u>
Capital assets being depreciated:				
Buildings and Improvements	80,201,695	67,831,307	6,960,817	141,072,185
Equipment	19,670,591	7,268,219	1,725,555	25,213,255
Capital Lease Equipment	1,498,243	-	-	1,498,243
Total capital assets being depreciated	<u>101,370,529</u>	<u>75,099,526</u>	<u>8,686,372</u>	<u>167,783,683</u>
Less accumulated depreciation:				
Building and Improvements	51,082,633	3,622,915	-	54,705,548
Equipment	16,435,041	1,464,402	-	17,899,443
Capital Lease Equipment	674,000	75,000	-	749,000
Total accumulated depreciation	<u>68,191,674</u>	<u>5,162,317</u>	<u>-</u>	<u>73,353,991</u>
Total capital assets being depreciated, net	<u>33,178,855</u>	<u>69,937,209</u>	<u>8,686,372</u>	<u>94,429,692</u>
Governmental activities capital assets, net	<u>\$ 128,575,222</u>	<u>\$ 104,265,107</u>	<u>\$ 76,517,679</u>	<u>\$ 156,322,650</u>

Depreciation was charged to functions as follows:

	<u>Totals</u>
Instruction	\$ 293,058
Resource & Media Services	96,689
Staff Development	6,839
Instructional Leadership	21,306
School Leadership	48,880
Guidance & Counseling	2,313
Social Services	3,221
Health Services	2,150
Transportation	117,077
Food Service	118,209
Co-Curricular Activities	24,467
General Administration	32,581
Plant & Maintenance	78,071
Security & Monitoring Services	34,337
Data Processing	87,715
Parental Involvement	121
Facilities Acquisition & Construction	4,195,283
Total Depreciation	<u>\$ 5,162,317</u>

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2004

G. Unearned Revenue

Unearned revenue at August 31, 2004 consisted of the following:

	<u>Totals</u>
Child Nutrition	\$ 162,735
General Operating Fund - Escrow Taxes	23,391
General Operating Fund - Escrow Refunds	75,634
Pregnancy, Education and Parenting	1,199
Pregnancy, Education and Parenting CCMS	41,245
A/P Incentive Program	30,963
Pre-Kinder Expansion Grant	504,446
Regional Day School for the Deaf	13,578
Dr. Hochman Grant	1,481
Misc. Local Funds	8,375
	<u>\$ 863,048</u>

H. Loans

The District accounts for short-term debts through the appropriate funds. Short-term debts include notes made in accordance with the provisions of the Texas Education Code.

A loan of \$4,255,000 was issued on September 2, 1998, for the purchase of capital equipment as authorized by Texas Local Government Code Section 271. The loan has an interest rate of 5.06% and an original term of ten years. The final principal and interest payment will be made in the fiscal year ending August 31, 2008.

A Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 was entered into on August 23, 2000 for the purpose of financing the construction of academies for three District high schools. The loan has an interest rate of 1.10% and an original term of twelve years. Interest payments of \$88,000 will be made on a yearly basis for twelve years with one principal payment of \$8,000,000 due at maturity on August 23, 2012.

A Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 was entered into on August 30, 2001 for the purpose of financing the construction of academies for three middle schools and two high schools. The loan has an interest rate of 1.097% and an original term of twelve years. Interest payments of \$87,780 will be made on a yearly basis for twelve years with one principal payment of \$8,000,000 due at maturity on August 30, 2012.

A loan of \$3,680,000 was issued on December 1, 2001, for the purchase of capital equipment as authorized by Texas Local Government code section 271. The loan has an interest rate of 4.0% and an original term of five years. The final principal and interest payment will be made in the fiscal year ending August 31, 2006.

A loan of \$4,000,000 was issued on December 18, 2003, for the purchase of capital equipment as authorized by Texas Local Government code section 271. The loan has an interest rate of 3.0% and an original term of five years. The final principal and interest payment will be made in fiscal year ending August 31, 2008.

The following is a summary of loan transactions of the district for the year ending August 31, 2004:

<u>Description</u>	<u>Balance Outstanding 9/1/2003</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance Outstanding 8/31/2004</u>	<u>Amounts Due Within One Year</u>
Loan - September 2, 1998	\$ 2,410,000	\$ -	\$ 435,000	\$ 1,975,000	\$ 460,000
Note - August 23, 2000	8,000,000	-	-	8,000,000	-
Note - August 30, 2001	8,000,000	-	-	8,000,000	-
Loan - December 1, 2001	1,945,000	-	905,000	1,040,000	510,000
Loan - December 28, 2003	-	4,000,000	790,000	3,210,000	775,000
	<u>\$ 20,355,000</u>	<u>\$ 4,000,000</u>	<u>\$ 2,130,000</u>	<u>\$ 22,225,000</u>	<u>\$ 1,745,000</u>

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

H. Loans (continued)

Interest paid during the year on loans was \$413,810. All loans are payable from the operating funds which include the Food Service and General Fund.

The following is a schedule of the required payments for these loans:

Year Ending August 31, 2004	Principal	Interest	Total
2005	\$ 1,745,000	\$ 378,990	\$ 2,123,990
2006	1,805,000	322,495	2,127,495
2007	1,315,000	258,885	1,573,885
2008	1,360,000	214,069	1,574,069
2009	-	175,760	175,760
2010-2013	16,000,000	615,040	16,615,040
	<u>\$ 22,225,000</u>	<u>\$ 1,965,239</u>	<u>\$ 24,190,239</u>

I. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Bonded indebtedness of the District reflected in the General Long Term Debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Total principal amount of Tax Bond indebtedness cannot exceed 10 percent of the taxable assessed valuation of property in the School District.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2004 are as follows:

Governmental activities:	Interest Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Unlimited Tax Refunding							
Bonds - Series 1991	5.70% - 6.60%	\$ 7,300,000	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Appreciation	6.90%	815,000	365,000	-	365,000	-	-
Unlimited Tax Refunding							
Bonds - Series 1993	3.00% - 5.95%	7,859,391	-	-	-	-	-
Capital Appreciation	5.85%	1,188,644	2,146,433	127,318	-	2,273,751	-
Capital Appreciation	5.95%	496,558	903,778	53,608	-	957,386	-
Unlimited Tax Refunding							
Bonds - Series 1999	5.50% - 6.75%	72,000,000	38,665,000	-	1,680,000	36,985,000	1,785,000
Unlimited Tax Refunding							
Bonds - Series 2002	5.25% - 6.75%	77,890,000	72,565,000	-	2,275,000	70,290,000	2,500,000
Term Serial Bond	5.00%	18,200,000	18,200,000	-	-	18,200,000	-
Capital Appreciation	5.02%	2,509,910	2,987,882	307,463	-	3,295,345	-
Unlimited Tax Refunding							
	3.00%-3.75%	4,240,000	4,190,000	-	1,780,000	2,410,000	2,410,000
Total governmental activities		<u>\$ 192,499,503</u>	<u>\$ 140,023,093</u>	<u>\$ 488,389</u>	<u>\$ 6,100,000</u>	<u>\$ 134,411,482</u>	<u>\$ 6,695,000</u>

Interest paid on bonded indebtedness during the current year was \$6,963,594.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2004

I. Long-Term Obligations (continued)

The following is a schedule of the required payments for these general obligation bonds:

Year Ending August 31, 2004	Principal	Interest	Total
2005	\$ 6,695,000	\$ 6,450,780	\$ 13,145,780
2006	6,678,752	8,367,980	15,046,732
2007	5,582,387	6,972,114	12,554,501
2008	4,855,000	5,742,943	10,597,943
2009	5,105,000	5,486,236	10,591,236
2010-2014	29,190,000	23,545,660	52,735,660
2015-2019	27,335,343	25,871,990	53,207,333
2020-2024	44,080,000	8,271,900	52,351,900
2025	4,890,000	244,500	5,134,500
	<u>\$ 134,411,482</u>	<u>\$ 90,954,103</u>	<u>\$ 225,365,585</u>

J. Accumulated State Personal and Sick Leave Benefits

Buy back of accrued sick leave at retirement – The District buys back accrued unused sick leave from employees when they retire from the District with full benefits under the Teacher Retirement System. Buy back of accrued leave is at the rates established in the District's approved Pay Plan, without local increments. This one-time-only benefit is available to employees who have served at least ten consecutive years in the District; however, the plan applies also to employees who die while employed in the District, regardless of the length of their employment, with payment made to the designated beneficiary.

Rate for professional employees – A professional employee who retires meeting the eligibility criteria specified above shall be paid for accumulated leave to a maximum of 40 days of state leave, of which 5 days are at 100%, 10 days at 75%, and 25 days at 50% of the daily rate of pay; in addition, 20 days of local sick leave are at \$70 per day.

Rate for para-professional and auxiliary employees – A paraprofessional or auxiliary employee who retires meeting the eligibility criteria specified above shall be paid for accumulated leave to a maximum of 60 days of leave, of which the first 5 days are at 100%, the next 10 days are at 75%, and the next 45 days are at 50% of the daily rate of pay.

As of August 31, 2004, the balance for the State Personal and Sick Leave is \$1,197,517.

K. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2004, was as follows:

Description	Balance Outstanding 9/1/2003	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2004	Amounts Due Within One Year
Bonds and Loans Payable:					
Loans	\$ 20,355,000	\$ 4,000,000	\$ 2,130,000	\$ 22,225,000	\$ 1,745,000
General Obligation Bonds	140,023,093	488,389	6,100,000	134,411,482	6,695,000
Bonds Premium Amortization - net	3,510,833	-	163,845	3,346,988	120,179
Total Bonds and Loans Payable	<u>163,888,926</u>	<u>4,488,389</u>	<u>8,393,845</u>	<u>159,983,470</u>	<u>8,560,179</u>
Other Liabilities:					
Compensated Absences	-	1,197,517	-	1,197,517	110,008
Total Other Liabilities	<u>-</u>	<u>1,197,517</u>	<u>-</u>	<u>1,197,517</u>	<u>110,008</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 163,888,926</u>	<u>\$ 5,685,906</u>	<u>\$ 8,393,845</u>	<u>\$ 161,180,987</u>	<u>\$ 8,670,187</u>

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2004

L. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$19,448,153	\$ -	\$ 2,623,923	\$ -	\$22,072,076
Food Sales	91,252	-	-	-	91,252
Investment income	617,041	5,758	97,905	801,783	1,522,487
Penalties, interest and other fees	622,601	-	92,689	-	715,290
Co-curricular	175,860	-	-	-	175,860
Sale of WADA	5,025,976	-	-	-	5,025,976
Miscellaneous	867,208	621,704	-	9,569	1,498,481
	<u>\$26,848,091</u>	<u>\$ 627,462</u>	<u>\$ 2,814,517</u>	<u>\$ 811,352</u>	<u>\$31,101,422</u>

M. General Fund Federal Source Revenues

Federal revenue included in the General Fund as of August 31, 2004 is as follows:

Program or Source	Federal CFDA Number	Amount	Total Grant or Entitlement
General Fund:			
PL81-874 (Impact Aid)	84.041	\$ 1,422	\$ 8,000
ROTC	12.999	129,969	85,000
School Health and Related Services	N/A	143,414	200,000
Medicaid	N/A	246,530	270,000
Indirect Cost:			
LEP Program	84.334A	37,530	2,637,267
Safe and Drug Free	84.186A	3,613	374,578
ESEA Title I Part A Disadvantaged Children	84.010A	263,997	14,698,301
ESEA Title I Part C Migrant	84.011	3,551	247,125
IDEA B-Formula	84.027	60,878	5,820,297
IDEA B-Preschool	84.173	572	83,317
IDEA B-Deaf	84.027	82	36,749
IDEA B-Preschool Deaf	84.027	142	4,559
ESEA Title VI Innovative Education	84.298	2,806	262,959
Vocational Education Applied Career & Technology	84.048A	5,288	458,560
Class Size Reduction	84.340A	82,995	4,369,476
Gear Up	84.334A	5,811	367,000
Title II Part D Technology	84.318X	6,605	376,318
Accelerated Reader	3240901	63,274	768,691
Sub-Total Indirect Cost		<u>537,144</u>	<u>30,505,197</u>
Total General Fund		<u>1,058,479</u>	<u>31,068,197</u>
Child Nutrition Fund:			
National School Lunch Program	10.555	9,538,944	9,734,000
USDA Commodities	10.555	701,717	500,000
Total Food Service Fund		<u>10,240,661</u>	<u>10,234,000</u>
TOTAL		<u>\$ 11,299,140</u>	<u>\$ 41,302,197</u>

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

N. Risk Financing Activities

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 2002, 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.

Prior to fiscal year 2001-2002, the District maintained fully-insured workers' compensation programs which allowed full transfer of liability to a third party, the insurance carrier. As of September 1, 2001 to August 31, 2002, with Texas Educational Entity Cooperative as the carrier, the District had/has a fully-insured program with a self-insured feature. The District was/is fully-insured up to a threshold amount of \$758,887, which if exceeded, the District was/is self-insured and responsible on a dollar per dollar basis up to a capped amount of an additional \$469,608. As of September 1, 2002 to August 31, 2003 and September 1, 2003 to August 31, 2004, the District was/is self-insured. The District carries a maximum liability per claim of \$1,000,000 and aggregate liability of \$1,984,676 in any one year. If any amounts exceed the aforementioned liability limits, the specific and aggregate excess are covered by the re-insurer Midwest Employers Casualty Company. Amounts payable to the Workers' Compensation Fund are based on actual amounts paid.

A summary of aggregate liabilities for workers' compensation claims for the prior and current year is presented below:

Year	Carrier (1)	Beginning of Fiscal Year Liability (2)	Current Year Claims & Changes in Estimates	Claim Payments	Balance at Fiscal Year-End (3)
2001-02	TEEC	\$ 306,419	\$ 201,216	\$ 178,524	\$ 329,111
2002-03	LISD	\$ 429,507	\$ 16,320	\$ 247,648	\$ 198,179
2003-04	LISD	\$ -	\$ 1,000,862	\$ 442,996	\$ 557,866

(1) 01-02 Fully-Insured with self-insured feature (\$758,887 Loss Fund Threshold)
 02-03 Self-Insured
 03-04 Self-Insured

(2) 01-02 Estimated Loss Maximum = \$1,228,495
 02-03 Loss Maximum = \$1,984,676
 03-04 Loss Maximum = \$1,984,676

O. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public 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, Texas 78701-2698 or by (800) 887-0123.

State law provides for fiscal years 2004, 2003, and 2002 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances, the District is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined, but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of TRS during the fiscal year, and (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize the System's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions made to the System on behalf of the District's employees for the years ended August 31, 2004, 2003, and 2002 were \$7,617,598, \$7,194,496, and \$5,445,715, respectively, and were equal to the required contributions for each year. Other contributions made from federal

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2004

O. Pension Plan (continued)

and private grants and from the District for salaries above the statutory minimum for the years ended August 31, 2004, 2003, and 2002 were \$1,628,844, \$1,378,001, and \$1,287,708, respectively, and were equal to the required contributions for each year. The amount contributed by the state on behalf of the District was \$6,334,446.

P. Health Care Coverage

For the term effective 9/1/03-8/31/04, the District continued to be fully-insured with PacifiCare, Inc. being the medical health provider. The carrier, PacifiCare, as well as the local servicing agency, Laurel Insurance, contracted by PacifiCare, administered and serviced the medical program. The program is a fully insured program, but is unique in that it includes a "participating agreement" whereby any savings under the established utilization (loss ratio) threshold of 70% may be reimbursed to the District.

The District contributes \$225.00 for all Teacher Retirement System (TRS) qualified employees towards the cost of participation in the Preferred Provider Organization (PPO) medical insurance program that has a maximum lifetime benefit of \$2,000,000.00. There are three (3) insurance plan options (Low, High, and State Comparable) as well as options of the four (4) tier coverage levels (Employee Only, Employee & Spouse, Employee & Children, Employee & Family) within each option. The District also offers continued coverage in accordance with federal law to all employees and dependents who are no longer eligible for coverage, but meet COBRA requirements.

The District's health insurance program has been very efficient and successful in that the District has been able to provide employees different choices of plans and levels of benefits which are in compliance with the TRS Comparability Program. Employee participation in the District's medical insurance is estimated at 85%+ of the employee base and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that the "District satisfied all of the reporting requirements of the Education Code; and it has been determined that the district makes available to its employees group health coverage that is comparable to the basic health coverage provided to state employees under the Texas Employees group Benefits Act (HealthSelect)."

Due to the District's effective and efficient collaborative efforts with all stakeholders, which resulted in an estimated year-end loss ratio of 69.10%, the District looks forward to reimbursement of health insurance premiums from PacifiCare based on the participating agreement conditions.

Q. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2004.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2004

R. Construction Commitments

As of August 31, 2004, the District was obligated under the terms of an agreement for the construction of the following projects:

Project Name	Contract Amount	Paid to Date	Commitment Balance Remaining*	Retainage Payable Amount
New School Construction	\$ 97,699,330	\$ 82,256,972	\$ 15,442,357	\$ 1,887,247
Architects Services	11,497,174	9,297,019	2,200,155	-
Asbestos Abatement	1,512,008	1,365,094	146,914	11,374
Portables	4,105,915	3,935,987	169,929	25,348
ROCIP Insurance	5,676,969	4,576,617	1,100,352	-
Geotechnical, Surveying & Other				
Related Service	5,108,681	4,626,561	482,120	134,366
Rentals	47,579	47,578	-	-
Improvement to Schools	7,367,460	7,245,303	122,157	65,729
	<u>\$133,015,115</u>	<u>\$113,351,131</u>	<u>\$ 19,663,984</u>	<u>\$ 2,124,064</u>

*The remaining balance includes the retainage amount payable at August 31, 2004.

S. Shared Service Arrangements

The Laredo Independent School District (L.I.S.D.) participates in the Regional Day School Program for the Deaf (RDSPD), a shared service arrangement with two member Districts: United Independent School District (U.I.S.D.) and Webb Consolidated Independent School District. The District is acting as the fiscal agent for the parties involved. The purpose of the Laredo Independent School District RDSPD is to serve students who are auditory impaired and between ages of 0 and 21. Funding for the LISD RDSPD is provided by the TEA and by the member Districts. Revenue from the respective member Districts, is presented below:

LISD	\$ 411,444
UISD	119,959
WEBB CONSOLIDATED ISD	<u>3,600</u>
	<u>\$ 535,003</u>

As a fiscal agent, LISD RDSPD is responsible for reporting all financial activities of the shared service arrangement. The District accounts for the activity in Special Revenue Fund 435.

T. Prior Period Adjustment

The Accelerated Reading Program beginning fund balance was adjusted by \$5,381 in order to reflect the correct amount in revenues from the prior period.

U. Subsequent Events

The Laredo Independent School District created the Laredo Public Facility Corporation Which is in the process of selling \$64 million dollars of Lease Revenue Bonds. These bonds were sold on November 18, 2004 and the District will receive the monies on December 16, 2004, for Series A to E, and January 25, 2004 for Series F.

These lease revenue bonds will be used to renovate and build new facilities for the following schools:

- D.D. Hachar Elementary School
- Buenos Aires Elementary
- Daiches Elementary School
- Leyendecker Elementary School
- Nixon High School Literacy Center
- Ryan Elementary School
- Christen Middle School
- Martin High School & Literacy Center
- Cigarroa High School Literacy Center

Laredo Independent School District
Combining Balance Sheet
Non Major Governmental Funds
August 31, 2004

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2004	August 31, 2003	
ASSETS:						
1110	Cash and Temporary Investments, at cost	\$ 3,044,944	\$ 6,045,446	\$ 14,328,183	\$ 23,418,573	\$ 24,220,645
Receivables:						
1220	Property Taxes - Delinquent	-	482,251	-	482,251	463,738
1230	Allowance for Uncollectible Taxes	-	(57,870)	-	(57,870)	(55,648)
1240	Due From Other Governments	2,661,466	-	-	2,661,466	3,384,217
1250	Accrued Interest	-	-	9,614	9,614	5,852
1260	Due From Other Funds	412,695	-	-	412,695	540,192
1290	Other Receivables	10,150	718,182	-	728,332	86,138
1000	Total Assets	<u>6,129,255</u>	<u>7,188,009</u>	<u>14,337,797</u>	<u>27,655,061</u>	<u>28,645,134</u>
LIABILITIES:						
2100	Bank Overdraft	2,480,741	-	-	2,480,741	3,179,393
2110	Accounts Payable	448,987	1,755	62,348	513,090	688,341
2160	Accrued Wages Payable	57,465	-	-	57,465	30,559
2170	Due to Other Funds	174,392	1,587	-	175,979	1,162,561
2180	Due to Other Governments	2,955	-	-	2,955	3,226
2300	Unearned Revenue	601,288	424,381	-	1,025,669	1,034,127
2000	Total Liabilities	<u>3,765,828</u>	<u>427,723</u>	<u>62,348</u>	<u>4,255,899</u>	<u>6,098,207</u>
FUND BALANCE:						
Reserved Fund Balances:						
3420	Retirement of Indebtedness	-	6,760,286	-	6,760,286	4,557,510
Unreserved Fund Balances:						
3510	Designated for Construction	-	-	14,275,449	14,275,449	14,294,984
3600	Undesignated Fund Balance	2,363,427	-	-	2,363,427	3,694,433
3000	Total Fund Balance	<u>2,363,427</u>	<u>6,760,286</u>	<u>14,275,449</u>	<u>23,399,162</u>	<u>22,546,927</u>
4000	Total Liabilities and Fund Balance	<u>\$ 6,129,255</u>	<u>\$ 7,188,009</u>	<u>\$ 14,337,797</u>	<u>\$ 27,655,061</u>	<u>\$ 28,645,134</u>

Laredo Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Governmental Funds
For the Year Ended August 31, 2004

Data Control Codes		Non Major Governmental Fund Types			Totals	
		Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2004	August 31, 2003
	REVENUES:					
5700	Local, Intermediate, Out-of-State	\$ 627,462	\$ 2,814,516	\$ 215,300	\$ 3,657,278	\$ 4,102,021
5800	State Program Revenues	8,334,685	10,665,674	-	19,000,359	20,836,311
5900	Federal Program Revenues	25,227,731	-	-	25,227,731	22,313,891
5020	Total Revenues	<u>34,189,878</u>	<u>13,480,190</u>	<u>215,300</u>	<u>47,885,368</u>	<u>47,252,223</u>
	EXPENDITURES:					
	Current:					
0010	Instruction and Instructional-Related Services	31,532,292	-	-	31,532,292	28,549,734
0020	Instructional and School Leadership	1,615,117	-	-	1,615,117	1,591,021
0030	Support Services - Student (Pupil)	3,096,575	-	-	3,096,575	3,177,365
0040	Administrative Support Services	83,745	-	-	83,745	116,853
0050	Support Services - Nonstudent Based	1,556,523	-	-	1,556,523	1,909,483
0060	Ancillary Services	647,821	-	-	647,821	710,754
0070	Debt Services	-	14,548,289	-	14,548,289	14,693,177
0080	Capital Outlay	1,337,140	-	-	1,337,140	292,729
0080	Facilities Acquisition and Construction	-	-	234,835	234,835	2,649,954
0090	Intergovernmental Charges	6,675	-	-	6,675	6,200
6030	Total Expenditures	<u>39,875,888</u>	<u>14,548,289</u>	<u>234,835</u>	<u>54,659,012</u>	<u>53,697,270</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,686,010)</u>	<u>(1,068,099)</u>	<u>(19,535)</u>	<u>(6,773,644)</u>	<u>(6,445,047)</u>
	OTHER FINANCING SOURCES (USES):					
7911	Proceeds of Refunding Bonds	-	-	-	-	4,240,000
7916	Premium on Issuance of Bonds	-	-	-	-	113,701
7915	Transfers In	4,445,385	3,190,445	-	7,635,830	6,898,276
8949	Redemption of Refunded Bonds	-	-	-	-	(4,250,000)
7949	Payment to Refunded Bonds Escrow Agent	-	80,430	-	80,430	(103,701)
8911	Transfers Out	(85,000)	-	-	(85,000)	(59,590)
7080	Total Other Financing Sources (Uses):	<u>4,360,385</u>	<u>3,270,875</u>	<u>-</u>	<u>7,631,260</u>	<u>6,838,686</u>
1200	Net Changes in Fund Balance	(1,325,625)	2,202,776	(19,535)	857,616	393,639
0100	Fund Balance - September 1 (Beginning)	3,694,433	4,557,510	14,294,984	22,546,927	22,307,135
	Prior Period Adjustment	(5,381)	-	-	(5,381)	(153,847)
3000	Fund Balance - August 31 (Ending)	<u>\$ 2,363,427</u>	<u>\$ 6,760,286</u>	<u>\$ 14,275,449</u>	<u>\$ 23,399,162</u>	<u>\$ 22,546,927</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE**

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance often is accounted for in a Special Revenue Fund. In most Special Revenue Funds, unused balances are recorded as deferred revenue and carried forward to the succeeding fiscal year, provided the amount carried forward is within the limits established by the grantor. In some cases, the unused balances are returned to the grantor at the close of specified project periods. The District accounts for Special Revenue Funds as notice of grant awards are received and uses project accounting for them in order to maintain integrity for the various sources of funds. These funds utilize the modified accrual basis of accounting and budgeting. Included in the District's Special Revenue Funds are:

Safe and Drug Free Schools and Communities (Fund 204) – to account on a project basis for funds granted as a result of the Improving Americas School Act of 1994. These funds are to be used to develop age-appropriate comprehensive violence and drug/alcohol education prevention programs.

ESEA Title I, Part A Disadvantage Children (Fund 211) – to account on a project basis for funds allocated for programs to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children, and to serve neglected or delinquent children receiving services from institutions.

ESEA Title I, Part C Migrant (Fund 212) – to account on a project basis for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

IDEA - Part B, Formula (Fund 224) – to account on a project basis for funds granted that will operate educational programs for handicapped children.

IDEA - Part B, Pre-school (Fund 225) – to account on a project basis for funds granted for preschool handicapped children.

IDEA - Part B, Discretionary (Fund 226) – to account on a project basis for funds used to support an ESC basic special education component, priority projects in secondary special education, an adaptive/assertive devices component through ESC's, private residential placements, state school student support, support of students in care and treatment or hospital facilities, enhanced braille production, and other needs.

IDEA - Part B, Deaf (Fund 227) – to account on a project basis for funds to that will operate educational programs for children with disabilities.

IDEA - Part B, Pre-school Deaf (Fund 228) – to account on a project basis for funds granted for preschool children with disabilities.

ESEA, Title VI, Innovative Education Program (Fund 235) – to account on a project basis for funds granted to develop innovative education programs authorized in Title VI of the Elementary and Secondary Education Act of 1965, as amended by the Improving America's Schools Act of 1994.

Summer Feeding Program (Fund 242) – to account on a project basis for funds received from the Department of Human Services that are awarded for meals provided to the community based on the average number of daily participation.

Tech Prep Planning/Implementation (Fund 243) – to account on a project basis for funds received to plan new Tech Prep programs and/or to implement existing programs.

Vocational Education Basic Grant (244) – to account on a project basis for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at 1) a limited number of campuses (sites) or 2) a limited number of program areas.

IDEA H - Part Early Intervention (Fund 253) – to account on a project basis for funds granted to provide early intervention programs for infants and toddlers who are deaf. Funding is limited to eligible children whose hearing is determined by professionally acceptable evaluation to be nonfunctional for educational purposes to the extent that

the hearing impairment severely impairs the processing of linguistic information through hearing, with or without amplification, and adversely affects educational performance.

Title II, Technology (Fund 262) – to account on a project basis for funds to be used to improve student academic achievement, including technology literacy of all students, and improve the capacity of all teachers teaching in schools served by the LEA integrate technology effectively into curricular and instruction.

Title VII, LEP/Immigrant Program (Fund 263) – to account on a project basis for funds granted under ESEA Title VII, Bilingual Education, Language Enhancement, and Language Acquisition Program.

Tools for Schools (Fund 281) – Tools for schools project will work to implement the tools for schools program at all school facilities located in the Laredo Independent School District. The primary goal is to develop and maintain a healthy indoor environment for the students and staff.

E-Rate (Fund 282) – to account for on a project basis for funds awarded by the School and Libraries Division of the Federal Government. These monies will allow Districts to provide for infrastructure for networking computer or to access the Internet.

Target Grant (Fund 283) (Technology Applications Readiness Grants for Empowering Texas) To provide participating school districts with a mechanism to help all students learn through the use of technology. The project is designed to allow participating districts to supplement their training and support, hardware and software, and connectivity.

GEAR UP (Fund 286) – to account for on a project basis for funds awarded to enable students to take advantage of the Texans Grant Program, the state's scholarship program of economically disadvantage students.

Title II Part A (Fund 287) – to account for on a project basis for funds awarded to help schools supervise student learning by reducing the class size in grades 1-3 to 18 or fewer students so that every student receives personal attention, gets a solid foundation for further learning and learns to read independently by the third grade.

Visually Impaired (Fund 385) – to account on a project basis the state supplemental visually impaired monies. This fund is used by single school districts to account for any of these monies received from the ESC.

Texas Successful School Program (Fund 393) – to account on a project basis for grant funds applied for by school districts after being notified by TEA of eligibility based on Academic Excellence Indicator System (AEIS) criteria.

Pregnancy, Education, and Parenting Program (Fund 394) – to account on a project basis for funds used to provide pregnant and parenting students the services needed to keep them in school until completion.

AP Incentive Program (Fund 397) – the Advanced Placement (AP) Incentive Program was enacted to emphasize high academic performance. The purpose of the program is to recognize and reward those students, teachers, and schools that demonstrate success in achieving the States Educational goals. In 1993 Texas Legislature adopted a law that each student who scores three or better on an AP exam.

Optional Extended Year (Fund 401) – to account on a project basis for funds received for extended-year programs funded under Section 29.082 of the Texas Education Code.

Accelerated Reading Program (Fund 404) – to account on a project basis for funds received from the Texas Education Agency to reinforce regular classroom reading instruction and to provide the additional practice struggling readers need to develop reading strategies.

Texas High School Completion and Success (Fund 409) – to account on a project basis for funds granted for special programs for students in grade nine who are at risk of not earning sufficient credit or who have not earned sufficient credit to advance to grade 10 and who fail to meet minimum skills levels. (Rider 67)

Technology Allotment (Fund 411) – to account on a project basis for funds awarded to school districts to purchase technological software or equipment that contributes to student learning, or to pay for training for educational personnel involved in the use of these materials.

Telecommunications Infrastructure Fund (Fund 413) – to account on a project basis for funds awarded to the school district. These funds will provide for INTERNET access to secondary schools.

Pre-kinder Expansion Grant (Fund 415) – to account on a project basis for funds received from the Texas Education Agency to expand half-day pre-kindergarten program to full day.

TRS Supplement Compensation (Fund 418) – to account for supplemental compensation payments to active public school employees, to help public school employees pay for employee health care or supplement their existing salaries.

Ready to Read Grant (Fund 419) – to account on a project basis for funds granted to preschool programs to provide scientific, research based, pre-reading instruction for three and four year old children.

Texas Crime Stoppers Program (Fund 420) – to account on a project basis for funds granted to enhance and assist the community's efforts in solving serious crimes. It is the goal of the program to create a trilateral partnership of the public, law enforcement agencies, and the media that accelerates the identification and apprehension of those involved in crimes.

Tobacco Grant (Fund 422) – this program will encourage compliance and enforce laws governing the sale and distribution of cigarettes and tobacco products to minors, and to prevent the use of these products by minors.

Mentors School Program (Fund 425) – to account as a project basis for funds received from the TEA. LISD Heights Elementary school is one of 12 schools in Texas named by the Governor as a reading spotlight school. The chosen schools will have an opportunity to work with the Center for Reading / English Language Arts professional development at the University of Texas at Austin.

Read to Succeed (Fund 429) – to account on a project basis for funds granted to implement an initiative that focuses on the most basic of educational goals – teaching children to read well.

Regional Day School for the Deaf (Fund 435) – to account on a project basis for funds allocated for staff and activities of the Regional Day School Program for the Deaf. These funds are not to be used to pay the salaries of teachers with a teaching assignment other than deaf students in the RDSPD. State deaf funds should not be used to pay the salary of teachers of American Sign Language as a foreign language at the junior high or high school level, as this is a course for regular education credit.

Dr. Hochman Grant (Fund 482) – to account on a project basis for funds received from Dr. M. A. Hochman. These monies allowed staff to purchase educational supplies.

Misc. Local Grants (Fund 483) – to account for local grants which include the Wal-Mart Grant, Bill Gates Grant and TXBESS – Texas Workforce Grant.

Enlace (Fund 485) – to help provide for Hispanic students a transition from high school to college with additional training on the SAT, ACT, and TASP testing in conjunction with the CSTEP Coalition.

Youth Training (Fund 496) – to account for funds to be used to carry out youth employment and training activities as authorized by section 129, Workforce Investment Act of 1998 (29 U.S. C.2854) in accordance with all terms and conditions of this contract.

Abstinence Education (Fund 499) – to account on a project basis for funds awarded to promote the social, psychological and health gains of abstaining from sexual activity. Abstinence from sexual activity, outside marriage is the expected standard for all school-age children.

Laredo Independent School District
Combining Balance Sheet
Non Major Governmental Funds - Special Revenue Funds
August 31, 2004

Data Control Codes	204 Safe Drug-Free Schools and Communities	211 Title I Disadvantage Children	212 Title I Part - C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-school	226 IDEA Part - B Discretionary
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	-	761,343	21,827	163,012	2,335	-
1260 Due from Other Funds	-	-	-	1,564	-	-
1290 Sundry Receivables	-	3,162	-	-	-	-
1000 Total Assets	<u>-</u>	<u>764,505</u>	<u>21,827</u>	<u>164,576</u>	<u>2,335</u>	<u>-</u>
LIABILITIES:						
2100 Bank Overdraft	-	694,339	21,827	152,112	2,335	-
2110 Accounts Payable	-	52,612	-	10,193	-	-
2160 Accrued Wages	-	17,554	-	2,271	-	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>764,505</u>	<u>21,827</u>	<u>164,576</u>	<u>2,335</u>	<u>-</u>
FUND EQUITY:						
3600 Unreserved Fund Balance	-	-	-	-	-	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 764,505</u>	<u>\$ 21,827</u>	<u>\$ 164,576</u>	<u>\$ 2,335</u>	<u>\$ -</u>

227 IDEA Part - B Deaf	228 IDEA Part B Pre-school Deaf	235 ESEA Title VI Innovative Education Prog	242 Summer Feeding Program	243 Tech Prep Planning/ Implementation	244 Vocational Education- Basic Grant	253 IDEA H Part Early Intervention	262 Title II Technology	263 LEP Immigrant Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,562	-	-	23,444	-	17,335	168,284
-	-	-	408,873	-	-	-	-	319
-	-	-	-	-	-	-	-	-
-	-	1,562	408,873	-	23,444	-	17,335	168,603
-	-	1,562	229,236	-	23,444	-	17,335	119,066
-	-	-	5,458	-	-	-	-	20,319
-	-	-	-	-	-	-	-	29,218
-	-	-	174,179	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,562	408,873	-	23,444	-	17,335	168,603
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 1,562	\$ 408,873	\$ -	\$ 23,444	\$ -	\$ 17,335	\$ 168,603

Laredo Independent School District
Combining Balance Sheet
Non Major Governmental Funds - Special Revenue Funds
August 31, 2004

Data Control Codes	281	282	283	286	287	385
	Tools for Schools	E-Rate	Target Grant	GEAR UP	Title II Part A	Visually Impaired
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	3,694	-	2,139	112,715	340,524	-
1260 Due from Other Funds	-	-	-	-	-	-
1290 Sundry Receivables	-	-	-	-	-	-
1000 Total Assets	<u>3,694</u>	<u>-</u>	<u>2,139</u>	<u>112,715</u>	<u>340,524</u>	<u>-</u>
LIABILITIES:						
2100 Bank Overdraft	3,694	-	807	91,883	340,457	-
2110 Accounts Payable	-	-	-	18,245	-	-
2160 Accrued Wages	-	-	1,332	2,584	67	-
2170 Due to Other Funds	-	-	-	3	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-	-
2000 Total Liabilities	<u>3,694</u>	<u>-</u>	<u>2,139</u>	<u>112,715</u>	<u>340,524</u>	<u>-</u>
FUND EQUITY:						
3600 Unreserved Fund Balance	-	-	-	-	-	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ 3,694</u>	<u>\$ -</u>	<u>\$ 2,139</u>	<u>\$ 112,715</u>	<u>\$ 340,524</u>	<u>\$ -</u>

393 Texas Successful School Prog	394 Pregnancy, Education and Parenting Prog	397 AP Incentive Program	401 Optional Extended Year	404 Accelerated Reading Program	409 Texas H. S. Completion & Success	411 Technology Allotment	413 Telecomm. Infrastructure Fund	415 Pre-Kinder Expansion Grant
\$ 95,900	\$ 65,748	\$ 44,143	\$ -	\$ -	\$ -	\$ 1,952,627	\$ -	\$ 623,085
-	-	-	137,057	554,107	243,244	-	-	-
4	-	-	-	3	-	119	-	226
-	-	-	-	-	-	-	-	-
<u>95,904</u>	<u>65,748</u>	<u>44,143</u>	<u>137,057</u>	<u>554,110</u>	<u>243,244</u>	<u>1,952,746</u>	<u>-</u>	<u>623,311</u>
-	-	-	136,938	509,556	-	-	-	-
-	23,297	-	-	44,554	243,244	10,791	-	4,002
4,320	-	-	119	-	-	-	-	-
-	7	-	-	-	-	12	-	185
-	-	-	-	-	-	-	-	-
-	42,444	30,963	-	-	-	-	-	504,446
<u>4,320</u>	<u>65,748</u>	<u>30,963</u>	<u>137,057</u>	<u>554,110</u>	<u>243,244</u>	<u>10,803</u>	<u>-</u>	<u>508,633</u>
<u>91,584</u>	<u>-</u>	<u>13,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,941,943</u>	<u>-</u>	<u>114,678</u>
<u>91,584</u>	<u>-</u>	<u>13,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,941,943</u>	<u>-</u>	<u>114,678</u>
<u>\$ 95,904</u>	<u>\$ 65,748</u>	<u>\$ 44,143</u>	<u>\$ 137,057</u>	<u>\$ 554,110</u>	<u>\$ 243,244</u>	<u>\$ 1,952,746</u>	<u>\$ -</u>	<u>\$ 623,311</u>

Laredo Independent School District
Combining Balance Sheet
Non Major Governmental Funds - Special Revenue Funds
August 31, 2004

Data Control Codes	418 TRS Supplement Compensation	419 Ready To Read Grant	420 Texas Crime Stoppers Program	422 Tabacco Grant	425 Mentors School	429 Read to Succeed
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ 35,372	\$ -	\$ -	\$ 4,110	\$ 1,173	\$ -
1240 Due from Other Governments	-	67,367	-	-	-	-
1260 Due from Other Funds	1,124	100	-	-	-	-
1290 Sundry Receivables	-	-	-	-	-	-
1000 Total Assets	<u>36,496</u>	<u>67,467</u>	<u>-</u>	<u>4,110</u>	<u>1,173</u>	<u>-</u>
LIABILITIES:						
2100 Bank Overdraft	36,496	51,447	-	-	-	-
2110 Accounts Payable	-	16,020	-	-	-	-
2160 Accrued Wages	-	-	-	-	-	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	2,955	-	-
2300 Unearned Revenues	-	-	-	-	-	-
2000 Total Liabilities	<u>36,496</u>	<u>67,467</u>	<u>-</u>	<u>2,955</u>	<u>-</u>	<u>-</u>
FUND EQUITY:						
3600 Unreserved Fund Balance	-	-	-	1,155	1,173	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,155</u>	<u>1,173</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ 36,496</u>	<u>\$ 67,467</u>	<u>\$ -</u>	<u>\$ 4,110</u>	<u>\$ 1,173</u>	<u>\$ -</u>

						Total	
435 Regional Day School for the Deaf	482 Dr. Hochman Grant	483 Misc. Local Grants	485 Enlace	496 Youth Training	499 Abstinence Education	2004 Non-Major Special Revenue Funds	2003 Non-Major Special Revenue Funds
\$ 207,906	\$ 5,591	\$ 9,289	\$ -	\$ -	\$ -	\$ 3,044,944	\$ 4,505,324
-	-	-	-	-	41,477	2,661,466	3,384,217
363	-	-	-	-	-	412,695	418,203
-	-	-	-	6,988	-	10,150	86,138
<u>208,269</u>	<u>5,591</u>	<u>9,289</u>	<u>-</u>	<u>6,988</u>	<u>41,477</u>	<u>6,129,255</u>	<u>8,393,882</u>
-	-	-	-	6,736	41,471	2,480,741	3,179,393
-	-	-	-	252	-	448,987	571,946
-	-	-	-	-	-	57,465	30,559
-	-	-	-	-	6	174,392	288,287
-	-	-	-	-	-	2,955	3,226
13,579	1,481	8,375	-	-	-	601,288	626,038
<u>13,579</u>	<u>1,481</u>	<u>8,375</u>	<u>-</u>	<u>6,988</u>	<u>41,477</u>	<u>3,765,828</u>	<u>4,699,449</u>
194,690	4,110	914	-	-	-	2,363,427	3,694,433
<u>194,690</u>	<u>4,110</u>	<u>914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,363,427</u>	<u>3,694,433</u>
<u>\$ 208,269</u>	<u>\$ 5,591</u>	<u>\$ 9,289</u>	<u>\$ -</u>	<u>\$ 6,988</u>	<u>\$ 41,477</u>	<u>\$ 6,129,255</u>	<u>\$ 8,393,882</u>

Laredo Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non Major Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2004

Data Control Codes	204 Safe Drug-Free Schools and Communities	211 Title I Disadvantage Children	212 Title I Part - C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-school	226 IDEA Part - B Discretionary
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-	-
5900 Federal Program Revenues	183,172	15,016,913	194,002	3,310,146	28,980	8,407
5020 Total Revenue	<u>183,172</u>	<u>15,016,913</u>	<u>194,002</u>	<u>3,310,146</u>	<u>28,980</u>	<u>8,407</u>
EXPENDITURES:						
0011 Instruction	694	10,050,015	54,749	2,735,571	28,300	927
0012 Instructional Resources & Media Services	47,128	1,000,317	-	-	-	-
0013 Development	-	299,932	-	137,446	680	1,480
0021 Instructional Leadership	-	412,884	7,522	114,846	-	-
0023 School Administration	-	53,342	-	-	-	-
0031 Guidance and Counseling Services	113,350	554,060	78,925	154,458	-	-
0032 Social Work Services	-	-	-	42,780	-	-
0033 Health Services	-	970,380	-	90,186	-	-
0034 Student (Pupil) Transportation	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	-	33,665	-	-
0041 General Administration	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	16,510	-	-	-	-
0052 Security and Monitoring Services	22,000	1,102,736	-	-	-	-
0053 Data Processing Services	-	6,319	-	-	-	-
0061 Community Services	-	550,418	52,806	1,194	-	-
0081 Facilities Acquisition and Construction	-	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-	6,000
6030 Total Expenditures	<u>183,172</u>	<u>15,016,913</u>	<u>194,002</u>	<u>3,310,146</u>	<u>28,980</u>	<u>8,407</u>
Excess (Deficiency) of Revenues Over (Under)						
1100 Expenditures	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):						
7020 Other Resources	-	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	-	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

227 IDEA Part - B Deaf	228 IDEA Part B Pre-school Deaf	235 ESEA Title VI Innovative Education Prog	242 Summer Feeding Program	243 Tech Prep Planning/ Implementation	244 Vocational Education- Basic Grant	253 IDEA Part C Early Intervention	262 Title II Technology	263 LEP Immigrant Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	1,528,065
7,506	4,166	166,315	408,873	24,457	428,109	146	359,156	463,805
<u>7,506</u>	<u>4,166</u>	<u>166,315</u>	<u>408,873</u>	<u>24,457</u>	<u>428,109</u>	<u>146</u>	<u>359,156</u>	<u>1,991,870</u>
7,467	4,166	142,947	-	23,263	282,087	146	24,341	1,057,582
-	-	22,705	-	-	-	-	-	-
39	-	663	-	-	31,819	-	334,815	346,505
-	-	-	-	-	1,493	-	-	574,958
-	-	-	-	-	-	-	-	7,705
-	-	-	-	-	16,948	-	-	-
-	-	-	-	-	95,762	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	396,285	-	-	-	-	-
-	-	-	-	1,194	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	9,156	-	-	-	-	3,093
-	-	-	3,432	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,027
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>7,506</u>	<u>4,166</u>	<u>166,315</u>	<u>408,873</u>	<u>24,457</u>	<u>428,109</u>	<u>146</u>	<u>359,156</u>	<u>1,991,870</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Laredo Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non Major Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2004

Data Control Codes	281 Tools for Schools	282 E-Rate	283 Target Grant	286 GEAR UP	287 Title II Part A	385 Visually Impaired
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-	4,416
5900 Federal Program Revenues	2,498	-	121,479	294,530	4,205,071	-
5020 Total Revenue	<u>2,498</u>	<u>-</u>	<u>121,479</u>	<u>294,530</u>	<u>4,205,071</u>	<u>4,416</u>
EXPENDITURES:						
0011 Instruction	-	86,864	7,250	183,900	2,968,686	3,362
0012 Instructional Resources & Media Services	-	-	-	-	-	-
0013 Development	-	-	88,721	49,104	1,049,348	1,054
0021 Instructional Leadership	-	-	-	61,526	187,037	-
0023 School Administration	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	-	-	-	-
0041 General Administration	-	31,285	-	-	-	-
0051 Plant Maintenance and Operations	2,498	65,000	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-
0053 Data Processing Services	-	30,492	-	-	-	-
0061 Community Services	-	-	25,508	-	-	-
0081 Facilities Acquisition and Construction	-	590,599	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-	-
6030 Total Expenditures	<u>2,498</u>	<u>804,240</u>	<u>121,479</u>	<u>294,530</u>	<u>4,205,071</u>	<u>4,416</u>
Excess (Deficiency) of Revenues Over (Under)						
1100 Expenditures	<u>-</u>	<u>(804,240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
7020 Other Resources	-	804,240	-	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>804,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	-	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

393	394	397	401	404	409	411	413	415
Texas Successful School Prog	Pregnancy, Education and Parenting Prog	AP Incentive Program	Optional Extended Year	Accelerated Reading Program	Texas H. S. Completion & Success	Technology Allotment	Telecomm Infrastructure Fund	Pre-Kinder Expansion Grant
\$ 270	\$ 170,985	\$ -	\$ -	\$ -	\$ -	\$ 218,954	\$ 6,286	\$ -
-	59,378	24,108	137,057	705,417	243,244	703,127	-	2,777,521
-	-	-	-	-	-	-	-	-
270	230,363	24,108	137,057	705,417	243,244	922,081	6,286	2,777,521
6,779	548	24,108	110,238	704,457	243,244	3,979,177	-	3,614,420
-	-	-	-	-	-	-	-	-
7,275	2,375	-	14,909	960	-	102,143	6,286	-
-	63,781	-	7,809	-	-	-	-	13,101
4,366	-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,011	-	-
-	81,239	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	42,143	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	25,000	-	-
-	50	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	115,890	-	-
-	-	-	4,101	-	-	-	-	-
-	40,227	-	-	-	-	705,726	-	-
-	-	-	-	-	-	-	-	-
18,420	230,363	24,108	137,057	705,417	243,244	4,939,947	6,286	3,627,521
(18,150)	-	-	-	-	-	(4,017,866)	-	(850,000)
-	-	-	-	-	-	3,605,773	-	-
-	-	-	-	-	-	(85,000)	-	-
-	-	-	-	-	-	3,520,773	-	-
(18,150)	-	-	-	-	-	(497,093)	-	(850,000)
109,734	-	13,180	-	5,381	-	2,439,036	-	964,678
-	-	-	-	(5,381)	-	-	-	-
\$ 91,584	\$ -	\$ 13,180	\$ -	\$ -	\$ -	\$ 1,941,943	\$ -	\$ 114,678

Laredo Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non Major Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2004

Data Control Codes	418 TRS Supplement Compensation	419 Ready To Read Grant	420 Texas Crime Stoppers Assistance	422 Tabacco Grant	425 Mentors School	429 Read to Succeed
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	1,647,403	86,079	3,020	5,045	-	75
5900 Federal Program Revenues	-	-	-	-	-	-
5020 Total Revenue	<u>1,647,403</u>	<u>86,079</u>	<u>3,020</u>	<u>5,045</u>	<u>-</u>	<u>75</u>
EXPENDITURES:						
0011 Instruction	1,061,699	46,995	-	-	-	75
0012 Instructional Resources & Media Services	39,324	-	-	-	2,724	-
0013 Development	8,980	14,822	-	-	-	-
0021 Instructional Leadership	16,771	24,262	-	-	-	-
0023 School Administration	60,283	-	-	-	-	-
0031 Guidance and Counseling Services	54,715	-	3,020	3,781	-	-
0032 Social Work Services	23,037	-	-	-	-	-
0033 Health Services	27,468	-	-	-	-	-
0034 Student (Pupil) Transportation	71,768	-	-	-	-	-
0035 Food Services	98,807	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	2,025	-	-	-	-	-
0041 General Administration	27,460	-	-	-	-	-
0051 Plant Maintenance and Operations	162,204	-	-	-	-	-
0052 Security and Monitoring Services	5,326	-	-	1,264	-	-
0053 Data Processing Services	10,553	-	-	-	-	-
0061 Community Services	11,767	-	-	-	-	-
0081 Facilities Acquisition and Construction	588	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-	-
6030 Total Expenditures	<u>1,682,775</u>	<u>86,079</u>	<u>3,020</u>	<u>5,045</u>	<u>2,724</u>	<u>75</u>
Excess (Deficiency) of Revenues Over (Under)						
1100 Expenditures	<u>(35,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,724)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
7020 Other Resources	35,372	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>35,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	-	(2,724)	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	1,155	3,897	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155</u>	<u>\$ 1,173</u>	<u>\$ -</u>

							Total	
435 Regional Day School for the Deaf	482 Dr. Hochman Grant	483 Misc. Local Grants	485 Enlace	496 Youth Training	499 Abstinence Education	2004 Non-Major Governmental Funds	2003 Non-Major Governmental Funds	
\$ 123,559	\$ 4,023	\$ -	\$ 699	\$ 15,251	\$ 87,435	\$ 627,462	\$ 970,913	
410,730	-	-	-	-	-	8,334,685	10,073,028	
-	-	-	-	-	-	25,227,731	22,313,891	
<u>534,289</u>	<u>4,023</u>	<u>-</u>	<u>699</u>	<u>15,251</u>	<u>87,435</u>	<u>34,189,878</u>	<u>33,357,832</u>	
446,728	4,023	-	699	11,820	-	27,917,327	26,105,410	
-	-	-	-	-	-	1,112,198	824,669	
3,411	-	-	-	-	-	2,502,767	1,619,655	
-	-	-	-	3,431	-	1,489,421	1,300,191	
-	-	-	-	-	-	125,696	290,830	
41,133	-	-	-	-	-	1,032,401	805,682	
-	-	-	-	-	-	242,818	307,830	
-	-	-	-	-	87,435	1,175,469	1,180,356	
-	-	-	-	-	-	113,911	267,459	
-	-	-	-	-	-	495,092	576,887	
-	-	-	-	-	-	36,884	39,151	
-	-	-	-	-	-	83,745	116,853	
-	-	-	-	-	-	258,511	427,083	
-	-	-	-	-	-	1,134,758	1,280,063	
-	-	-	-	-	-	163,254	202,337	
-	-	-	-	-	-	647,821	710,754	
-	-	-	-	-	-	1,337,140	292,729	
675	-	-	-	-	-	6,675	6,200	
<u>491,947</u>	<u>4,023</u>	<u>-</u>	<u>699</u>	<u>15,251</u>	<u>87,435</u>	<u>39,875,888</u>	<u>36,354,139</u>	
<u>42,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,686,010)</u>	<u>(2,996,307)</u>	
-	-	-	-	-	-	4,445,385	3,719,676	
-	-	-	-	-	-	(85,000)	(59,590)	
-	-	-	-	-	-	4,360,385	3,660,086	
42,342	-	-	-	-	-	(1,325,625)	663,779	
152,348	4,111	913	-	-	-	3,694,433	3,030,654	
-	-	-	-	-	-	(5,381)	-	
<u>\$ 194,690</u>	<u>\$ 4,111</u>	<u>\$ 913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,363,427</u>	<u>\$ 3,694,433</u>	



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**LAREDO INDEPENDENT SCHOOL DISTRICT
NON MAJOR GOVERNMENTAL FUND
DEBT SERVICE FUND**

A governmental fund type, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated. A separate bank account must be kept for this fund. Principal and interest payments for operating indebtedness including warrants, notes, and short-term lease-purchase agreements, are to be made from the fund for which the debt was incurred.

Laredo Independent School District
Balance Sheet
Non Major Governmental Fund - Debt Service
August 31, 2004
With Comparative Totals for August 31, 2003

Data Control Codes		Total 2004	Total 2003
	ASSETS:		
1110	Cash and Temporary Investments, at cost	\$ 6,045,446	\$ 4,463,971
1210	Property Taxes Receivable	482,251	463,738
1230	Allowance for Uncollectible Taxes	(57,870)	(55,648)
1260	Due from Other Funds	-	95,989
1290	Other Receivables	718,182	-
1000	Total Assets	<u>7,188,009</u>	<u>4,968,050</u>
	LIABILITIES:		
2110	Accounts Payable	1,755	-
2170	Due To Other Funds	1,587	2,451
2300	Unearned Revenue	424,381	408,089
2000	Total Liabilities	<u>427,723</u>	<u>410,540</u>
	FUND EQUITY:		
3420	Reserved for Retirement of Indebtedness	6,760,286	4,557,510
3000	Total Fund Equity	<u>6,760,286</u>	<u>4,557,510</u>
4000	Total Liabilities and Fund Equity	<u>\$ 7,188,009</u>	<u>\$ 4,968,050</u>

Laredo Independent School District
Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended August 31, 2004
With Comparative Totals for Year Ended August 31, 2003

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	2003 Actual	
	Original	Final		Positive (Negative)		
REVENUES:						
5700	Total Local and Intermediate Sources	\$ 2,641,948	\$ 2,641,948	\$ 2,814,516	\$ 172,568	\$ 2,726,731
5800	State Program Revenues	10,615,884	10,615,884	10,665,674	49,790	10,763,283
5020	Total Revenues	13,257,832	13,257,832	13,480,190	222,358	13,490,014
EXPENDITURES:						
0071	Principal on Long-Term Debt	7,226,224	7,440,000	7,440,000	-	7,260,000
0171	Interest on Long-Term Debt	7,315,858	7,102,082	7,101,332	750	7,345,465
0171	Other Fees	11,500	11,500	6,957	4,543	87,712
6030	Total Expenditures	14,553,582	14,553,582	14,548,289	5,293	14,693,177
OTHER FINANCING SOURCES (USES):						
7911	Proceeds of Refunding Bonds	-	-	-	-	4,240,000
7916	Premium on Issuance of Bonds	-	-	-	-	113,701
7020	Transfer In	3,190,445	3,190,445	3,190,445	-	3,178,600
8949	Redemption of Refunded Bonds	-	-	-	-	(4,250,000)
7949	Payment to Refunded Bonds Escrow Agent	-	-	80,430	80,430	(103,701)
	Total Other Financing Sources (Uses)	3,190,445	3,190,445	3,270,875	80,430	3,178,600
1200	Net Changes in Fund Balances	1,894,695	1,894,695	2,202,776	308,081	1,975,437
0100	Fund Balance - September 1 (Beginning)	4,557,510	4,557,510	4,557,510	-	2,582,073
3000	Fund Balance - August 31 (Ending)	\$ 6,452,205	\$ 6,452,205	\$ 6,760,286	\$ 308,081	\$ 4,557,510



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**LAREDO INDEPENDENT SCHOOL DISTRICT
NON MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS**

A governmental fund type, with budgetary control, that must be used to account, on a project basis, for projects financed by the proceeds from the bond issues, or for capital projects otherwise mandated to be accounted for in this fund. The capital projects fund utilizes the modified accrual basis of accounting.

QZAB #1 – The purpose of paying all or a portion of the District's costs incurred in connection with the repair, rehabilitation, renovation, and replacement of school facilities at the Qualified Zone Academics Bond with consists of Martin, Nixon, and Cigarroa High School issued on 8/23/00.

QZAB #2 – The purpose of paying all or a portion of the District's costs incurred in connection with the repair, rehabilitation, renovation, and replacement of school facilities at the Qualified Zone Academics Bond with consists of Christen Middle, Cigarroa Middle, Memorial Middle, Cigarroa High, and Martin High School issued on 8/30/01.

Laredo Independent School District
Combined Balance Sheet
Non Major Governmental Funds - Capital Projects Funds
August 31, 2004
With Comparative Totals for August 31, 2003

Data Control Codes	QZAB #1 Bond Issue	QZAB#2 Bond Issue	Total	
			2004 Non Major Capital Project Funds	2003 Non Major Capital Project Funds
ASSETS:				
1110 Cash and Temporary Investments, at cost	\$ 6,101,308	\$ 8,226,875	\$ 14,328,183	\$ 15,251,350
1250 Accrued Interest	4,587	5,027	9,614	5,852
1260 Due from Other Funds	-	-	-	26,000
1000 Total Assets	<u>6,105,895</u>	<u>8,231,902</u>	<u>14,337,797</u>	<u>15,283,202</u>
LIABILITIES:				
2110 Accounts Payable	62,348	-	62,348	116,395
2170 Due to Other Funds	-	-	-	871,823
2000 Total Liabilities	<u>62,348</u>	<u>-</u>	<u>62,348</u>	<u>988,218</u>
FUND EQUITY:				
Unreserved:				
3510 Designated for Constructions	<u>6,043,547</u>	<u>8,231,902</u>	<u>14,275,449</u>	<u>14,294,984</u>
3000 Total Fund Equity	<u>6,043,547</u>	<u>8,231,902</u>	<u>14,275,449</u>	<u>14,294,984</u>
4000 Total Liabilities and Fund Equity	<u>\$ 6,105,895</u>	<u>\$ 8,231,902</u>	<u>\$ 14,337,797</u>	<u>\$ 15,283,202</u>

Laredo Independent School District
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Non Major Governmental Funds - Capital Projects Funds
 For the Year Ended August 31, 2004
 With Comparative Totals for Year Ended August 31, 2003

Data Control Codes	QZAB #1 Bond Issue	QZAB #2 Bond Issue	Total	
			2004 Non Major Capital Project Funds	2003 Non Major Capital Project Funds
REVENUES:				
5700 Local, Intermediate, and Out-of-State	\$ 101,304	\$ 113,996	\$ 215,300	\$ 404,377
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>101,304</u>	<u>113,996</u>	<u>215,300</u>	<u>404,377</u>
EXPENDITURES:				
0081 Facilities Acquisition and Construction	<u>234,835</u>	-	<u>234,835</u>	<u>2,649,954</u>
6030 Total Expenditures	<u>234,835</u>	-	<u>234,835</u>	<u>2,649,954</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(133,531)</u>	<u>113,996</u>	<u>(19,535)</u>	<u>(2,245,577)</u>
0100 Fund Balance - Sept. 1 (Beginning)	6,177,078	8,117,906	14,294,984	16,694,408
Adjustment to Fund Balance	-	-	-	(153,847)
3000 Fund Balance - August 31 (Ending)	<u>\$6,043,547</u>	<u>\$8,231,902</u>	<u>\$14,275,449</u>	<u>\$14,294,984</u>



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**LAREDO INDEPENDENT SCHOOL DISTRICT
NON MAJOR GOVERNMENTAL FUND
FIDUCIARY FUNDS**

This fund is used to account for assets held by a local education agency in a trustee capacity, or as an agent for individuals, private organizations, other government units and/or other funds. This fund type consists of all Trust and Agency Funds. For Laredo Independent School District, these funds consist of:

Private-Purpose Trust Funds

This fiduciary fund type is accounted for on the modified accrual basis. Examples of these funds are endowments received from individuals and/or organizations for specific purposes for which the principal, and interest earned or revenue may be used. The trust funds for the district include:

Reading Is Fundamental – These funds were donated by local sources for the purchase of books.

Crime Stoppers – These funds were provided to sponsor activities and presentations to all age groups for the purpose of lowering the local crime rate.

Special Education Special Olympics Program – These funds were donated from various sources to help sponsor the local annual Special Olympics Track and Field Meet. These funds are used to purchase T-shirts for the Olympians, food items, and ribbons and medals that are awarded.

Scholarship Program – These funds were provided by local vendors in an effort to encourage students to continue with their education. Scholarships are awarded to qualifying students.

Laredo Independent School District
Combining Balance Sheet
All Fiduciary Fund Types
August 31, 2004
With Comparative Totals for August 31, 2003

Data Control Codes	Private-Purpose Trust Funds	Agency Funds	Totals	
			2004	2003
ASSETS:				
1110 Cash and Temporary Investments, at Cost	\$ 147,540	\$ 292,682	\$ 440,222	\$ 467,129
1000 Total Assets	<u>147,540</u>	<u>292,682</u>	<u>440,222</u>	<u>467,129</u>
LIABILITIES:				
2110 Accounts Payable	1,325	-	1,325	-
2190 Due To Student Groups	-	292,682	292,682	416,350
2000 Total Liabilities	<u>1,325</u>	<u>292,682</u>	<u>294,007</u>	<u>416,350</u>
NET ASSETS:				
3600 Held in Trust	<u>146,215</u>	-	<u>146,215</u>	<u>50,779</u>
3000 Total Net Assets	<u>\$ 146,215</u>	<u>\$ -</u>	<u>\$ 146,215</u>	<u>\$ 50,779</u>

Laredo Independent School District
Combining Balance Sheet
Private-Purpose Trust Funds
August 31, 2004
With Comparative Totals for August 31, 2003

Data Control Codes	Reading is Fundamental	Crime Stoppers	Special Ed. Special Olympic Prog	Scholarship Program	Total	
					2004	2003
ASSETS:						
1110 Cash and Temporary Investment, at Cost	\$ 721	\$ 4,489	\$ 1,906	\$ 140,424	\$ 147,540	\$ 50,779
1260 Due from Other Funds	-	-	-	-	-	-
1000 Total Assets	<u>721</u>	<u>4,489</u>	<u>1,906</u>	<u>140,424</u>	<u>147,540</u>	<u>50,779</u>
LIABILITIES:						
2110 Accounts Payable	-	-	-	1,325	1,325	2,650
2170 Due to Other Funds	-	-	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325</u>	<u>1,325</u>	<u>2,650</u>
NET ASSETS:						
3490 Held in Trust	<u>721</u>	<u>4,489</u>	<u>1,906</u>	<u>139,099</u>	<u>146,215</u>	<u>50,779</u>
3000 Total Net Assets	<u>\$ 721</u>	<u>\$ 4,489</u>	<u>\$ 1,906</u>	<u>\$ 139,099</u>	<u>\$ 146,215</u>	<u>\$ 50,779</u>

Laredo Independent School District
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Private Purpose Trust Funds
For the Year Ended August 31, 2004
With Comparative Totals for August 31, 2003

	Reading is Fundamental	Crime Stoppers	Special Ed. Special Olympic Prog	Scholarship Program	Total	
					2004	2003
Additions:						
Gifts and Bequest	\$ -	\$ -	\$ -	\$ 142,787	\$ 142,787	\$ 30,000
Interest Earnings	-	-	-	1,174	1,174	312
Total Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,961</u>	<u>143,961</u>	<u>30,312</u>
Deductions:						
Scholarships	-	-	-	48,525	48,525	40,170
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,525</u>	<u>48,525</u>	<u>40,170</u>
Changes in Net Assets	-	-	-	95,436	95,436	(9,858)
Net Assets - Beginning of the Year	721	4,489	1,906	43,663	50,779	60,637
Net Assets - End of the Year	<u>\$ 721</u>	<u>\$ 4,489</u>	<u>\$ 1,906</u>	<u>\$ 139,099</u>	<u>\$ 146,215</u>	<u>\$ 50,779</u>

Laredo Independent School District
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended August 31, 2004

<u>STUDENT ACTIVITY FUND</u>	Balance September 1, 2003	Additions	Deductions	Balance August 31, 2004
ASSETS:				
Cash and Temporary Investments, at cost	\$ 416,350	\$ 1,264,077	\$ 1,387,745	\$ 292,682
Total Assets	<u>416,350</u>	<u>1,264,077</u>	<u>1,387,745</u>	<u>292,682</u>
LIABILITIES:				
Due to Student Groups	<u>416,350</u>	<u>1,264,077</u>	<u>1,387,745</u>	<u>292,682</u>
Total Liabilities	<u>\$ 416,350</u>	<u>\$ 1,264,077</u>	<u>\$ 1,387,745</u>	<u>\$ 292,682</u>



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**LAREDO INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS**

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

Laredo Independent School District
Schedule of Capital Assets by Location and Activity
August 31, 2004

Location and Activity	Totals	Land	Buildings	Furniture & Equipment
ASSETS IN SERVICE	\$ 75,639,545	\$ 4,043,237	\$ 67,382,195	\$ 4,214,113
HIGH SCHOOLS:				
Martin	13,025,707	-	12,089,834	935,873
Nixon	1,148,073	1,478	354,410	792,185
Cigarroa	929,337	2,160	196,030	731,147
VMT Communications & Arts	215,414	-	24,373	191,041
Francisco Lara Academy	964,348	-	367,381	596,967
MIDDLE SCHOOLS:				
Christen	778,291	-	293,058	485,233
Lamar	1,259,808	-	88,641	1,171,167
Cigarroa	468,690	-	59,750	408,940
Memorial	580,568	168,439	115,526	296,603
ELEMENTARY SCHOOLS:				
Bruni	8,857,597	1,516,836	6,755,993	584,768
Buenos Aires	214,009	-	129,502	84,507
Daiches	176,549	21,746	49,422	105,381
Farias	6,983,415	148,325	6,621,483	213,607
Heights	83,579	-	17,315	66,264
Tarver	410,541	-	287,050	123,491
Leyendecker	113,968	-	49,537	64,431
Macdonell	7,207,254	1,337,617	5,324,355	545,282
Milton	5,647,460	-	5,429,523	217,938
Alma Pierce	7,743,053	-	7,162,438	580,615
Ryan	116,976	-	79,630	37,346
Santa Maria	6,886,161	-	6,655,137	231,024
Santo Nino	5,394,889	-	5,227,258	167,631
D. D. Hachar	388,144	39,761	179,636	168,747
J. C. Martin	429,145	-	326,404	102,741
H. B. Zachry	1,991,991	-	1,812,417	179,574
J. Kawas	4,110,075	-	3,847,613	262,462
Dovalina	3,888,058	-	3,749,825	138,234
H. Ligarde	573,149	129,588	212,049	231,512
T. Sanchez/Ochoa	5,615,835	-	5,260,178	355,657
OTHER DEPARTMENTS:				
Construction Department	151,303	97,625	-	53,678
Pregnancy Ed., & Parenting Program	25,164	-	-	25,164
St. Augustine High School	1,435	-	-	1,435
Blessed Sacrament School	490	-	-	490
Guadalupe School	11,364	-	-	11,364
St. Augustine Elementary School	306	-	-	306
St. Peters School	2,148	-	-	2,148
Juvenile Justice Center	1,354	-	-	1,354
Non Public Schools	5,812	-	-	5,812
Summer Programs	9,185	-	-	9,185
Board Room	119,382	-	-	119,382
Tax Office	86,230	-	1,574	84,656
Risk Management	63,093	-	6,850	56,243
Financial Management	166,273	-	-	166,273
Human Resources	136,165	-	-	136,165
Procurement & Asset Management	44,876	-	-	44,876
Office of Public Information	18,449	-	1,620	16,829
Safety & Occupational Health Dept.	36,441	-	-	36,441

Laredo Independent School District
Schedule of Capital Assets by Location and Activity
August 31, 2004

Location and Activity	Totals	Land	Buildings	Furniture & Equipment
Student Services	14,799	-	-	14,799
Internal Auditor	6,922	-	-	6,922
Hearings Officer	4,844	-	-	4,844
Assets Management	15,934	-	-	15,934
Records & Assets	96,885	-	-	96,885
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	121,290	-	-	121,290
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	6,049	-	-	6,049
Physical Ed.	831	-	-	831
At Risk	113	-	-	113
Language Arts Pk-12	2,189	-	-	2,189
Secondary Supervisor	43,429	-	-	43,429
Special Programs/Planning	49,682	-	22,745	26,937
Computer Assisted Instruction	111,723	-	3,458	108,265
Med Prep Program	3,417	-	-	3,417
State Deaf	10,707	-	-	10,707
Instructional Department	55,970	-	34,182	21,788
Academic Ldr. Communications	118,996	-	-	118,996
Staff Development	1,293	-	-	1,293
Career & Technology	66,747	-	-	66,747
Academic Ldr. Wellness	49,130	-	-	49,130
Department of Assessment	12,757	-	-	12,757
Section 504	7,716	-	-	7,716
Administration	37,317	-	-	37,317
District Wide	1,929,776	1,060,099	(130,140)	999,817
Crimestoppers	1,955	-	-	1,955
Guidance and Counseling	3,052	-	-	3,052
Health Services	18,124	-	1,687	16,437
Pupil Transportation	1,295,130	1,250	47,907	1,245,973
Athletic	334,616	-	-	334,616
Special Education	371,540	-	-	371,540
Discipline Management	7,437	-	-	7,437
Printing/Creative Services	35,158	-	-	35,158
Instructional Television	158,694	-	3,246	155,448
Postal Services	16,273	-	-	16,273
Information Technology	1,068,983	-	7,586	1,061,397
Division of Operations	971,107	-	145,150	825,957
LISD Police Department	200,688	-	-	200,688
Energy Conservation Prog.	410,789	-	-	410,789
Child Nutrition Program	4,635,793	2,000	550,599	4,083,194
Title I Regular	1,066,316	-	-	1,066,316
Title I Migrant	14,348	-	-	14,348
Title VI	5,905	-	-	5,905
Drug Free Schools	7,183	-	-	7,183
Worker's Compensation	1,421	-	-	1,421
ADA	276,245	48,342	227,760	143
Total Assets by Location	<u>100,762,641</u>	<u>4,575,266</u>	<u>73,689,990</u>	<u>22,497,384</u>
Total Assets in Service	176,402,187	8,618,503	141,072,185	26,711,498
Construction in Progress	53,274,456	-	-	-
Total General Fixed Assets	<u>\$ 229,676,641</u>	<u>\$ 8,618,503</u>	<u>\$ 141,072,185</u>	<u>\$ 26,711,498</u>

Laredo Independent School District
Schedule of Changes in Capital Assets by Location and Activity
August 31, 2004

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets in Service	\$ 75,639,545	\$ -	\$ 727,920	\$ 74,911,625
HIGH SCHOOLS:				
Martin	6,686,581	6,647,747	212,429	13,121,899
Nixon	1,048,086	136,111	36,123	1,148,074
Cigarroa	734,084	221,025	25,772	929,337
VMT Communications & Arts	168,056	47,358	-	215,414
Francisco Lara Academy	843,198	121,150	-	964,348
MIDDLE SCHOOLS:				
Christen	771,209	27,180	20,098	778,291
Lamar	645,508	620,799	6,500	1,259,807
Cigarroa	431,561	50,025	12,896	468,690
Memorial	414,669	187,379	21,481	580,567
ELEMENTARY SCHOOLS:				
Bruni	1,638,176	8,088,840	965,609	8,761,407
Buenos Aires	224,662	4,442	15,095	214,009
Daiches	176,017	2,432	1,900	176,549
Farias	542,771	7,905,934	1,465,290	6,983,415
Heights	79,543	5,846	1,810	83,579
Tarver	403,458	12,132	5,049	410,541
Leyendecker	109,134	4,834	20,064	93,904
Macdonell	1,414,445	6,558,883	746,011	7,227,317
Milton	307,331	6,482,757	1,142,628	5,647,460
Alma Pierce	185,509	8,025,898	461,498	7,749,909
Ryan	114,151	2,825	6,855	110,121
Santa Maria	367,604	6,931,140	412,583	6,886,161
Santo Nino	180,626	5,825,350	617,544	5,388,432
D. D. Hachar	378,961	15,640	16,691	377,910
J. C. Martin	421,092	8,053	15,020	414,125
H. B. Zachry	1,929,299	79,383	3,760	2,004,922
J. Kawas	425,565	3,720,173	-	4,145,738
Dovalina	362,375	3,526,209	13,395	3,875,189
H. Ligarde	479,896	110,097	525	589,468
T. Sanchez/Ochoa	495,134	6,311,503	1,207,686	5,598,951
OTHER DEPARTMENTS:				
Construction Dept.	-	97,625	-	97,625
Pregnancy Ed., & Parenting Program	25,164	12,804	-	37,968
St. Augustine High School	1,435	-	-	1,435
Blessed Sacrament School	490	-	-	490
Guadalupe School	4,764	6,600	-	11,364
St. Augustine Elementary School	306	-	-	306
St. Peters School	2,148	-	-	2,148
Juvenile Justice Center	1,354	-	-	1,354
Non Public Schools	5,812	-	-	5,812
Summer Programs	9,185	-	-	9,185
Board Room	112,296	7,086	-	119,382
Tax Office	50,422	35,807	-	86,229
Risk Management	62,528	565	-	63,093
Financial Management	152,434	29,704	15,865	166,273
Human Resources	94,221	47,793	5,849	136,165
Procurement & Asset Management	40,132	5,344	600	44,876
Office of Public Information	10,630	9,719	1,900	18,449
Safety & Occupational Health Dept.	30,769	5,672	-	36,441

Laredo Independent School District
Schedule of Changes in Capital Assets by Location and Activity
August 31, 2004

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Student Services	4,951	9,848	-	14,799
Internal Auditor	6,735	187	-	6,922
Hearings Officer	1,725	3,118	-	4,843
Assets Management	1,540	14,394	-	15,934
Records & Assets	63,957	32,928	-	96,885
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	33,075	88,215	2,100	119,190
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	3,020	3,029	-	6,049
Physical Ed.	552	279	-	831
At Risk	113	-	-	113
Language Arts Pk-12	689	1,500	-	2,189
Science Department	-	850	-	850
Secondary Supervisor	42,579	500	-	43,079
Special Programs/Planning	49,325	1,706	1,349	49,682
Computer Assisted Instruction	121,502	71,077	80,856	111,723
Med Prep Program	2,917	-	-	2,917
State Deaf	10,707	-	-	10,707
Instructional Department	47,377	93,799	-	141,176
Academic Ldr. Communications	33,790	-	-	33,790
Staff Development	1,293	-	-	1,293
Career & Technology	43,986	26,636	3,875	66,747
Academic Ldr. Wellness	49,130	18,564	-	67,694
Department of Assessment	12,151	1,856	1,250	12,757
Section 504	2,767	4,948	-	7,715
Administration	18,753	-	-	18,753
District Wide	1,814,588	780,819	-	2,595,407
Crimestoppers	1,955	-	750	1,205
Guidance and Counseling	3,052	-	-	3,052
Health Services	15,340	3,583	799	18,124
Pupil Transportation	1,112,580	500,030	254,440	1,358,170
Athletic	308,362	27,454	1,200	334,616
Special Education	150,982	220,584	3,474	368,092
Discipline Management	7,437	3,476	-	10,913
Printing/Creative Services	34,949	-	3,268	31,681
Instructional Television	137,456	36,663	15,425	158,694
Postal Services	15,830	-	-	15,830
Information Technology	390,017	688,015	9,049	1,068,983
Division of Operations	895,709	76,441	600	971,550
LISD Police Dept.	126,424	175,755	-	302,179
Energy Conservation Prg.	410,789	53,678	-	464,467
Child Nutrition Program	4,196,550	431,819	101,491	4,526,878
Title I Regular	959,757	106,558	-	1,066,315
Title I Migrant	-	14,348	-	14,348
Title VI	5,904	-	-	5,904
Drug Free Schools	3,908	-	-	3,908
Worker's Compensation	1,421	-	-	1,421
ADA	276,244	-	-	276,244
Total Assets by Location	<u>34,016,492</u>	<u>75,432,521</u>	<u>7,958,452</u>	<u>101,490,561</u>
Total Assets in Service	109,656,037	75,432,521	8,686,372	176,402,187
Construction in Progress	87,110,860	33,994,903	67,831,307	53,274,456
Total General Fixed Assets	<u>\$ 196,766,897</u>	<u>\$ 109,427,424</u>	<u>\$ 76,517,679</u>	<u>\$ 229,676,641</u>

Laredo Independent School district
 Schedule of Changes in Capital Assets by Function and Activity
 For the Fiscal Year Ending August 31, 2004

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 8,285,508	\$ 80,201,695	\$ 21,168,835	\$ 87,110,859	\$196,766,897
Instruction	-	-	1,672,155	-	1,672,155
Instructional Resources & Media Services	-	-	557,806	-	557,806
Curriculum & Instructional Staff Development	-	-	54,712	-	54,712
Instructional Administration	-	-	170,444	-	170,444
School Administration	-	-	175,336	-	175,336
Guidance and Counseling Services	-	-	18,505	-	18,505
Social Work Services	-	-	25,770	-	25,770
Health Services	-	-	17,197	-	17,197
Student (Pupil) Transportation	-	-	720,906	-	720,906
Food Services	-	-	729,964	-	729,964
Cocurricular/Extracurricular Activities	-	-	195,730	-	195,730
General Administration	-	-	260,643	-	260,643
Plant Maintenance and Operations	-	-	119,619	-	119,619
Security and Monitoring Services	-	-	274,692	-	274,692
Data Processing Services	-	-	486,017	-	486,017
Community Services	-	-	967	-	967
Facilities Acquisition and Construction	332,995	60,870,490	62,200	(33,836,404)	27,429,281
Total Expenditures	<u>\$ 8,618,503</u>	<u>\$141,072,185</u>	<u>\$ 26,711,498</u>	<u>\$ 53,274,455</u>	<u>\$229,676,641</u>

Laredo Independent School District
 Schedule of Delinquent Taxes Receivable
 Fiscal Year Ended August 31, 2004

Last Ten Years Ended August 31	1 Tax Rates Maintenance	2 Debt Service	3 Assessed/Appraised Value for School Tax Purposes	10 Beginning Balance 9/1/2003	20 Current Year's Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 08/31/04
1995 and prior years	Various	Various		\$ 948,334	-	\$ 30,155	\$ 10,183	\$ (195,392)	\$ 712,604
1996	1.000000	0.165200	1,283,385,896	211,542	-	25,073	4,142	(62)	182,265
1997	1.023920	0.191080	1,367,781,069	205,373	-	26,030	4,858	(71)	174,414
1998	0.983710	0.201290	1,269,001,135	142,179	-	11,331	2,319	(333)	128,195
1999	1.026280	0.198720	1,313,353,144	166,615	-	23,131	4,479	7,002	146,006
2000	1.229100	0.103090	1,329,307,098	187,095	-	59,042	4,977	50,705	173,782
2001	1.282910	0.103090	1,359,530,767	279,539	-	88,929	7,146	58,256	241,720
2002	1.322910	0.103090	1,391,120,115	420,562	-	181,185	14,119	77,164	302,422
2003	1.322910	0.179800	1,430,691,752	997,567	-	527,078	71,637	97,213	496,065
2004	1.322910	0.179800	1,492,399,445	-	21,344,510	18,394,275	2,500,012	579,035	1,029,258
Total Delinquent Taxes Receivable				\$ 3,558,804	\$ 21,344,510	\$ 19,366,228	\$ 2,623,871	\$ 673,516	\$ 3,586,731

Column 10 + Column 20 - Column 31 - Column 32 + Column 40 Equals Column 50

Column 3 - Assessed /Appraised Value for School Tax Purposes:

This is the net appraised value, after deductions of all exemptions and reductions provided by law and those granted by the district, based on maintenance requirements.

Column 20 - Current Year's Tax Levy:

This amount is calculated by multiplying tax rates (s) times the applicable Assessed/Appraised Value(s) in column 3.

Column 30 - Total Collections:

These are total collections net of adjustments described in column 40, according to each year of tax levy, which do NOT include penalty and interest.

Column 40 - Entire Year's Adjustments:

Total adjustments include corrections for errors in taxes assessed, taxes lost due to tax freeze, and discounts allowed for early payment of taxes.

Column 50 - Ending Balances 8/31/04

This total agrees with Exhibit C-1, Balance Sheet, for Asset Code 1220 - Property Taxes Delinquent.

Laredo Independent School District
Schedule of Expenditures for Computation of Indirect Cost for 2005-2006
General and Special Revenue Funds
For the Year Ended August 31, 2004

FUNCTION 41 AND RELATED 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1	2	3	4	5	6	7
		-702 School Board	-703 Tax Office	-701 Supt's Office	-750 Indirect Cost	-720 Direct Cost	(Other) Miscellaneous	Total
611x-6146	Payroll Costs	\$ 52,447	\$ 259,299	\$ 275,155	\$ 3,040,934	\$ 896,604	\$ -	\$ 4,524,439
6149	Leave for Separating Employees in func.41 & Related 53							
6149	Leave for Separating Employees in all func. except Func. 41 & Related 53							
6211	Legal Services	-	-	-	-	247,154	-	247,154
6212	Audit Services				33,000			33,000
6213	Tax Appraisal & Collection		281,296					281,296
621X	Other Prof. Services	-	20,738	4,931	38,680	84,486	-	148,835
6220	Tuition & Transfer Payments							
6230	Education Service	-	-	-	-	-	-	-
6240	Contr.Maint. & Repair					39,698		39,698
6250	Utilities					204		204
6260	Rentals	3,661	435	5,139	72,594	29,537	-	111,366
6290	Misc. Contr.	-	-	-	-	60,835	-	60,835
6320	Textbooks & Reading	-	-	240	2,861	7,095	-	10,196
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies	942	11,535	1,786	81,504	29,416	-	125,183
6410	Travel,Sub.,Stipends	22,599	1,155	5,367	42,490	9,878	-	81,489
6420	Ins. and Bonding	-	-	-	-	-	-	-
6430	Election Costs	17,202						17,202
6490	Misc. Operating	9,344	6,182	3,403	94,384	297,492	-	410,805
6500	Debt Service							
6600	Capital Outlay						462,016	462,016
6000-	TOTAL	\$ 106,195	\$ 580,640	\$ 296,021	\$ 3,406,447	\$ 1,702,399	\$ 462,016	\$ 6,553,718

Total expenditures/expenses for General and Special Revenue Funds (9) \$ 199,337,922

Less: Deductions of Unallowable Costs

Total Capital Outlay (6600)	(10)	\$ 11,473,738
Total Debt & Lease (6500)	(11)	949,425
Plant Maintenance (Function 51, 6100 - 6400)	(12)	15,184,275
Food (Function 35, 6341 and 6499)	(13)	3,426,095
Stipends (6413)	(14)	15,838
Column 4 (above) - Total Indirect Cost		<u>3,406,447</u>

Subtotal: 34,455,818

Net Allowed Direct Cost

\$ 164,882,104

CUMULATIVE

Total Cost of Buildings before depreciation (1520)	(15)	\$ 141,072,185
Historical Cost of Buildings over 50 Years	(16)	\$ 1,683,035
Amount of Federal Money in Bldg. Cost (Net of Above)	(17)	\$ 886,223
Total Cost of furniture and equipment before depreciation (1530 and 1540)	(18)	\$ 25,213,255
Historical Cost of Furniture & Equipment over 16 Years old	(19)	\$ 17,588,025
Amount of Federal Money in Furn. & Equip. (Net of Above)	(20)	\$ 1,263,962

(8) Note A - \$735,340.00 in Function 53 expenditures are included in this report on administrative costs.

Laredo Independent School District
Fund Balance and Cash Flow Calculation Worksheet
General Fund as of August 31, 2004

Data Control Code	Explanation	Amount
1	Total General Fund Balance 8/31/04 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 35,227,892
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	4,823,330
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	15,313,568
4	Estimated amount needed to cover fall cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues)	-
5	Estimate of one month's average cash disbursements during the regular school session (9/1/03-5/31/04)	15,596,340
6	Estimate of delayed payments from state sources(58XX) including August payment delays	-
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.	1,631,061
8	Estimate of delayed payments from federal sources (59XX)	-
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	Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9)	37,364,299
11	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	\$ (2,136,407)

If item 11 is a positive number

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

Laredo Independent School District
National School Breakfast and Lunch Program
Budgetary Comparison Schedule
Year Ended August 31, 2004

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 228,000	\$ 228,000	\$ 267,050	\$ 39,050
5800	State Program Revenues	109,000	109,000	103,864	(5,136)
5900	Federal Program Revenues	9,734,000	10,234,000	10,240,661	6,661
5020	Total Revenues	<u>10,071,000</u>	<u>10,571,000</u>	<u>10,611,575</u>	<u>40,575</u>
EXPENDITURES:					
Current:					
Support Services-Student (Pupil):					
0035	Food Services	11,254,611	12,198,611	9,479,507	2,719,104
0051	Plant Maintenance & Operations	186,900	186,900	185,925	975
0052	Security & Monitoring Services	14,700	20,700	18,126	2,574
0071	Debt Service	-	850,337	790,000	60,337
	Total Support Services - Student (Pupil)	<u>11,456,211</u>	<u>13,256,548</u>	<u>10,473,558</u>	<u>2,782,990</u>
6030	Total Expenditures	<u>11,456,211</u>	<u>13,256,548</u>	<u>10,473,558</u>	<u>2,722,653</u>
1200	Net Changes in Fund Balances	(1,385,211)	(2,685,548)	138,017	2,763,228
0100	Fund Balance - September 1 (Beginning)	<u>4,343,218</u>	<u>4,343,218</u>	<u>4,343,218</u>	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 2,958,007</u>	<u>\$ 1,657,670</u>	<u>\$ 4,481,235</u>	<u>\$ 2,763,228</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
 STATISTICAL SECTION
 AUGUST 31, 2004**

Principal presentations included in the Statistical Section provide data on the financial, physical, and economic characteristics of the District. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the District and its financial affairs.

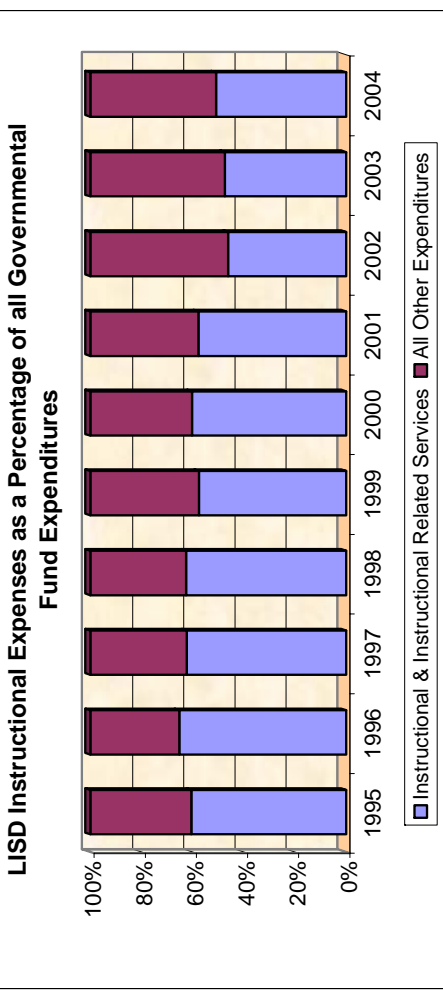
Name of Table	Page
General Governmental Expenditures by Function	83
General Governmental Revenues by Source	84
General Governmental Expenditures by Function per ADA	85
General Governmental Revenues by Source per ADA	86
LISD Property Tax Rates and Tax Levies.....	87
LISD Property Tax Levies and Collections.....	88
LISD Appraisal Roll and Property Value.....	89
Property Tax Rates and Tax Levies of Direct and Overlapping Governments	90
Principal Taxpayers	91
Computation of Legal Debt Margin	92
Ratio of Net Bonded Debt to Assessed Value & Net Bonded Debt Per Average Daily Attendance	93
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Funds	94
Computation of Direct and Overlapping Debt	95
Property Values, Construction, and Bank Deposits	96
Insurance in Force	97
Community Profile	98
• Demographics	99
• Principal Employers	100
• Labor Statistics.....	101
• Other Statistics	102
2003 TAKS Results and TAAS Testing Results History	107
Annual Dropout and Attendance Rates	112
Student Demographics/Composition.....	113
AEIS Comparison of District Profiles	114



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**LAREDO INDEPENDENT SCHOOL DISTRICT
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**

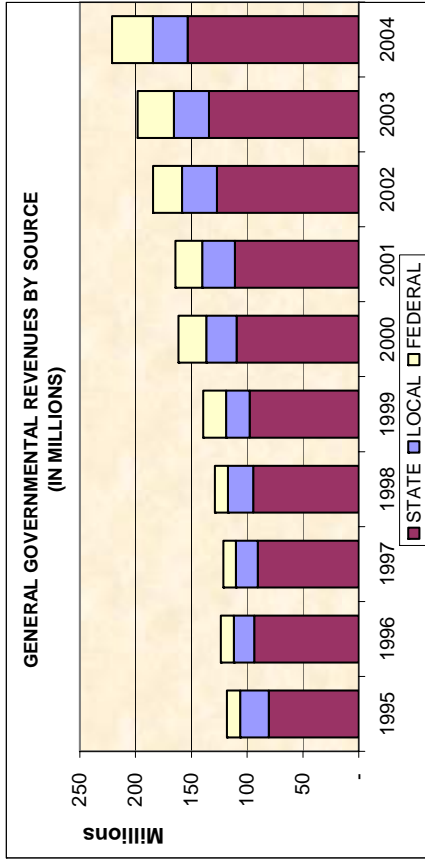
FUNCTION	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Instr & Related Services	\$72,314,612	\$77,202,717	\$78,449,877	\$83,383,699	\$88,855,667	\$93,565,598	\$93,506,287	\$100,278,509	\$115,157,386	\$124,125,253
Instr & School Leadership	9,727,721	7,897,626	10,252,438	10,978,086	10,916,864	10,461,998	10,729,229	11,638,666	12,977,038	13,890,508
Supp Serv - Student (2)	10,134,616	9,670,507	10,260,559	11,792,614	20,228,865	19,766,451	21,686,609	23,167,073	26,448,660	28,596,196
Admin. Supp Services	3,730,458	4,121,629	4,198,490	4,123,578	4,369,011	4,007,453	4,638,056	4,967,619	5,908,368	5,902,123
Supp Serv-Nonstudent	14,890,471	14,733,580	15,137,545	15,140,333	18,119,296	14,733,117	14,882,475	16,202,077	18,043,254	21,137,158
Ancillary Services	583,779	595,860	648,454	650,003	647,398	704,777	674,507	694,253	783,457	743,051
Debt Service	3,071,264	2,769,572	2,574,025	2,905,324	4,864,834	10,327,508	10,096,159	20,475,728	14,693,175	15,497,714
Capital Outlay	5,077,608	1,477,242	4,221,858	4,237,103	6,218,452	1,534,807	5,704,033	39,542,652	48,771,194	34,035,840
Intergover Charges (3)	-	-	59,311	201,108	208,405	45,591	152,257	269,543	311,938	147,567
TOTAL	\$119,530,529	\$118,468,733	\$125,802,557	\$133,411,848	\$154,428,792	\$155,147,300	\$162,069,612	\$217,236,120	\$243,094,470	\$244,075,410



- NOTES:**
- (1) Expenditures of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Expendable Trust Funds. Beginning fiscal year 2001, Expendable Trust Funds are no longer included in this chart.
 - (2) Beginning in fiscal year 1999 the Food Services Program was no longer accounted for as Proprietary Fund, it started being accounted for as a General Fund.
 - (3) The Intergovernmental charges category was established beginning in fiscal year 1997.

LAREDO INDEPENDENT SCHOOL DISTRICT
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

SOURCE	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenue from Local, Intermediate, & Out of State Sources										
Local real & property taxes	\$12,600,297	\$13,992,214	\$16,320,406	\$15,816,727	\$16,357,726	\$17,297,930	\$18,548,856	\$19,517,810	\$20,844,940	\$22,706,956
Revenues from sale of WADA & Shared Services (5)	-	-	-	-	-	2,433,234	2,600,000	4,133,338	5,356,077	5,028,376
Co-curricular, enterprising serv	151,498	155,404	118,858	178,087	360,188	415,807	377,096	387,581	443,233	399,076
Other revenue from local sources (2)	11,481,301	3,176,255	2,549,584	5,806,738	4,007,969	6,569,804	7,311,092	6,892,279	4,496,839	2,724,961
Revenue from intermediate sources	1,288,617	899,385	685,422	730,673	472,296	456,857	576,448	407,063	435,118	242,053
Total	25,521,713	18,223,258	19,674,270	22,532,225	21,198,179	27,173,632	29,413,492	31,337,071	31,576,207	31,101,422
Revenue From State Sources:										
Per capita and foundation	80,046,750	87,117,974	83,017,220	87,168,383	91,312,106	96,323,829	97,023,045	109,242,309	111,916,179	131,713,457
Existing Debt & Instructional Facilities Allotment	-	-	-	-	-	6,242,364	6,246,279	10,741,406	10,763,283	10,665,674
Teacher Retirement System on Behalf (3)	-	4,566,046	4,619,863	5,025,706	5,246,079	5,368,792	5,262,434	5,445,715	8,696,250	7,981,849
Other state programs	534,422	1,917,303	2,633,978	2,430,440	1,099,783	1,135,477	1,147,187	1,577,947	1,902,723	3,089,194
Other governmental agencies	63,727	76,349	95,978	30,807	74,308	460,962	1,313,909	100,414	882,222	8,140
Total	80,644,899	93,677,672	90,367,039	94,655,336	97,732,276	109,531,424	110,992,854	127,107,791	134,160,657	153,458,314
Revenue From Federal Sources:										
Federally distributed	335,910	399,330	1,724,270	834,725	1,749,553	1,801,381	2,266,735	2,058,085	1,944,918	1,475,563
Elementary and Secondary Education Act	9,238,749	9,638,785	8,338,632	9,279,077	9,845,730	13,297,760	10,933,051	12,074,656	18,437,381	20,588,434
Individuals w/Disabilities Education Act	841,897	881,814	810,060	1,063,163	1,268,969	1,902,892	1,914,291	2,038,489	2,151,434	3,359,351
Vocational Education - non foundation	349,554	362,280	343,575	442,241	474,270	403,053	355,866	446,210	558,422	452,566
Other state distributed federal prog (4)	1,121,414	458,202	5,227	24,081	7,071,074	7,592,391	8,468,726	9,326,711	9,459,612	10,650,957
Total	11,907,524	11,760,411	11,241,764	11,643,287	20,409,596	24,997,477	23,938,669	25,944,151	32,551,767	36,526,871
TOTAL	\$118,074,136	\$123,661,341	\$121,283,073	\$128,830,848	\$139,340,051	\$161,702,533	\$164,345,015	\$184,389,013	\$198,288,631	\$221,086,607



NOTES

- (1) Revenues of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Expendable Trust Funds. Beginning fiscal year 2001, Expendable Trust Funds are no longer included in this chart.
- (2) Includes Chapter 41 Partnerships as follows: Highland Park ISD, FY 95 & FY 96.
- (3) Beginning in 1996, the District is required to record revenue from "On-Behalf" payments of matching teacher retirement paid for active members of the District in accordance with GASB Statement No. 24. Beginning 2003, this amount also includes TRS Compensation.
- (4) Beginning in fiscal year 1999 the Food Services Program was no longer accounted for as Proprietary Fund, it started being accounted for as a General Fund.
- (5) Includes: La Porte ISD, Deer Park ISD, Spring Branch ISD, Eames ISD, Sweeny ISD, Plano ISD, Texas City ISD, Goose Creek ISD, for 2003-2004 only.

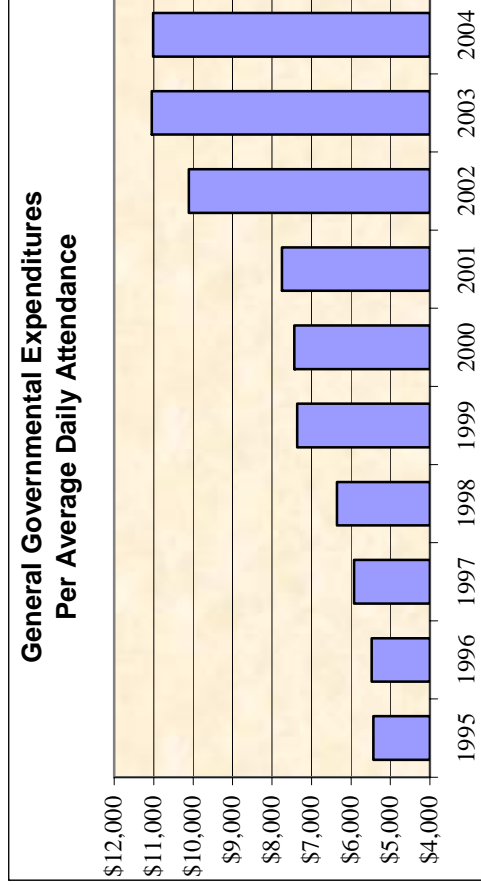
LAREDO INDEPENDENT SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) PER AVERAGE DAILY ATTENDANCE

FUNCTION	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Average Daily Attendance	21,995	21,648	21,229	21,005	20,975	20,853	20,929	21,495	22,013	22,160
Instr & Related Services	\$3,288	\$3,566	\$3,695	\$3,970	\$4,236	\$4,487	\$4,468	\$4,665	\$5,231	\$5,601
Instr & School Leadership	442	365	483	523	520	502	513	541	590	627
Supp Serv - Student (2)	461	447	483	561	964	948	1,036	1,078	1,202	1,290
Admin. Supp Services	170	190	198	196	208	192	222	231	268	266
Supp Serv-Nonstudent	677	681	713	721	864	707	711	754	820	954
Ancillary Services	27	28	31	31	31	34	32	32	36	34
Debt Service	140	128	121	138	232	495	482	953	667	699
Capital Outlay	231	68	199	202	296	74	273	1,840	2,216	1,536
Intergover Charges (3)	0	0	3	10	10	2	7	13	14	7
TOTAL	\$5,434	\$5,473	\$5,926	\$6,351	\$7,363	\$7,440	\$7,744	\$10,106	\$11,043	\$11,014

NOTES:

- (1) Expenditures of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Expendable Trust Funds. Beginning fiscal year 2001, Expendable Trust Funds are no longer included in this chart.
- (2) Beginning in fiscal year 1999 the Food Services Program was no longer accounted for as Proprietary Fund, it started being accounted for as a General Fund.
- (3) The Intergovernmental charges category was established beginning in fiscal year 1997.



LAREDO INDEPENDENT SCHOOL DISTRICT

GENERAL GOVERNMENTAL REVENUES BY SOURCE - PER AVERAGE DAILY ATTENDANCE

SOURCE	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Average Daily Attendance (1)	21,995	21,648	21,229	21,005	20,975	20,853	20,929	21,495	22,013	22,160
Revenue from Local, Intermediate, & Out of State Sources										
Local real & property taxes (2)	\$ 573	\$ 646	\$ 769	\$ 753	\$ 780	\$ 830	\$ 886	\$ 908	\$ 947	\$ 1,025
Other local revenue	587	195	158	320	231	474	519	550	487	379
Total	1,160	842	927	1,073	1,011	1,303	1,405	1,458	1,434	1,403
Revenue From State Sources (4&5)										
Per capita and foundation	3,639	4,024	3,911	4,150	4,353	4,619	4,636	5,082	5,084	5,944
Teacher Retirement System on Behalf (3)	-	211	218	239	250	257	251	253	395	360
Other state programs	27	92	129	117	56	376	416	578	615	621
Total	3,667	4,327	4,257	4,506	4,659	5,253	5,303	5,913	6,095	6,925
Revenue from Federal Sources	541	543	530	554	973	1,199	1,144	1,207	1,479	1,648
TOTAL	\$ 5,368	\$ 5,712	\$ 5,713	\$ 6,133	\$ 6,643	\$ 7,754	\$ 7,853	\$ 8,578	\$ 9,008	\$ 9,977

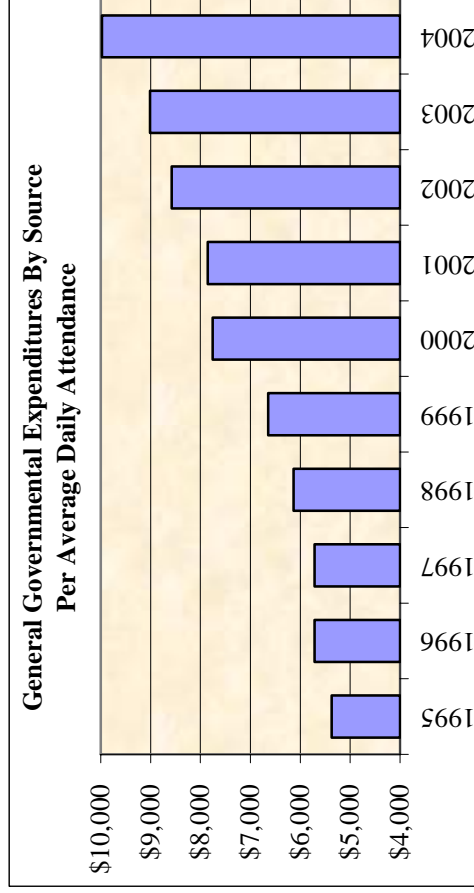
NOTES

(1) Revenues of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Expendable Trust Funds. Beginning fiscal year 2001, Expendable Trust Funds are no longer included in this chart.

(2) Includes Chapter 41 Partnerships as follows: Highland Park ISD, FY 95 & FY 96.

(3) Payments of matching teacher retirement paid for active members of the District in accordance with GASB Statement No. 24. Beginning 2003, this amount also includes TRS Compensation.

(4) Beginning in fiscal year 1999 the Food Services Program was no longer accounted for as Proprietary Fund, it started being accounted for as a General Fund.



**LAREDO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES AND TAX LEVIES**

Tax Year	Fiscal Year	Tax Rate [1]	Original Tax Levy	Early Payment Discounts	Net Supplement & Adjustments To Tax Levy	Adjusted Total Tax Levy [2]	Current Year Tax Collections [3]	Percent of Current Taxes Collected
1994	1994-1995	1.100200	12,600,941	(205,812)	(77,241)	12,317,888	11,280,756	91.58%
1995	1995-1996	1.165200	14,134,734	(226,384)	(106,879)	13,801,471	12,455,873	90.25%
1996	1996-1997	1.215000	15,597,657	(240,764)	(33,551)	15,323,342	14,270,245	93.13%
1997	1997-1998	1.185000	14,295,066	0	(128,997)	14,166,069	13,559,076	95.72%
1998	1998-1999	1.225000	15,224,088	0	(80,970)	15,143,118	14,312,047	94.51%
1999	1999-2000	1.326000	16,697,681	0	(145,622)	16,552,059	15,677,007	94.71%
2000	2000-2001	1.386000	17,854,904	0	(16,234)	17,854,904	16,985,143	95.13%
2001	2001-2002	1.426000	18,828,677	0	(69,678)	18,758,999	17,997,443	96.00%
2002	2002-2003	1.502714	20,378,959	0	(48,357)	20,330,602	19,517,103	96.00%
2003	2003-2004	1.502714	21,344,510	0	538,919	21,883,429	21,065,822	96.26%

Notes:

1. Tax rates are at 100% of assessed value.
2. Tax levy has been adjusted to account for supplements, adjustments and for discounts.
3. 2004 tax collections have not begun for this tax year.



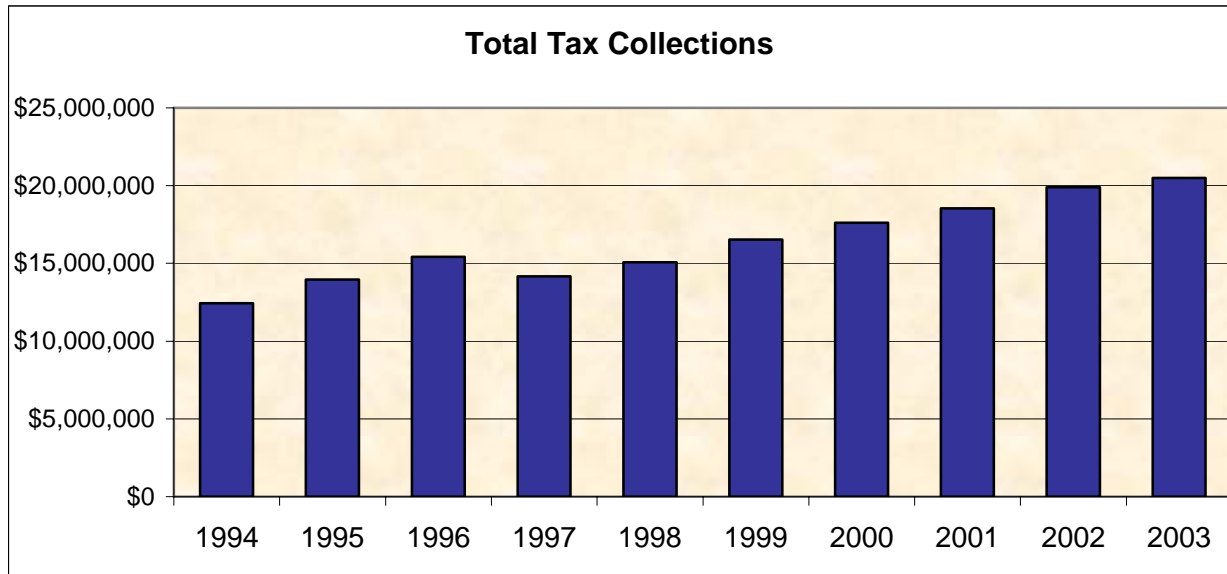
Source: LISD Tax Office

**LAREDO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS**

Tax Year	Fiscal Year	Tax Rate (1)	Original Tax Levy (2)	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Levy Bal. As of 9-30-04
1994	1994-1995	1.100200	12,600,941	12,448,511	98.79%	152,430
1995	1995-1996	1.165200	14,134,734	13,954,246	98.72%	180,488
1996	1996-1997	1.215000	15,597,657	15,425,410	98.90%	172,247
1997	1997-1998	1.185000	14,295,066	14,168,344	99.11%	126,722
1998	1998-1999	1.225000	15,224,088	15,080,106	99.05%	143,982
1999	1999-2000	1.326050	16,697,681	16,528,771	98.99%	168,910
2000	2000-2001	1.386000	17,854,904	17,619,519	98.68%	235,385
2001	2001-2002	1.426000	18,828,677	18,535,530	98.61%	293,147
2002	2002-2003	1.502714	20,378,959	19,900,444	97.82%	478,515
2003	2003-2004	1.502714	21,344,510	20,490,730	96.00%	857,798

Notes:

1. Tax rates are at 100% of assessed value.
2. Original tax levy has not been adjusted for supplements, adjustments nor discounts.
3. 2004 Tax Collections have not begun for this tax year



Source: LISD Tax Office

**LAREDO INDEPENDENT SCHOOL DISTRICT
APPRAISAL ROLL AND PROPERTY VALUES**

		Real Property				Personal Property			
Tax Year (1)	Fiscal Year	Appraised & Assessed Value (2)	Exemptions (3)	CAP LOSS (6)	Taxable Value	Appraised & Assessed Value	Exemptions (3)	CAP LOSS (6)	Taxable Value
1994	1994-1995	1,334,123,915	343,705,005	N/A	990,418,910	212,981,519	0	N/A	212,981,519
1995	1995-1996	1,426,728,455	351,683,195	N/A	1,075,045,260	208,340,636	0	N/A	208,340,636
1996	1996-1997	1,515,992,302	360,060,123	N/A	1,155,932,179	211,848,890	0	N/A	211,848,890
1997 (5)	1997-1998	1,542,060,098	488,768,529	N/A	1,053,291,569	215,709,566	0	N/A	215,709,566
1998	1998-1999	1,599,017,395	504,850,409	278,180	1,094,166,986	219,186,158	0	0	219,186,158
1999	1999-2000	1,665,964,331	561,939,788	330,150	1,104,024,543	228,116,930	0	0	228,116,930
2000	2000-2001	1,681,814,695	568,566,923	36,006	1,113,211,766	247,828,421	0	0	247,828,421
2001	2001-2002	1,723,343,398	592,479,666	73,521	1,130,790,211	256,727,464	0	0	256,727,464
2002	2002-2003	2,055,489,803	624,693,945	104,106	1,430,691,752	258,875,299	0	0	258,875,299
2003	2003-2004	1,897,272,357	675,624,975	85,267	1,221,562,115	270,837,330	0	0	270,837,330

		Webb County Appraisal District Certified Control Total Values				Webb County Appraisal District Certified Exemption Values			
Tax Year (1)	Fiscal Year	Appraised & Assessed Value (2)	Exemptions (3)	CAP LOSS (6)	Taxable Value	Partial Exemptions	Exemptions (3)	CAP LOSS (6)	Totally Exempt Values
1994	1994-1995	1,547,105,434	343,705,005	N/A	1,203,400,429	105,200,870	2,489,820	N/A	236,014,315
1995	1995-1996	1,635,069,091	351,683,195	N/A	1,283,385,896	107,395,990	2,445,810	N/A	241,841,395
1996	1996-1997	1,727,841,192	360,060,123	N/A	1,367,781,069	112,274,575	2,621,420	N/A	245,164,128
1997 (5)	1997-1998	1,757,769,664	488,768,529	N/A	1,269,001,135	222,012,461	2,619,930	N/A	264,136,138
1998	1998-1999	1,818,203,553	504,572,229	278,180	1,313,353,144	228,974,591	2,840,790	278,180	272,756,848
1999	1999-2000	1,891,246,886	561,609,638	330,150	1,329,307,098	230,843,843	2,839,470	330,150	327,926,325
2000 (7)	2000-2001	1,928,133,696	568,566,923	36,006	1,359,530,767	234,640,748	2,869,060	36,006	331,057,115
2001	2001-2001	1,983,673,302	592,479,666	73,521	1,391,120,115	232,622,874	2,868,530	73,521	356,988,262
2002	2002-2003	2,055,489,803	624,693,945	104,106	1,430,691,752	231,629,792	2,957,340	104,106	393,168,259
2003	2003-2004	2,168,109,687	675,624,975	85,267	1,492,399,445	227,742,357	2,958,140	85,267	447,882,618

Notes:

- (1) The tax year starts on October 1 and ends on September 30 of the following year.
- (2) Includes all taxable values plus all partial exemptions plus agricultural value lost and totally exempt values.
- (3) Includes all partial exemptions, totally exempt values and agricultural value lost.
- (4) Totally exempt property was not required to be part of the certified values.
- (5) Beginning with tax year 1997, the legislature enacted a law allowing senior citizens over '65 to be granted a prorated amount of the 0'65 exemption from date qualified to end of tax year.
Beginning with tax year 1997, the legislature enacted a law increasing the homestead amount from \$5,000 to \$15,000 .
- (6) Beginning with tax year 1998, the legislature enacted a law limiting the increase of property value to 10% per year from its last appraisal.
- (7) In tax year 2000 the Webb County Appraisal District included by error the "non-certified" values. Total were adjusted to reflect only the actual "certified values".

Source: LISD Tax Office

**LAREDO INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES AND TAX LEVIES
OF DIRECT AND OVERLAPPING GOVERNMENTS**

Property Tax Rates						
Tax Year	Fiscal Year	Laredo Independent School District	United Independent School District	Laredo Community College	City of Laredo	Webb Cty and Road/Bridge
1994	1994-1995	1.10020	1.38280	0.16479	0.55160	0.349500
1995	1995-1996	1.16520	1.38280	0.15986	0.55160	0.349500
1996	1996-1997	1.21500	1.38280	0.15290	0.52677	0.366378
1997	1997-1998	1.18500	1.37909	0.15660	0.53993	0.389952
1998	1998-1999	1.22500	1.41409	0.15800	0.53993	0.389952
1999	1999-2000	1.32600	1.43848	0.16420	0.56922	0.535531
2000	2000-2001	1.38600	1.42687	0.17000	0.57636	0.454952
2001	2001-2002	1.42600	1.42687	0.21665	0.57636	0.445223
2002	2002-2003	1.50271	1.47687	0.22650	0.63053	0.457923
2003	2003-2004	1.50271	1.47687	0.23600	0.64176	0.472022

Original Tax Levies						
Tax Year	Fiscal Year	Laredo Independent School District	United Independent School District	Laredo Community College	City of Laredo	Webb Cty and Road/Bridge
1994	1994-1995	12,600,941	34,533,211	5,047,103	14,007,583	12,348,149
1995	1995-1996	14,134,734	38,000,660	5,328,054	16,464,305	15,816,123
1996	1996-1997	15,597,657	39,451,743	5,676,550	19,090,616	17,015,633
1997	1997-1998	14,295,066	41,025,925	6,085,735	20,550,142	19,133,916
1998	1998-1999	15,224,088	44,271,136	6,568,987	21,995,250	20,194,005
1999	1999-2000	16,697,681	47,253,707	7,329,145	24,784,224	22,862,130
2000	2000-2001	17,854,904	51,042,026	8,185,875	27,165,182	26,098,416
2001	2001-2002	18,828,677	57,959,460	11,215,837	29,221,694	28,877,392
2002	2002-2003	20,378,959	66,951,115	12,892,422	35,010,831	33,424,545
2003	2003-2004	21,344,510	72,156,593	14,540,002	38,455,159	35,073,016

Notes:

1. The Webb County Education District was in existence only for tax years 1991 and 1992.
2. The Property Tax Code was enacted by the 66th Texas Legislature in 1979.
3. Appraisal districts began appraisal of property with the 1982 tax year.
4. All property must be assessed at 100% of appraised value. Assessment ratios are prohibited.

Source: LISD Tax Office

**LAREDO INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS**

<u>Tax Payer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation Real & Personal Property</u>	<u>Percentage of Total Assessed Valuation</u>
Laredo Texas Hospital Co., LP	Medical/Hospital	\$ 90,887,980	4.07%
AEP Texas Central Company	Electric Utility	28,603,980	1.28%
H.E.B. Grocery Co.	Grocery Store	20,701,970	0.93%
Webb Hospital Holdings, LLC	Medical/Hospital	20,564,210	0.92%
Southwestern Bell Telephone LP	Telephone Co.	17,776,080	0.80%
The Laredo National Bank	Bank	11,019,380	0.49%
La Posada Hotel	Hotel	10,185,400	0.46%
Texas Cable Partners, LP	Telecommunications	9,953,900	0.45%
BIA Acquisition	Hotel/Joint Venture	9,572,880	0.43%
International Bank of Commerce	Bank	7,502,620	0.34%
		<u>\$ 226,768,400</u>	<u>10.14%</u>
Total Assessed Value within LISD's Jurisdiction:		\$2,235,600,605	

Source: LISD Tax Office

**LAREDO INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN**

Assessed Valuation of 2004 Tax Roll	\$1,681,169,772
Debt Limit - 10 Percent of Assessed Valuation	168,116,977
General Obligation Bonds Outstanding at Aug 31, 2004	\$137,758,470
Less: Amount Available in Debt Service Fund Bal. at Aug 31, 2004	<u>2,967,179</u>
Applicable Debt	(140,725,649)
Legal Debt Margin at August 31, 2004	<u>\$27,391,328</u>

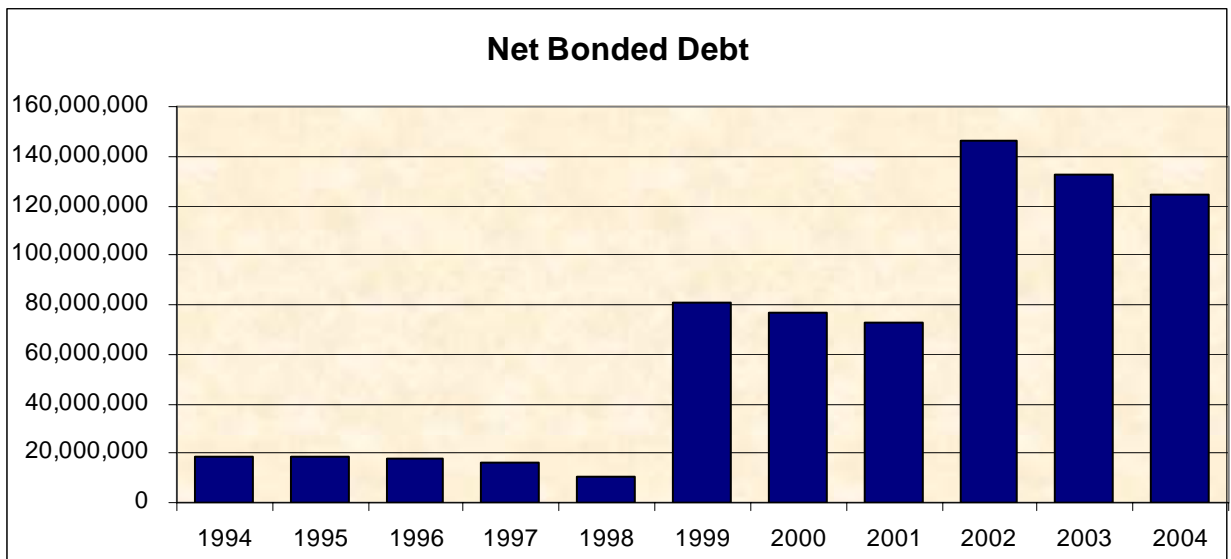
Legal debt margin, sometimes referred to as borrowing power, is the difference between the amount of debt limit calculated as prescribed by law and the net amount of outstanding indebtedness subject to limitation.

The District's funding for repayment of this debt is approximately 83% generated directly from the Texas Education Agency (TEA) and 17% from local sources.

LAREDO INDEPENDENT SCHOOL DISTRICT
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND
NET BONDED DEBT PER AVERAGE DAILY ATTENDANCE

Year Ended August 31	Average Daily Attendance	Assesd Value For Operations & Debt Service (1)	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Average Daily Attendance
1994	22,101	1,203,400,429	21,152,708	2,370,521	18,782,187	1.56%	849.83
1995	21,995	1,283,385,896	19,989,303	1,128,125	18,861,178	1.47%	857.52
1996	21,648	1,346,689,990	18,752,941	903,074	17,849,867	1.33%	824.55
1997	21,229	1,269,001,135	17,457,105	1,254,382	16,202,723	1.28%	763.24
1998	21,005	1,313,353,144	12,455,000	1,549,994	10,905,006	0.83%	519.16
1999	20,975	1,329,307,098	82,745,000	1,969,806	80,775,194	6.08%	3,851.02
2000	20,853	1,359,509,407	79,300,000	2,693,244	76,606,756	5.63%	3,673.66
2001	20,954	1,391,120,115	75,960,000	2,956,865	73,003,135	5.25%	3,483.97
2002	21,495	1,418,942,517	148,568,392	2,582,073	145,986,320	10.29%	6,791.64
2003	22,013	1,492,399,445	136,720,524	4,557,512	132,163,012	8.86%	6,003.86
2004	22,160	1,681,169,722	130,834,301	6,776,095	124,058,206	7.38%	5,598.29

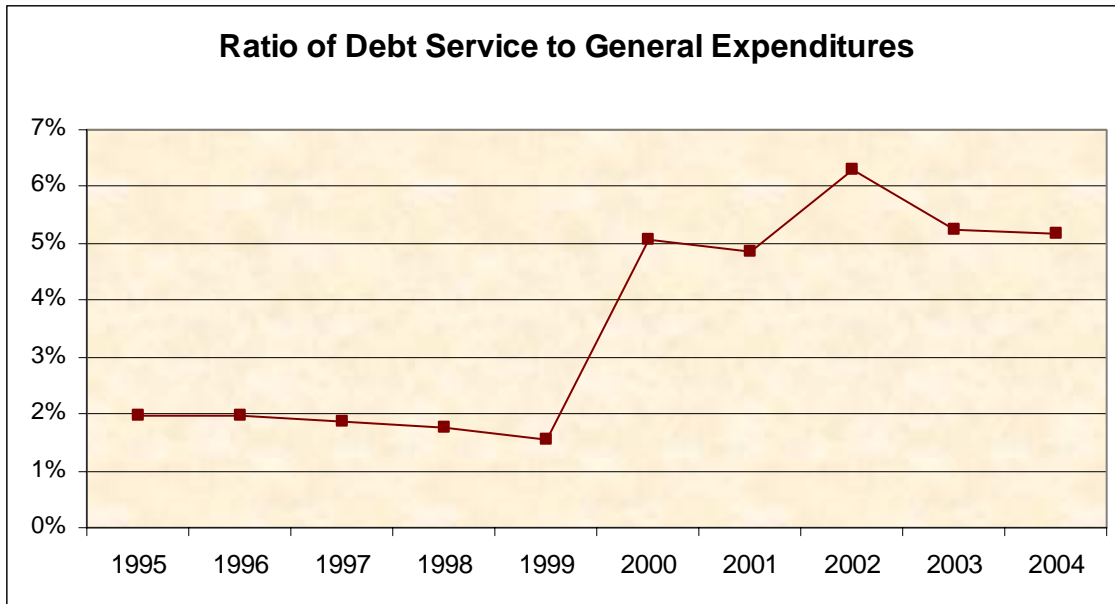
Note (1): Assessed valuation after adjustments to tax levy.



LAREDO INDEPENDENT SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)

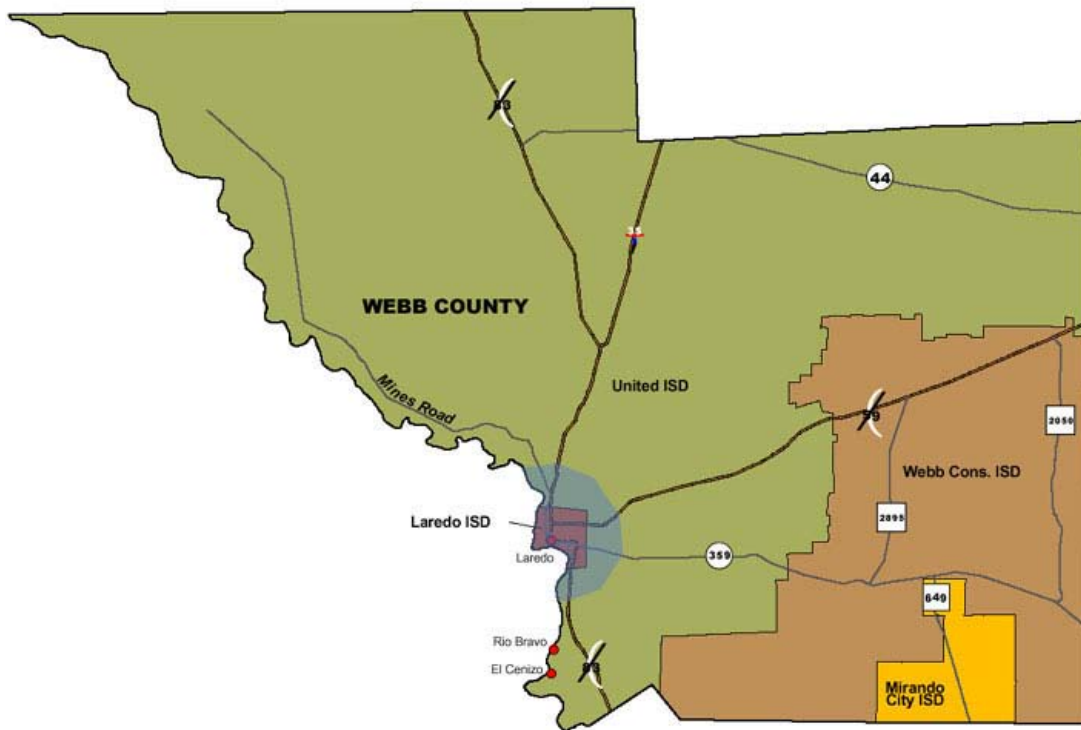
Year Ended August 31	Debt Service Expenditures			Total General Expenditures	Ratio of Debt Service to General Expenditures
	Principal	Interest (2)	Total		
1995	1,365,000	979,783	2,344,783	100,716,116	2.33%
1996	1,450,000	902,900	2,352,900	101,822,938	2.31%
1997	1,497,937	858,651	2,356,588	105,610,462	2.23%
1998	1,585,000	779,623	2,364,623	112,235,940	2.11%
1999	1,710,000	682,143	2,392,143	128,069,251	1.87%
2000	3,445,000	4,426,108	7,871,108	123,043,885	6.40%
2001	3,340,000	4,546,057	7,886,057	124,692,376	6.32%
2002	6,685,000	6,966,528	13,651,528	133,713,500	10.21%
2003	5,985,000	6,941,548	12,926,548	144,198,299	8.96%
2004	6,100,000	6,749,818	12,849,818	159,462,488	8.06%

- (1) Expenditures of General Governmental Funds of the District are included. These consist of Child Nutrition Program , Athletics, PPFCO, and General Operating Funds.
(2) Interest amounts shown above do not include fiscal agent or other debt service related fees.



**LAREDO INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

<u>TAXING JURISDICTION</u>	<u>GROSS DEBT</u>	<u>PERCENT APPLICABLE</u>	<u>OVERLAPPING FUNDED DEBT</u>
City of Laredo	\$190,860,000	18.13%	\$34,602,918
County of Webb	\$74,672,645	42.00%	\$31,362,511
Laredo Community College	\$79,418,373	22.78%	\$18,091,505
Total			<u>\$84,056,934</u>
Laredo Independent School District	\$242,562,671	100.00%	\$242,562,671
Total Direct and Overlapping Debt			<u>\$326,619,605</u>



Source: LISD Tax Office

PROPERTY VALUES, CONSTRUCTION, AND BANK DEPOSITS

Fiscal Periods	CONSTRUCTION (A)				Bank Deposits (B)	PROPERTY VALUES (A)			
	COMMERCIAL		RESIDENTIAL			Personal Property Assessed Value	Real Property Assessed Value	Exemptions (1)	Total Assessed Value
	Number of Units	Value	Number of Units	Value					
1994	408	64,921,340	2,212	79,639,141	2,469,233,000	389,135,229	2,528,248,200	172,057,282	2,745,326,147
1995	93	59,472,840	992	48,025,832	2,378,874,000	370,075,550	2,772,699,380	128,005,570	3,014,769,360
1996	124	42,394,754	1,375	57,373,240	2,568,470,000	494,128,794	3,018,697,790	230,381,621	3,282,444,963
1997	110	65,049,913	1,198	61,787,875	2,726,218,000	507,719,560	3,364,750,495	247,072,879	3,625,397,176
1998	136	51,684,355	1,389	74,891,810	3,108,234,000	665,492,265	3,431,864,302	291,281,333	3,806,075,234
1999	94	40,112,188	1,309	83,116,085	3,337,234,000	646,284,869	3,656,234,140	325,224,426	3,977,294,583
2000	87	68,818,362	1,407	89,886,823	5,313,356,000	848,072,261	4,363,266,690	418,707,728	4,792,631,223
2001	143	122,363,666	1,293	90,029,908	5,596,945,000	794,259,530	4,365,116,912	445,602,625	4,713,792,507
2002	698	182,767,445	1,424	123,932,146	6,390,861,000	872,321,790	5,039,864,293	519,598,749	5,070,586,594
2003	860	71,199,808	1,495	128,619,147	6,671,288,000	879,330,990	5,206,409,027	529,716,818	5,558,982,217
2004	877	72,623,804	1,525	131,191,530	6,938,139,520	949,677,469	5,622,921,749	572,094,163	6,003,700,794

Notes:

1. Total exemptions include Homestead, Veteran Agricultural exemptions. Homestead valuations increased in 1983 from \$3,000 to \$7,500 to \$10,000 in 1986, and to \$20,000 in 1987. Veteran's valuation range from \$1,500 to \$3,000 based on disability percentage. Agriculture valuations represent land used for ranching and farming.

Sources:

- (A) City of Laredo, Texas
- (B) Commerce Bank, N.A.
Falcon National Bank
International Bank of Commerce
Laredo National Bank
NBC Bank
South Texas National Bank

LAREDO INDEPENDENT SCHOOL DISTRICT INSURANCE IN FORCE

Below is a listing of all insurance in force for the Laredo Independent School District

Insurance Company	Amount of Insurance	Deductible	Policy Term	Estimated Annual Premium
Health Insurance				
Pacificare			09/01/03 to 08/31/04	Est. # Emp.2973
PPO 70/50 - Low Option	\$2,000,000	\$500		
PPO 80/60 - High Option	\$2,000,000	\$500		
PPO 90/70 - State Comparable	\$2,000,000	\$0		\$10,875,249
Basic Group Life and AD&D Insurance				
Group Life Insurance	ReliaStar Life Ins.	\$10,000	09/01/03 to 08/31/04	Est. \$64,744
Accidental Death & Dismemberment	ReliaStar Life Ins.	\$10,000		
Property & Casualty Package:				
Property				
Travellers Lloyd's Insurance Company			03/03/04 to 03/03/05	\$588,058*
<i>Total Insurable Values:</i>				
Loss Limits of Insurance	\$286,662,122	\$100,000		
Excess Loss Limits of Insurance	\$286,662,122	\$100,000		
Extra Expense	\$2,500,000	\$100,000		
Flood	\$5,000,000	\$100,000		
Earth Quake	\$5,000,000	\$100,000		
Inland Marine				
Travellers Lloyd's Insurance Company			03/03/03 to 03/03/04	Included
Mobile Equipment	\$168,730	\$100,000		
EDP Equipment	\$30,528,855	\$100,000		
Musical Equipment	\$4,200,064	\$10,000		
AV Equipment	\$5,038,040	\$100,000		
Basis of Recovery	Replacement Cost			
Crime				
Texas Political Subdivision			03/03/04 to 03/03/05	Included
Form B - Forgery or Alteration	\$50,000	\$5,000		
Form C - Theft, Disappearance & Destruction	\$50,000	\$5,000		
Form D - Other Property, Premises/Messenger	\$50,000	\$5,000		
Form O - Employee Dishonesty	\$200,000	\$5,000		
Form F - Computer Fraud	\$50,000	\$5,000		
General Liability				
Texas Political Subdivision			03/03/04 to 03/03/05	Included
General Aggregate	\$2,000,000	\$10,000		
Each Occurrence	\$1,000,000	\$10,000		
Products & Completed Operations Aggregate	\$2,000,000	\$10,000		
Personal & Advertising Injury	\$1,000,000	\$10,000		
Employee Benefits each Claim	\$1,000,000	\$1,000		
Employee Benefits Aggregate Limit	\$2,000,000	\$1,000		
Damage to Rented Premises	\$100,000	\$10,000		
Medical Expense	\$5,000	\$1,000		
Educator Legal Liability				
Illinois Union Insurance Company			03/03/04 to 03/03/05	Included
Per Occurrence	\$1,000,000	\$100,000		
General Aggregate	\$1,000,000	\$100,000		
Type/Form	Pay on Behalf Form	Claims Made Bases		
Boiler & Machinery				
Travelers Indemnity Company of CT			03/03/04 to 03/03/05	Included
Loss Limit of Insurance	\$50,000	\$5,000		
Excess Loss Limits of Insurance	\$286,662,122	\$5,000		
Business Automobile Policy				
Texas Political Subdivision			03/03/04 to 03/03/05	Included
<i>Total Insurable Values: Pre & Post 1999</i>				
Statutory Limits: Bodily Injury Each Person	\$100,000	\$1,000 Comp		
Bodily Injury Each Accident	\$300,000	\$1,000 Collision		
Property Damage Each Accident	\$100,000	\$5,000 Liability		
Medical Payments	\$5,000	\$0		
Terrorism Coverage				
Travellers Lloyd's Insurance Company			03/03/04 to 03/03/05	Included
Commercial Auto, Commercial General Liability, Commercial Crime, Educators Legal Liability, Boiler & Machinery, Commercial Inland Marine, Property	\$36,662,122	\$100,000		
Excess Loss Limits of Insurance	\$286,662,122	\$100,000		
Law Enforcement Professional Liability				
Lexington Insurance Company			03/03/04 to 03/03/05	Included
Aggregate Limit	\$1,000,000	\$100,000		
Each Law Enforcement Wrongful Act	\$1,000,000	\$100,000		
*Includes Broker Fee \$35,000				
Excess Workers' Comp. & Employers Liab. (PSF)				
LISD/Midwest		w/limits \$1,000,000	09/01/02 to 09/01/04	Estimated \$309,650
Workers' Compensation				
TPA: Innovative Risk Management	Emp. Liab.	\$0	(2 yrs policy)	to \$2,294,326* (per year)
Statutory Limits: Bodily Injury by accident ea. accident	\$100,000			
Bodily Injury by disease policy limit	\$500,000			
Bodily Injury by disease ea. employee	\$100,000			
*Includes Broker Fee \$20,000				
Student Activities/Athletic Blanket Acc. Ins.				
Chesapeake Life Insurance Company			08/01/04 to 07/31/05	
Maximum Benefit	\$25,000	\$0		\$126,000
Catastrophic Student Lifetime Benefit	AIG	\$5,000,000		\$5,767
Catastrophic Cash Monthly Benefit	TPA: Student Assurance	(Lump Sum \$100,000) \$40,000/10 Yrs.		\$27,852
Other				
Fidelity & Deposit		\$1,920	10/31/03 to 10/31/04	\$150
ROCIIP Insurance Package				
Inscorp Plan Adm. Westchester Fire Insurance Company			08/31/01 to 08/31/06	\$5,676,969
Builders Risk				
Per Occurrence All Locations	\$126,000,000	\$10,000		
Soft Costs	\$15,000,000	15 Day Soft Cost		
Earth Quake - Annual Aggregate	\$10,000,000	\$25,000		
Flood - Annual Aggregate	\$10,000,000	\$25,000*	*(FZA: \$250,000 FZB: \$100,000)	
Off-Site Storage	\$1,000,000	\$10,000		
While in Transit	\$1,000,000	\$10,000		
Debris Removal	\$25,000	\$10,000		
Pollution Clean-Up	\$25,000	\$10,000		
Workers' Comp. & Employers Liab.				
American Home Assurance Company				
Compensation and Employers Liability Insurance				
Statutory Limits: Bodily Injury by accident ea. accident	Emp. Liab.	\$0		
Bodily Injury by disease ea. employee	\$1,000,000			
Bodily Injury by disease policy limits	\$1,000,000			
General Liability				
National Union Fire Insurance				
General Aggregate	\$2,000,000	\$0		
Products-Completed Operations Aggregate	\$2,000,000			
Personal & Advertising Injury	\$1,000,000			
Each Occurrence	\$1,000,000			
Excess Liability				
National Union Fire Insurance				
Each Occurrence	\$25,000,000	\$10,000		
General Aggregate	\$25,000,000	\$10,000		
Products-Completed Operations Aggregate	\$25,000,000	\$10,000		

Community Profile City of Laredo

Laredo, Texas, is located on the north bank of the historical Rio Grande River in southwestern Webb County in South Texas, about 150 miles southwest of San Antonio and 135 miles west of Corpus Christi. It is served by Interstate Highway 35, U.S. highways 59 and 83, State Highway 359, Ranch Road 1472, and the Missouri Pacific and Texas Mexican railroads. The City of Laredo encompasses 51,956 acres or 81.2 sq. mi. Its average elevation is 438 feet and its topography is relatively flat with rolling hills.



LOCAL HISTORY

The town of Laredo was founded in 1755 while the area was part of a region called Nuevo Santander in the Spanish colony of New Spain. In 1840 Laredo was the capital of the independent Republic of Rio Grande, set up in rebellion to the dictatorship of Santa Anna and brought back into Mexico by military force. In 1846 during the Mexican-American War the town was occupied by the Texas Rangers. After the war the Treaty of Guadalupe-Hidalgo ceded the land to the United States.



A referendum was taken in the town, which voted overwhelmingly to be part of Mexico rather than the United States. However, the U.S. Military refused the petition, and the bulk of the population moved over the river into Mexican territory to found the new town of Nuevo Laredo. In 1849 the military set up Fort McIntosh (originally Camp Crawford) by the town. Laredo was rechartered as a city in 1852.



Known today as the city under seven flags, Laredo has emerged as the principal port of entry into Mexico. As the second fastest growing city in the nation, this border metropolis has greatly benefited from the well-planned, historic "Streets of Laredo," and its urban core continues to be reinvigorated as commercial areas and neighborhoods make the "Gateway City" their home.

This cosmopolitan city is a major port of entry for international trade and tourism between the United States and Mexico. The city presently maintains three border crossings with the Mexican State of Tamaulipas at Nuevo Laredo, and one with the Mexican State of Nuevo Leon at Colombia. A fifth bridge is currently being planned along the Tamaulipas border. The City of Laredo is the largest city in the County of Webb.

DEMOGRAPHICS

	1990		2000		Increase / Decrease
TOTAL POPULATION	122,899	100%	176,576	100%	+ 43.68%
SEX					
Male	58,725	47.8%	84,704	48.0%	+ 44.24%
Female	64,174	52.2%	91,872	52.0%	+ 43.16%
RACE					
White	87,048	70.8%	145,267	82.3%	+ 66.89%
Black	144	0.1%	652	0.4%	+ 352.78%
American Indian/Eskimo/Aleut	195	0.2%	784	0.4%	+ 302.06%
Asian or Pacific Islander	473	0.4%	867	0.5%	+ 83.30%
Other Race/Two or more races	35,039	28.5%	29,006	16.4%	- 17.22%
HISPANIC COMPOSITION					
Persons of Hispanic Origin	115,360	93.9%	166,216	94.1%	+ 44.09%
Persons not of Hispanic Origin	7,539	6.1%	10,360	5.9%	+ 37.42%

AGE COMPOSITION

	AVERAGE AGE	0-15	16-24	25-44	45-64	65 +
LAREDO	26.9	53,190	29,608	52,146	27,850	13,782
PERCENT						
LAREDO	26.9	30.1	16.8	29.5	15.8	7.8
TEXAS	32.3	23.5	15.2	31.1	20.2	9.9
USA	35.3	21.4	13.9	30.2	22.0	12.4

EDUCATIONAL ATTAINMENT – POPULATION AGES 25 AND OVER

	Population 25 & Older	High School Graduates	Some College or Associates Degree	Bachelor's Degree	Master's, Professional, or Doctorate Degree
LAREDO	93,778	17,108	20,519	8,492	5,276
PERCENT					
LAREDO		18.2	21.9	9.1	5.6
TEXAS		24.8	21.9	16.5	7.6
USA		28.6	27.4	15.5	8.9

Source: U.S. Census Bureau, 2000 Census

TOP EMPLOYERS

<u>Employer</u>	<u>Services Provided</u>	<u>Sector</u>	<u>Employees</u>
United Independent School District	Education	Public Sector	4,500
Laredo Independent School District	Education	Public Sector	3,587
City of Laredo	City	Public Sector	2,084
Laredo Medical Center	Medical Services	Private Sector	1,661
H.E.B. Grocery	Grocery Stores	Private Sector	1,327
Webb County	County	Public Sector	1,270
U.S. Department of Border Protection	Immigration	Public Sector	1,147
McDonald's Restaurants	Fast Food	Private Sector	1,114
Wal-Mart (2 locations)	Grocery/Retail	Private Sector	934
Texas A&M International University	Education	Public Sector	880

Source: Laredo Development Foundation

2003 PROPERTY TAX RATES

Taxing Entity (Inside City Limits)	Tax Rate per \$100 Valuation	Taxing Entity (Outside City Limits)	Tax Rate per \$100 Valuation
City of Laredo	\$0.64		0
Laredo Community College	0.24		0
Laredo ISD	1.50	United ISD	1.48
Webb County	0.45	Webb County	0.45
Total	\$2.83	Total	\$1.93

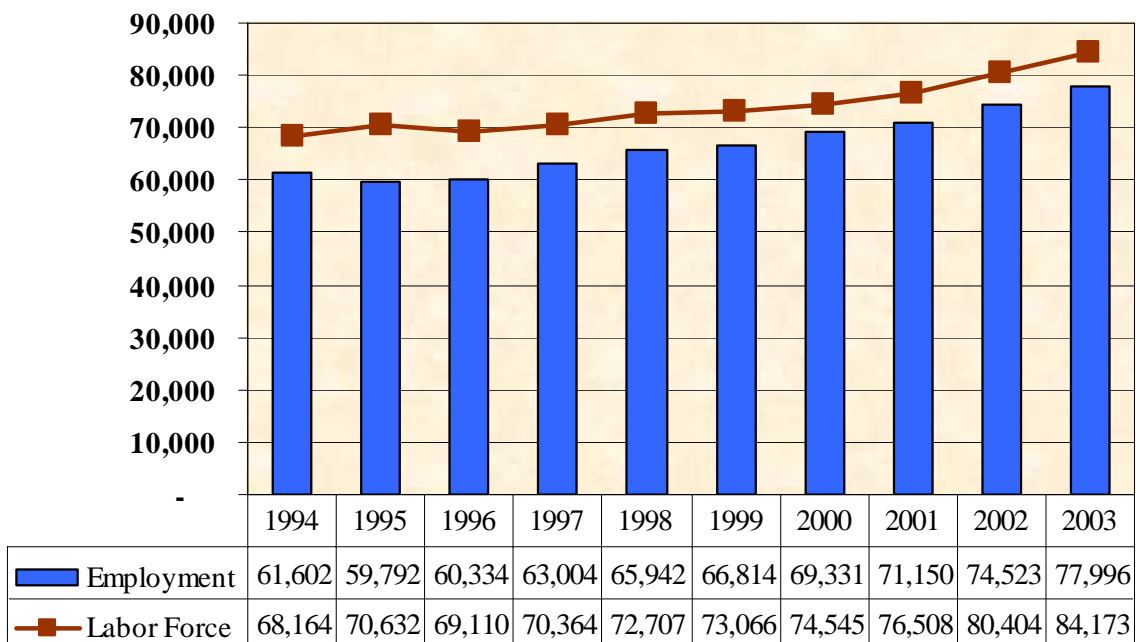
LOCAL SALES TAX

State	6.25%
City	1.25%
Transit	0.25%
County	0.50%
Total	8.25%

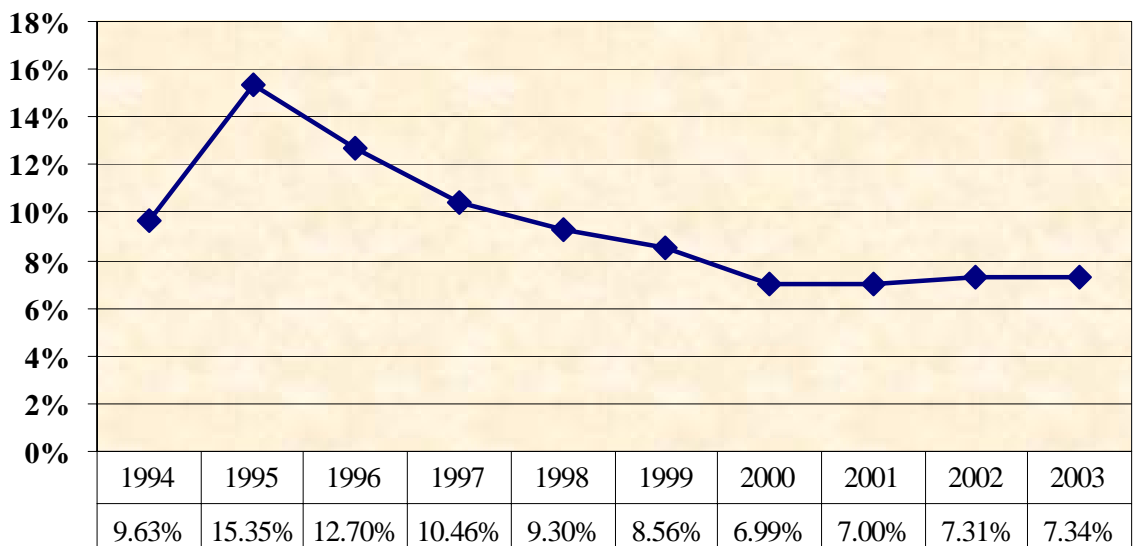
Source: Laredo ISD Tax Office

LABOR STATISTICS

LAREDO EMPLOYMENT STATISTICS



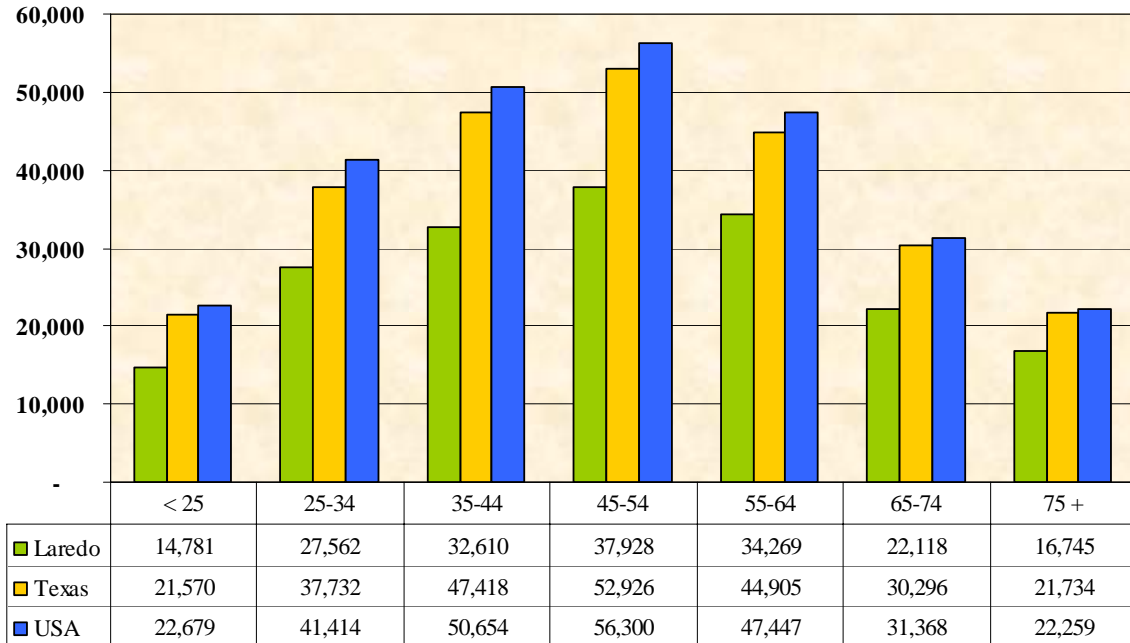
UNEMPLOYMENT RATE



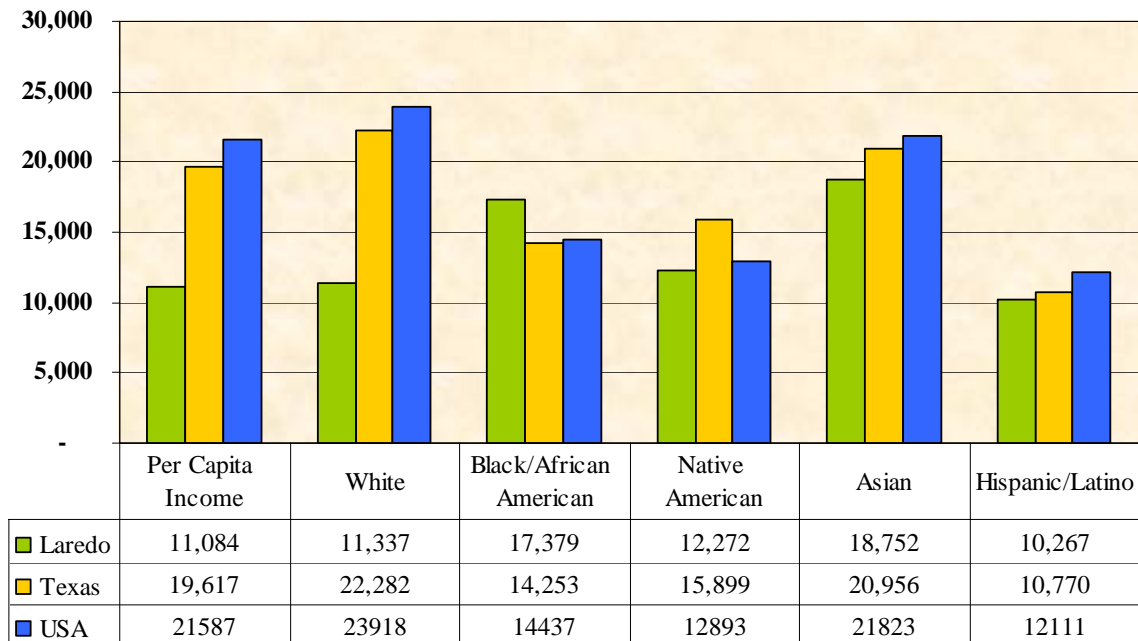
Source: U.S. Department of Labor – Bureau of Labor Statistics

HOUSEHOLD INCOME STATISTICS

MEDIAN HOUSEHOLD INCOME BY AGE (\$ IN 1999)



PER CAPITA INCOME BY RACE OR ETHNICITY (\$)



Source: U.S. Census Bureau, 2000 Census

TRANSPORTATION

Bridges

Laredo, the Gateway to Mexico, is the largest inland port on the Texas-Mexico Border, and in 2003, \$31,901,778,161 of freight crossed into Mexico via the City's four international bridges. A fifth bridge is being planned by the City and the County in order to alleviate traffic congestion in the inner city, but application is pending federal approval.

Bridges

- I – Gateway to the Americas Bridge
- II – Juarez-Lincoln International Bridge
- III – Colombia-Solidarity Bridge
- IV – World Trade Bridge

Border Crossing Statistics

	2001	2002	2003
Pedestrians	8,755,496	8,981,765	8,504,137
Vehicles	15,107,042	14,676,964	14,130,042
Trucks	2,807,010	2,902,494	2,740,446
Rail	349,620	365,836	394,199

Highways

Major highways include: (1) IH-35 to San Antonio, Dallas, & north to the Canadian Border, (2) Hwy 83 to Brownsville (east) & El Paso (west), (3) Hwy 59 to Houston, New Orleans, and (4) Hwy 359 to Corpus Christi.

Air

Laredo International Airport – Airport activity increased in 2003; total passengers enplaned were 73,638 and passengers deplaned were 72,345. Airlines serving Laredo include Continental Airlines and American Eagle, which provide daily flights to and from San Antonio, Dallas, and Houston and Linea Aérea Azteca, which provides daily flight to and from Mexico City.

Laredo Airline Activity (Passengers Enplaned & Deplaned)

2001	2002	2003
139,531	147,425	145,983

Laredo Air Cargo (based on Gross-Landed Weight lbs.)

2001	2002	2003
226,136,780	262,475,560	275,599,338

Rail

Texas Mexican Railway Company – also known as the “NAFTA” railroad, it provides service to customers from Canada to Mexico.

Union Pacific Railway – comes from the Midwest through Dallas to Laredo.

Bus Services

Local bus lines – El Metro (Laredo Municipal Transit System), El Aguila (Rural Transit System)

Interstate bus lines – Greyhound, Autobuses Latinos de Greyhound, El Conejo, Valley Transit, Sendor, El Expreso Bus Company, and Giros El Paisano.

Sources: Texas Center for Border Economic and Enterprise Development & Laredo Development Foundation

GOVERNMENTAL STRUCTURE & PUBLIC SAFETY

The City of Laredo is administered by a City Manager form with the City Council consisting of a mayor elected at large and eight Council members presenting districts.

Police Protection		Fire Protection	
Stations	1	Stations	12
Substations	14	Regional Fire Training Facilities	1
Sworn Officers	363	Full-Time Personnel	332
Non-sworn Personnel	24	Pieces of Equipment	68
Marked Vehicles	252		

UTILITIES & PUBLIC WORKS

Electricity Distributors

AEP/Central Power & Light Co. (CP&L), TXU Energy Inc., Reliant Energy, First Choice Power, Inc., Green Mountain Energy Company, Entergy Solutions, WTU Retail Energy, Utility Choice Electric, GEXA Energy, CAN Energy, Inc., Cirro Corp., Energy America (Centrica)

Telecommunications

Telephone Company – Southwestern Bell Telephone
 Long Distance Companies – AT&T Company, Lone Star Telecom, MCI, Sprint, Laredo Cellular, T&H Telephone Services, and U.S. Long Distance

Natural Gas

Distributors: Center Point/Reliant Energy Entex amd Proviron Natural Gas

Water

Laredo’s source of water comes from the Rio Grande River. The daily average consumption is 31MGD (million gallons per day) and the plant capacity is 64MDG.

Sewer

Laredo has a secondary type of treatment plant. Its maximum capacity is 21.0MG and has a present load of 17.1MG.

HEALTHCARE

Laredo Medical Center	326 beds	Number of Clinics	71
Doctors Hospital of Laredo	297 beds	Number of Physicians	234
Providence Surgical & Medical Center	8 beds	Local Ambulance Svc. Companies	7

Source: Laredo Development Foundation

EDUCATION

Education Facilities

	High Schools	Middle Schools	Elementary Schools	Magnet Schools	Academy / Other
Laredo ISD	3	4	20	3	1
United ISD	4	8	22	3	1
Parochial/Private	1	1	6		

Higher Educational Facilities

	Miles	Degrees Offered
Laredo Community College	0	Associates, GED
Texas A&M International University	0	Bachelors, Masters, Doctorate
Texas A&M University – Kingsville	120	Bachelors, Masters
University of Texas at San Antonio	150	Bachelors, Masters, Doctorate
Southwest Texas State – San Marcos	200	Bachelors
University of Texas at Austin	230	Bachelors, Masters, Doctorate
Texas A&M University – College Station	345	Bachelors, Masters, Doctorate

RECREATION

Laredo, Texas is known as the Gateway to Mexico. Crossing the border is easy and fun. Most travelers walk across the international bridge (parking is available on the Texas side near the bridge) and stroll to the tourist district, a convenience not found in any other border city. The two towns, Nuevo Laredo and Laredo, are known as "Los Dos Laredos" serving both the U.S. and Mexico.

Entertainment & Recreation Highlights

Laredo Entertainment Center – This multi-purpose facility has established itself as the premiere entertainment option in south Texas and Northern Mexico. It allows affordable, family-oriented entertainment for sporting events, concerts, trade shows, civic events, ice shows, circuses, boxing, rodeos and more. The 178,000 square foot, \$36.5 million facility seats 8,000 people for ice hockey and arena football, and up to 10,000 for concerts. It has 14 luxury suites, four meeting rooms and a private club for 200 charter members.

Lake Casa Blanca International State Park – Consisting of 371 land acres and 1650 lake surface acres, is located on Lake Casa Blanca, east of Laredo in Webb County. Activities include camping, picnicking, lake swimming, boating, mountain biking, and fishing.

George Washington's Birthday Celebration – Since February 22, 1898, when a group called the Improved Order of Red Men staged a mock Indian attack, Laredo and its sister city, Nuevo Laredo, have commemorated Washington's birthday with great fanfare. The city-wide celebration has changed over the years but current highlights include the Princess Pocahontas Pageant, in which a princess and her court are presented in traditional Native American dress, and the Society of Martha Washington, a colonial pageant and reenactment of the signing of the peace treaty of 1783. This celebration lasts 10 days.

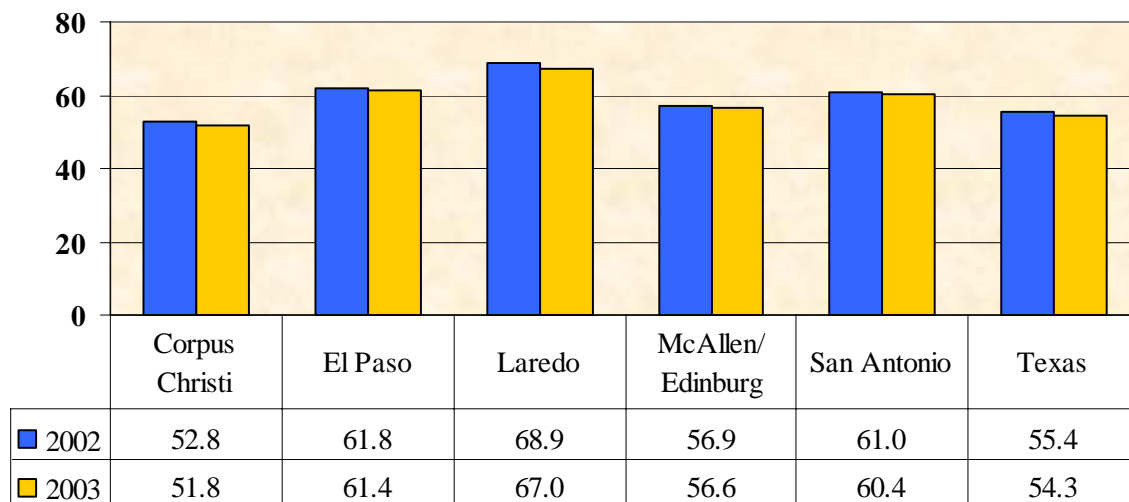
San Agustin Church – Part of Laredo's historic district, the current church building dates back to 1872 and contains genealogical records from the late 1700s.

Source: Laredo Development Foundation

HOTEL STATISTICS

In 2003, Laredo reportedly had 34 hotels/motels with over 3,000 rooms. Laredo ranks number one in the state in terms of occupancy rate. In 2002 the occupancy rate was 68.9 and in 2003 67.0; the state average was 55.4 and 54.3, respectively. The average daily rental rate in 2003 was \$57.70 compared to a state average of \$68.78.

HOTEL/MOTEL OCCUPANCY RATES



HOUSING

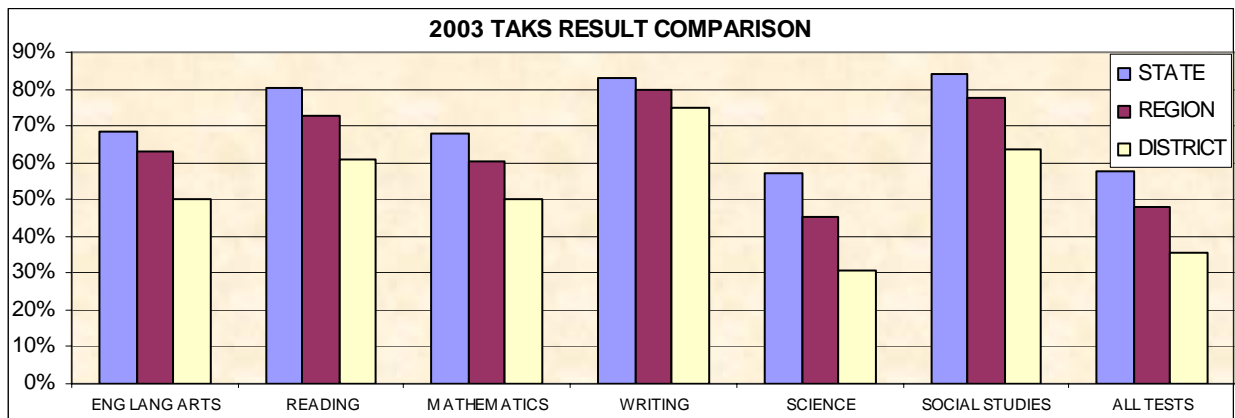
	Renter Occupied			Owner Occupied		
	Laredo	Texas	US	Laredo	Texas	US
# of Housing Units	16,688			30,219		
Percent	33.1	32.8	30.8	60.0	57.8	60.2
Avg. # of Household Members	3.40	2.50	2.36	3.87	2.89	2.71
Avg. # of Rooms	3.68	3.87	4.04	5.36	6.02	6.30
Avg. # of Vehicles	1.15	1.29	1.19	1.64	1.71	1.64
Median Year Structure Built	1979	1977	1969	1986	1977	1971
Median Rent (\$) or Value (\$)	\$368	\$490	\$519	\$70,400	\$77,800	\$111,800

The 2000 Census indicates that there were 3,467 or 6.9 percent of vacant housing units. There were 39,983 or 85.3% family households and 6,869 or 14.7% non-family households. The average household size is 3.70, whereas the average family size is 4.05.

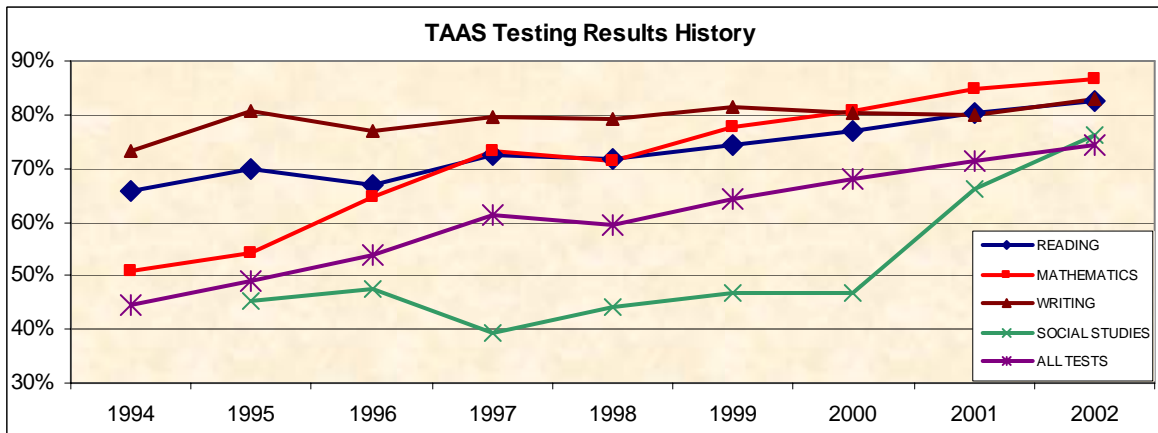
Source: U.S. Census Bureau, 2000 Census

**LAREDO INDEPENDENT SCHOOL DISTRICT
2003 TAKS RESULTS AND TAAS TESTING RESULTS HISTORY**

	TAKS		
	STATE	REGION	DISTRICT
ENG LANG ARTS	68.7%	63.3%	50.2%
READING	80.2%	72.5%	60.9%
MATHEMATICS	67.9%	60.1%	50.0%
WRITING	82.9%	79.6%	75.1%
SCIENCE	56.9%	45.2%	30.6%
SOCIAL STUDIES	84.0%	77.8%	63.8%
ALL TESTS	57.4%	47.8%	35.7%

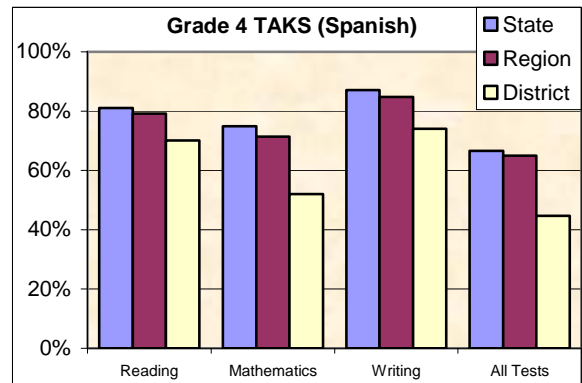
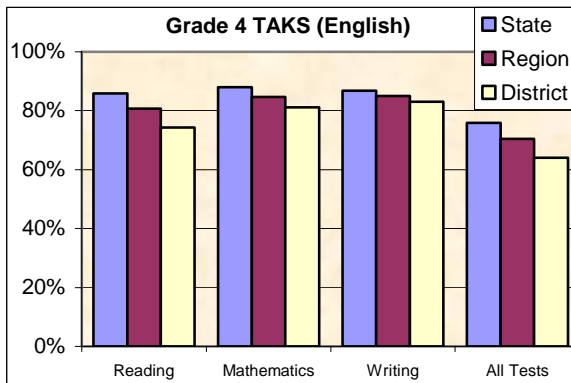
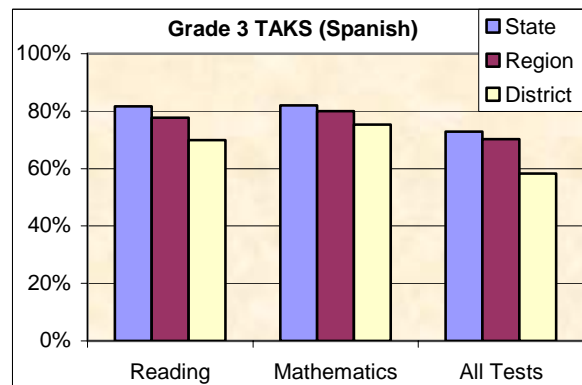
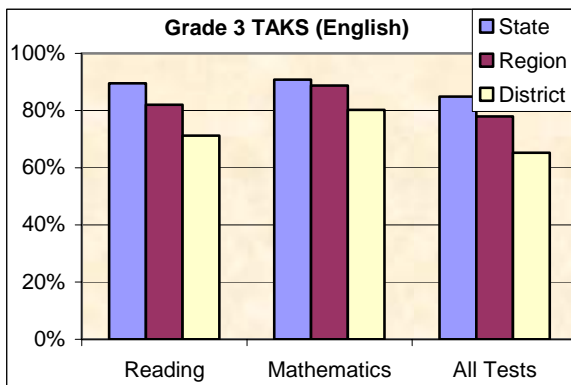


	TAAS									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	
READING	65.9%	69.9%	67.0%	72.4%	71.7%	74.2%	76.8%	80.2%	82.6%	
MATHEMATICS	50.8%	54.4%	64.6%	73.2%	71.3%	77.7%	80.7%	84.9%	86.6%	
WRITING	73.4%	80.5%	77.0%	79.7%	79.2%	81.5%	80.4%	80.1%	82.9%	
SOCIAL STUDIES		45.2%	47.4%	39.5%	44.2%	46.6%	46.8%	66.1%	76.2%	
ALL TESTS	44.7%	49.0%	53.9%	61.4%	59.6%	64.4%	67.9%	71.3%	74.4%	



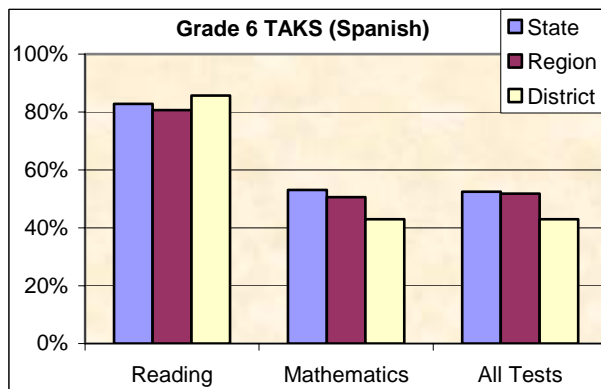
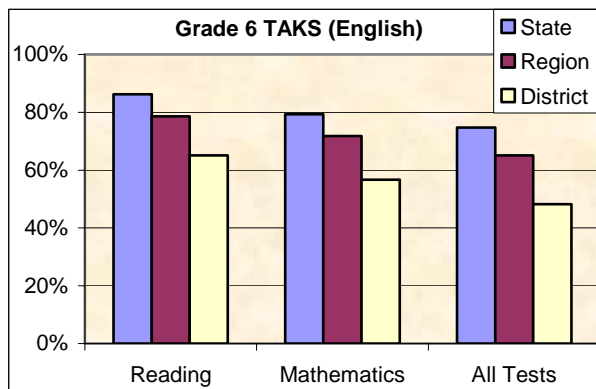
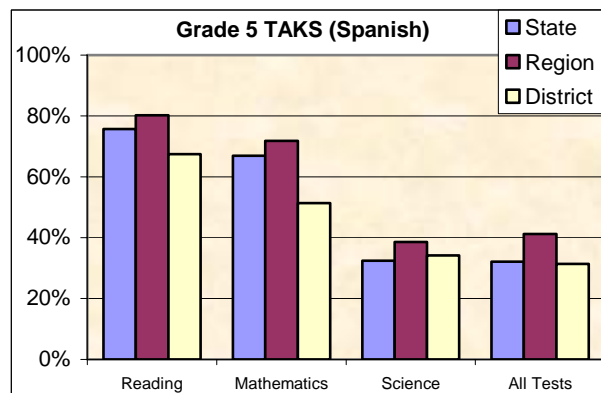
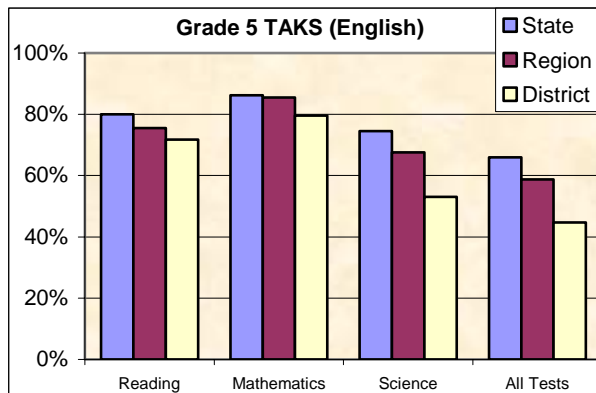
Source: Texas Education Agency AEIS Reports

2002-2003 TAKS PERFORMANCE											
Indicator:	State	Region	District	African	Hispanic	White	Male	Female	Sp. Ed.	Eco Dis.	LEP
TAKS Met Standard Grade 3 (English)											
Reading	89.60%	82.10%	71.20%	*	71.0%	100.0%	69.50%	72.90%	54.3%	70.3%	68.20%
Mathematics	90.80%	88.70%	80.20%	*	80.2%	100.0%	80.80%	79.70%	60.5%	79.7%	78.30%
All Tests	84.90%	77.90%	65.20%	*	65.1%	100.0%	63.70%	66.70%	43.9%	64.3%	62.10%
TAKS Met Standard Grade 3 (Spanish)											
Reading	81.70%	77.70%	69.90%		69.0%		69.80%	70.00%		69.30%	69.60%
Mathematics	82.00%	80.00%	75.30%		75.0%		82.90%	69.60%		75.80%	75.00%
All Tests	72.80%	70.20%	58.30%		58.0%		64.40%	54.00%		58.50%	57.90%
TAKS Met Standard Grade 4 (English)											
Reading	85.90%	80.70%	74.30%	*	74.2%	100.0%	73.50%	75.00%	84.6%	73.5%	64.60%
Mathematics	88.00%	84.70%	81.10%	*	80.9%	100.0%	81.40%	80.80%	61.8%	80.4%	75.20%
Writing	86.80%	85.00%	83.00%	*	82.8%	100.0%	77.90%	87.30%	75.0%	82.6%	77.40%
All Tests	75.80%	70.40%	64.10%	*	63.8%	100.0%	61.10%	66.50%	55.6%	63.0%	52.90%
TAKS Met Standard Grade 4 (Spanish)											
Reading	81.00%	79.20%	70.10%		69.7%		65.60%	73.30%	*	70.1%	70.10%
Mathematics	74.90%	71.40%	52.00%		51.4%		41.90%	59.10%	*	52.0%	52.00%
Writing	87.10%	84.80%	74.00%		73.6%		64.50%	81.00%	*	74.0%	74.00%
All Tests	66.60%	64.90%	44.70%		44.0%		41.70%	46.90%	*	44.7%	44.70%



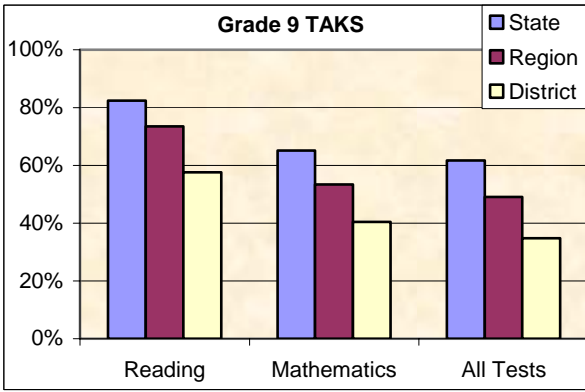
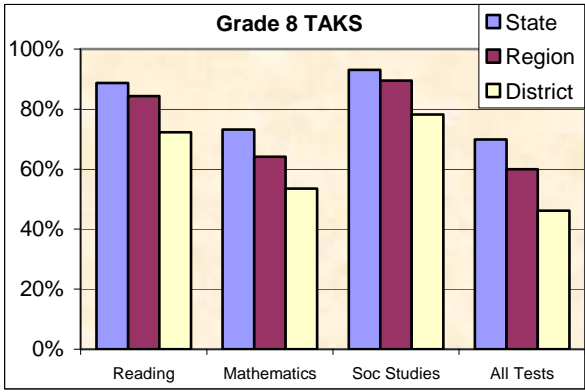
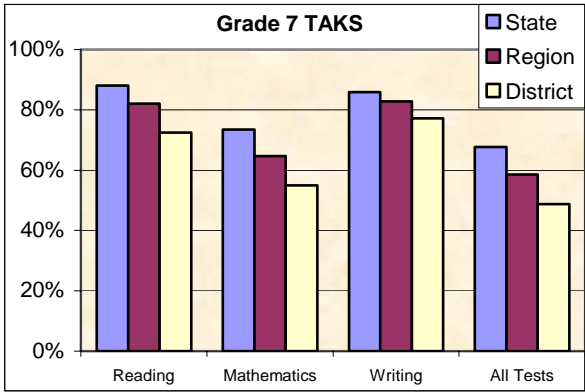
Source: Texas Education Agency AEIS

2002-2003 TAKS PERFORMANCE											
Indicator:	State	Region	District	African	Hispanic	White	Male	Female	Sp. Ed.	Eco Dis.	LEP
TAKS Met Standard Grade 5 (English)											
Reading	80.00%	75.50%	71.70%	*	71.5%	83.3%	71.60%	71.80%	48.1%	71.1%	55.60%
Mathematics	86.30%	85.50%	79.60%	*	79.3%	100.0%	79.40%	79.80%	58.1%	79.7%	68.80%
Science	74.50%	67.60%	53.10%	*	52.8%	69.2%	56.10%	50.30%	13.5%	51.9%	34.90%
All Tests	65.90%	58.80%	44.70%	*	44.4%	61.5%	46.10%	43.40%	13.5%	43.7%	25.00%
TAKS Met Standard Grade 5 (Spanish)											
Reading	75.70%	80.20%	67.50%		67.5%		52.80%	80.50%		68.5%	67.50%
Mathematics	66.90%	71.80%	51.30%		51.3%		50.00%	52.40%		52.7%	51.30%
Science	32.40%	38.60%	34.20%		34.2%		30.60%	37.50%		34.7%	34.20%
All Tests	32.10%	41.20%	31.40%		31.4%		28.20%	34.00%		31.7%	31.40%
TAKS Met Standard Grade 6 (English)											
Reading	86.20%	78.60%	65.10%		64.8%	80.0%	62.70%	67.30%	57.7%	64.5%	44.10%
Mathematics	79.30%	71.80%	56.70%		56.5%	62.5%	57.30%	56.10%	41.9%	55.7%	31.60%
All Tests	74.80%	65.10%	48.20%		48.0%	56.3%	47.50%	48.90%	32.4%	47.4%	23.00%
TAKS Met Standard Grade 6 (Spanish)											
Reading	82.80%	80.70%	85.70%		85.7%		72.70%	100.00%		85.7%	85.70%
Mathematics	53.10%	50.60%	42.90%		42.9%		36.40%	50.00%		42.9%	42.90%
All Tests	52.50%	51.80%	42.90%		42.9%		36.40%	50.00%		42.9%	42.90%



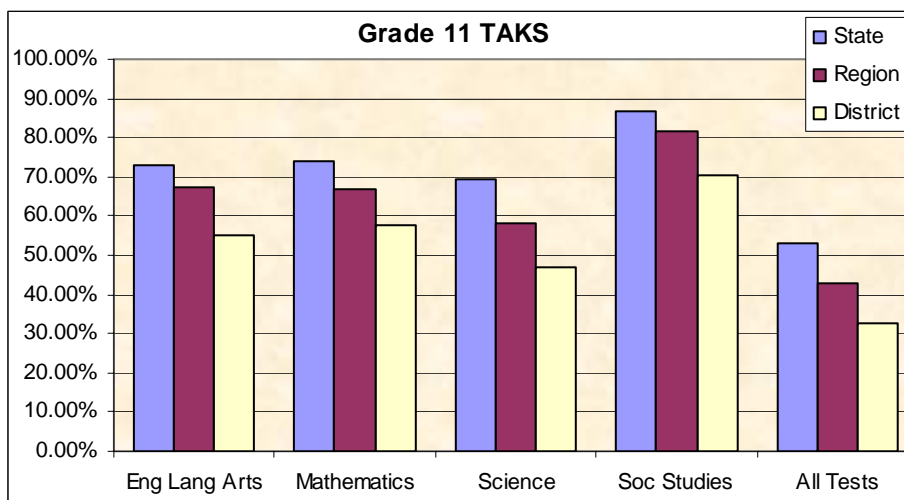
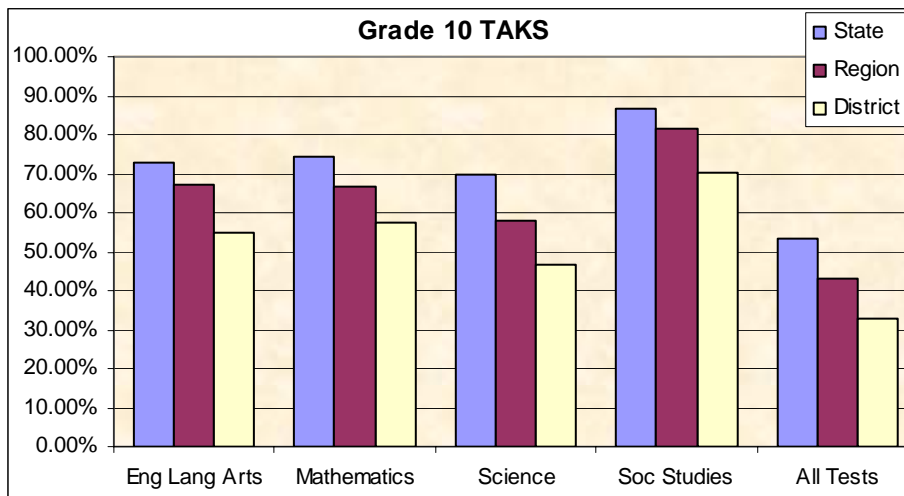
Source: Texas Education Agency AEIS Reports

2002-2003 TAKS PERFORMANCE											
Indicator:	State	Region	District	African	Hispanic	White	Male	Female	Sp. Ed.	Eco Dis.	LEP
TAKS Met Standard Grade 7											
Reading	88.00%	82.00%	72.50%		72.2%	00.0%	67.60%	76.50%	75.0%	71.9%	31.60%
Mathematics	73.40%	64.60%	55.00%		54.8%	70.0%	51.10%	58.30%	43.8%	54.4%	23.70%
Writing	85.80%	82.80%	77.20%		77.0%	90.0%	68.90%	84.20%	62.5%	77.0%	38.40%
All Tests	67.70%	58.50%	48.80%		48.6%	70.0%	42.90%	53.80%	31.6%	48.0%	14.90%
TAKS Met Standard Grade 8											
Reading	88.70%	84.40%	72.30%		72.1%	83.3%	74.70%	70.20%	58.1%	71.8%	37.10%
Mathematics	73.20%	64.10%	53.50%		53.4%	58.3%	55.10%	52.20%	32.3%	53.0%	23.00%
Soc Studies	93.10%	89.50%	78.20%		78.0%	00.0%	78.20%	78.30%	36.8%	77.7%	54.00%
All Tests	69.90%	60.00%	46.20%		46.0%	58.3%	46.50%	45.90%	27.7%	45.4%	19.10%
TAKS Met Standard Grade 9											
Reading	82.40%	73.50%	57.60%		57.5%	86.7%	52.0%	62.90%	16.40%	0.564	15.90%
Mathematics	65.10%	53.40%	40.50%		40.4%	52.9%	38.0%	43.00%	6.00%	0.4	11.70%
All Tests	61.70%	49.10%	34.80%		34.6%	52.9%	32.1%	37.60%	4.50%	0.339	4.90%



Source: Texas Education Agency AEIS Reports

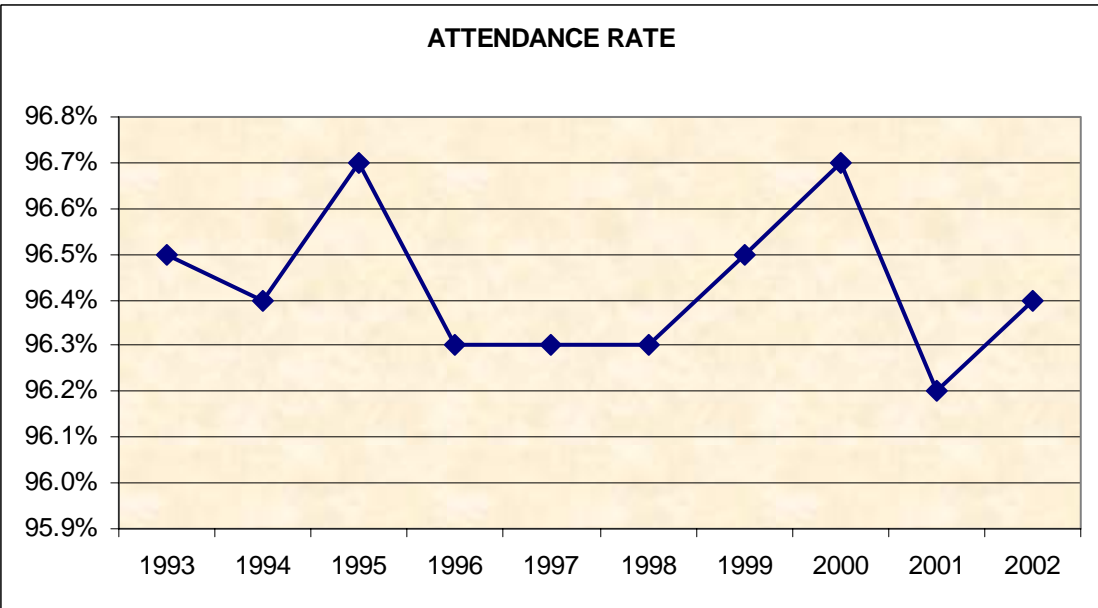
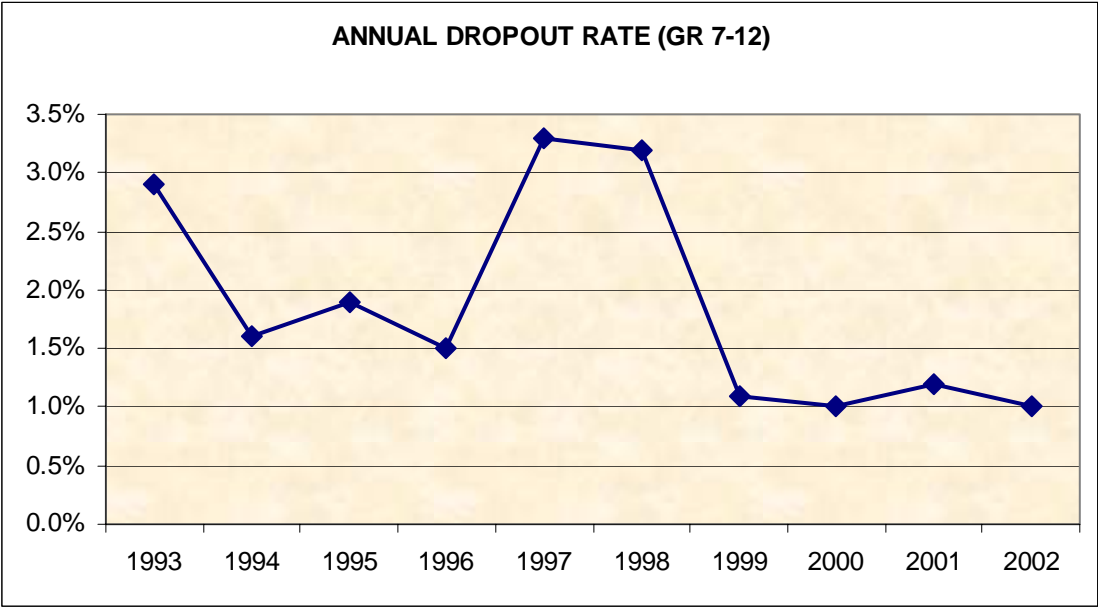
2002-2003 TAKS PERFORMANCE											
Indicator:	State	Region	District	African	Hispanic	White	Male	Female	Sp. Ed.	Eco Dis.	LEP
TAKS Met Standard Grade 10											
Eng Lang Arts	72.80%	67.10%	54.90%		54.5%	76.9%	49.7%	59.80%	9.50%	0.537	12.60%
Mathematics	74.20%	66.60%	57.60%		57.3%	75.0%	56.2%	58.80%	12.00%	0.569	29.90%
Science	69.60%	58.10%	46.80%		46.2%	84.6%	47.6%	46.00%	7.10%	0.449	15.40%
Soc Studies	86.80%	81.50%	70.50%		70.3%	85.7%	71.1%	69.90%	22.10%	0.694	40.00%
All Tests	53.30%	43.10%	32.80%		32.4%	64.3%	31.2%	34.50%	0.80%	0.316	6.00%
TAKS Met Standard Grade 11											
Eng Lang Arts	69.80%	67.30%	56.00%		55.6%	85.7%	50.0%	61.80%	19.40%	0.538	15.40%
Mathematics	68.50%	61.80%	46.00%		46.1%	42.9%	45.4%	46.60%	19.40%	0.451	24.80%
Science	67.90%	59.20%	39.70%		39.4%	*	40.0%	39.40%	8.60%	0.37	8.30%
Soc Studies	90.20%	86.60%	73.80%		73.9%	100.0%	73.7%	74.00%	31.10%	0.724	45.40%
All Tests	49.80%	44.40%	30.30%		30.0%	54.5%	29.0%	31.60%	7.10%	0.282	4.70%



Source: Texas Education Agency AEIS Reports

**LAREDO INDEPENDENT SCHOOL DISTRICT
ANNUAL DROPOUT AND ATTENDANCE RATES**

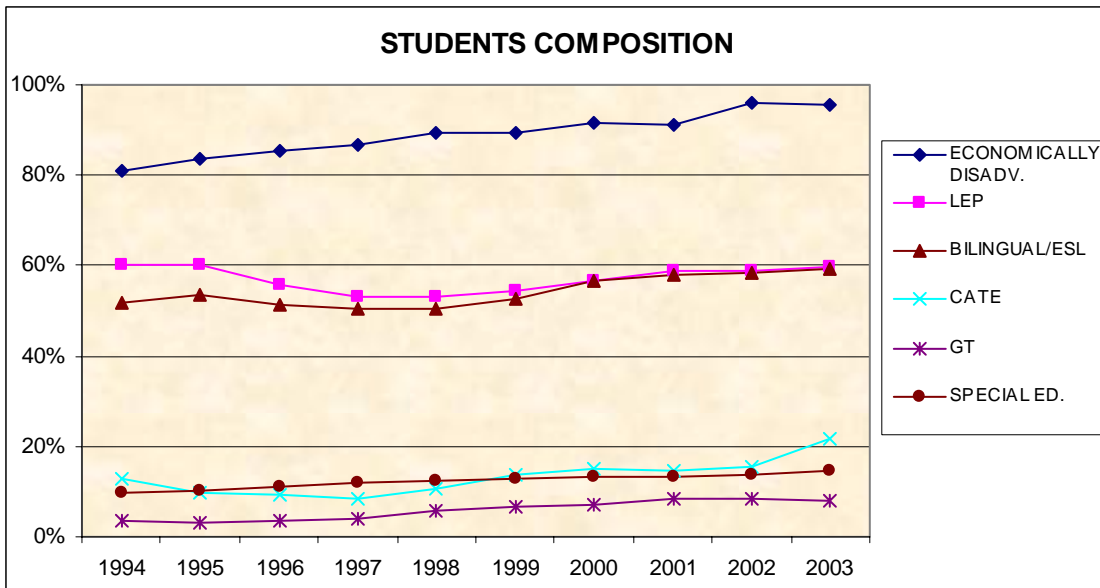
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
ANNUAL DROPOUT RATE (GR 7-12)	2.9%	1.6%	1.9%	1.5%	3.3%	3.2%	1.1%	1.0%	1.2%	1.0%
ATTENDANCE RATE	96.5%	96.4%	96.7%	96.3%	96.3%	96.3%	96.5%	96.7%	96.2%	96.4%



Source: Texas Education Agency AEIS Reports

**LAREDO INDEPENDENT SCHOOL DISTRICT
STUDENT DEMOGRAPHICS/COMPOSITION**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
AFRICAN AMERICAN	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
HISPANIC	97.9%	98.0%	98.1%	98.2%	98.2%	98.3%	98.5%	98.9%	99.1%	99.2%
WHITE	1.9%	1.8%	1.7%	1.6%	1.6%	1.5%	1.3%	0.9%	0.8%	0.7%
ASIAN/PACIFIC ISL.	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
NATIVE AMERICAN	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ECONOMICALLY DISADV.	80.9%	83.7%	85.3%	86.6%	89.2%	89.5%	91.4%	91.1%	96.2%	95.5%
LEP	60.4%	60.1%	55.6%	53.1%	53.0%	54.2%	56.8%	58.7%	58.9%	59.9%
BILINGUAL/ESL	51.9%	53.5%	51.4%	50.3%	50.6%	52.5%	56.5%	57.8%	58.6%	59.4%
CATE	13.0%	9.9%	9.2%	8.4%	10.7%	13.8%	15.1%	14.7%	15.6%	21.7%
GT	3.7%	3.2%	3.6%	4.0%	5.7%	6.5%	7.0%	8.3%	8.6%	7.9%
SPECIAL ED.	9.9%	10.1%	11.3%	11.8%	12.4%	12.8%	13.2%	13.1%	13.8%	14.5%



Source: Texas Education Agency AEIS Reports

**Academic Excellence Indicator System
2002 - 2003 District Profiles**

STUDENTS	LAREDO		CORPUS CHRISTI		SOCORRO		EDINBURG		HARLANDALE		EDGEWOOD		EAGLE PASS		SOUTH SAN ANTONIO		GALENA PARK	
	AA	AA	AA	AA	AA	AA	AA	AA	RE	AA	RE	AA	RE	AA	AA	AA	E	
1 Accreditation Status	29	3	34	63	29	33	28	24	23	23	18	23	18	23	18	23	23	23
3 No. of Regular High Schools	23,881	30,655	39,268	29,919	23,985	14,365	13,153	13,006	10,018	19,986	21.4	65	12	12	1.8	67	12	12
4 Total Students	0.1	99.2	0.7	0.1	95.5	15	59	22	8	96	1	1	1	1	1	1	1	1
5 % African American	99.2	0.7	0.1	95.5	15	59	22	8	96	1	1	1	1	1	1	1	1	1
6 % Hispanic	0.1	99.2	0.7	0.1	95.5	15	59	22	8	96	1	1	1	1	1	1	1	1
7 % White	95.5	15	59	22	8	96	1	1	1	1	1	1	1	1	1	1	1	1
8 % Other	95.5	15	59	22	8	96	1	1	1	1	1	1	1	1	1	1	1	1
9 % Economically Disadvantaged	15	59	22	8	96	1	1	1	1	1	1	1	1	1	1	1	1	1
10 % Special Education	59	22	8	96	1	1	1	1	1	1	1	1	1	1	1	1	1	1
11 % Bilingual/ESL Education	22	8	96	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
12 % Career & Technology Ed	8	96	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
13 % Gifted & Talented	96	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
14 Attendance Rate	1	1,360	2,119	1,533	1,038	800	622	582	474	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077
15 Annual Dropout Rate (01-02)	1,080	90.6	94.9	95.9	93.5	93.5	90.9	95.1	94.2	93.9	93.9	93.9	93.9	93.9	93.9	93.9	93.9	93.9
16 No. of Graduates (Class of '02)	91.8	78.5	84.3	83.5	80.2	84.7	76.6	79.1	80.6	86.3	86.3	86.3	86.3	86.3	86.3	86.3	86.3	86.3
TAKS	80	79	85	87.6	85.7	85.8	80.8	85.7	85.3	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4
17 All Tests Taken	61.9	69.4	70.6	71.6	72.3	75.5	63.6	75.7	67.4	80.2	80.2	80.2	80.2	80.2	80.2	80.2	80.2	80.2
18 Reading	100	93	94.3	95.5	94	83	92	-	98	95	95	95	95	95	95	95	95	95
19 Writing	91.8	91	94.8	95.9	97	94	91	95	94	93	93	93	93	93	93	93	93	93
20 Mathematics	93.8	93	95.9	97	96	94	95	96	98	95	95	95	95	95	95	95	95	95
21 African American	78.5	91.4	94.2	95.8	80	94	100	91	97	95	97	97	97	97	97	97	97	97
22 Hispanic	92	91	95.1	95.8	93	94	70.8	95	94	94	94	94	94	94	94	94	94	94
23 White	41	57	65	55	72	50	48	55	60	46.2	46.2	46.2	46.2	46.2	46.2	46.2	46.2	46.2
24 Other	6	10	22.4	10	7	4	3	5	4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Economically Disadvantaged	829	883	963	878	906	801	809	855	812	885	885	885	885	885	885	885	885	885
25 Economically Disadvantaged	16.2	17	19	18.5	16.7	16.9	15.4	18.6	16.1	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5

COLLEGE ADMISSIONS TESTS (Class of '02)	LAREDO		CORPUS CHRISTI		SOCORRO		EDINBURG		HARLANDALE		EDGEWOOD		EAGLE PASS		SOUTH SAN ANTONIO		GALENA PARK	
	AA	AA	AA	AA	AA	AA	AA	AA	RE	AA	RE	AA	RE	AA	AA	AA	E	
26 Percent Tested	41	57	65	55	72	50	48	55	60	46.2	46.2	46.2	46.2	46.2	46.2	46.2	46.2	46.2
27 Percent at or above Criterion	6	10	22.4	10	7	4	3	5	4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
28 SAT Mean Score	829	883	963	878	906	801	809	855	812	885	885	885	885	885	885	885	885	885
29 ACT Mean Composite Score	16.2	17	19	18.5	16.7	16.9	15.4	18.6	16.1	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5

**Academic Excellence Indicator System
2002 - 2003 District Profiles**

	STAFF												
	LAREDO	UNITED	CORPUS CHRISTI	SOCORRO	EDINBURG CONS	HARLANDALE	EDGEWOOD PASS	EAGLE PASS	SOUTH SAN ANTONIO	GALENA PARK			
30 Total Staff FTE	3,458	4,425	3,129	3,468	3,389	2,178	1,858	1,774	1,362	2,608			
31 Total Teacher FTE	1,515	1,944	2,501	1,759	1,575	984	806	761	672	1,379			
32 % Central Administration	0	0	1	1	0	1	0	0	1	1			
33 % Campus Administration	2	3	3	2	2	3	2	2	3	3			
34 % Professional Support Staff	9	7	9	8	8	9	10	6	6	6			
35 % Teachers	44	44	50	51	46	45	43	43	49	51			
36 % Educational Aides	13	13	11	6	12	9	10	14	13	6			
37 % Auxillary Staff	32	33	27	32	33	33	34	35	28	31			
38 Avg. Central Admin. Salary	77,758	82,269	80,782	66,162	91,774	79,345	85,260	72,231	70,255	80,774			
39 Avg. Campus Admin. Salary	64,315	45,900	57,206	63,658	62,035	63,265	56,095	61,481	58,048	62,170			
40 Avg. Professional Admin. Salary	46,950	46,722	53,588	46,942	48,655	49,308	45,900	51,346	50,790	50,423			
41 Avg. Teacher Salary	40,392	37,235	42,349	38,451	39,361	40,379	40,169	40,130	42,883	39,715			
42 % Minority	96	94	63	78	93	72	81	93	74	50			
43 No. of Students per Teacher	16	16	15.7	17	16	15	16	17	15	15			
TEACHERS													
44 Avg. years of Experience	13.3	8.8	14.1	10.5	11.9	10.9	11.7	11.7	12.9	9.3			
45 % With Advanced Degrees	14.3	13.2	42.5	21.9	13.6	26.2	21.9	17.5	33.8	23.8			
46 Teacher Turnover Rate	11.5	13.4	10.5	11	12	16.3	19.6	9.8	12.4	13.9			
47 % African American	0	0	3	2	0.1	3	5	0.1	2	21			
48 % Hispanic	92	87	45	65	89	58	62	88	57	19			
49 % White	6	10	51	33	11	38	32	11	40	57			
50 % Other	2	2	1	1	0.4	1	1	0.8	0.9	4			
51 % Regular Education	58	61	75	64	44	72	77	48	50	68			
52 % Special Education	10	10	12	9	8	13	9	8	9	7			
53 % Compensatory Education	2	5	3	0	2	0.2	5	0.9	7	0.7			
54 % Bilingual/ESL Education	17	16	0	19	31	9	2	28	20	14			
55 % Career & Technology Ed	5	5	4	5	5	4	4	4	4	5			
56 % Other Ed. (Includes G & T)	9	4	7	4	11	2	3	11	10	5			

**Academic Excellence Indicator System
2002 - 2003 District Profiles**

	LAREDO	UNITED	CORPUS	CHRISTI	SOCORRO	EDINBURG	HARLANDALE	EDGEWOOD	EAGLE	SOUTH	GALENA
						CONS		PASS	SAN ANTONIO		PARK
TAXES AND REVENUES											
57 Taxable Value per Pupil	56,787	156,213	172,248	99,058	116,764	57,942	44,734	73,272	70,909	168,819	
58 Equalized Total Tax Rate	1,503	1,477	1,59	1,616	1,551	1,756	1,574	1,354	1,73	1,714	
59 Total Revenue	156,994,871	190,433,864	260,400,318	202,559,368	178,786,947	106,644,829	93,368,604	79,289,613	73,908,938	140,136,574	
60 Total Revenue per Pupil	6,574	6,212	6,631	6,770	7,454	7,424	7,099	6,096	7,378	7,012	
61 % State	77	58	51	71	64	77	84	75	76	54	
62 % Local and Other	13	37	42	23	27	17	10	18	18	42	
63 % Federal	7	6	4	5	10	6	7	7	6	4	
FUND BALANCES											
64 Fund Balance (End of 01-02)	12,972,814	17,149,282	40,927,457	19,774,086	17,465,563	6,880,003	20,036,825	4,475,843	15,144,414	19,166,321	
65 % Fund Balance (of 02-03 Budget)	9	10	18	12	11	7	23	8	22	16	
EXPENDITURES											
66 Total Expenditures	159,315,916	192,170,638	259,959,507	202,559,311	179,473,649	108,795,215	93,206,587	78,910,612	77,835,988	141,506,812	
67 % Instructional	59	56	59	55	54	51	53	56	58	57	
68 % Central Administrative	3	4	3	3	3	3	5	4	3	4	
69 % Campus Administrative	6	7	6	5	4	7	5	6	5	5	
70 % Plant Services	10	11	11	13	11	13	12	10	9	13	
71 % Other Operating	1	2	2	2	2	2	2	2	1	2	
72 % Non-Operating	13	12	7	14	14	12	7	5	11	10	
73 Total Operating Expenditures	139,459,265	169,038,558	242,517,629	175,356,716	155,240,666	96,198,440	86,323,588	74,945,986	69,625,895	127,763,825	
74 Total Operating Exp. per Pupil	6,671	6,269	6,620	6,770	7,483	7,574	7,086	6,067	7,770	7,080	
INSTRUCTIONAL EXPENDITURES											
75 Total Instructional Expenditures	82,687,701	95,404,718	141,070,964	96,125,619	83,487,204	49,274,850	45,784,703	41,608,326	39,459,553	71,908,869	
76 Total Instructional Exp. per Pupil	3,556	3,188	3,719	3,285	3,589	3,513	3,617	3,249	4,096	3,717	
77 % Regular Education	71	70	75	64	52	62	72	69	60	79	
78 % Special Education	12	12	14	9	8	15	11	9	11	9	
79 % Compensatory Education	8	9	5	0	9	7	11	7	8	6	
80 % Bilingual/ESL Education	3	2	0.2	19	22	11	1	2	14	1	
81 % Career & Technology Ed.	5	5	4	5	5	3	4	4	5	4	
82 % Gifted & Talented Ed.	1	1	0.4	1	3	0.8	0.2	9	3	0.5	

"L15" indicates that more than zero, but less than five students were in this category; therefore, results are masked to protect the students' anonymity.



PADGETT, STRATEMANN & CO., L.L.P.

Certified Public Accountants and Business Advisors

Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting Based
on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

To the Board of Trustees
Laredo Independent School District

We have audited the basic financial statements of Laredo Independent School District (the "District") as of and for the year ended August 31, 2004, and have issued our report thereon dated November 19, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the basic 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 consider to be material weaknesses.

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We also noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated November 19, 2004.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, the 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.

Padgett, Strickman + Co., L.L.P.

Certified Public Accountants
November 19, 2004



PADGETT, STRATEMANN & CO., L.L.P.

Certified Public Accountants and Business Advisors

Independent Auditors' Report on Compliance
With Requirements Applicable to Each Major
Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133

To the Board of Trustees
Laredo Independent School District

Compliance

We have audited the compliance of Laredo Independent School District (the "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, 2004. The District's major federal programs are identified in the summary of auditors' 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 the District's management. Our responsibility is to express an opinion on the 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 Nonprofit 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 the 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 the District's compliance with those requirements.

In our opinion, the 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, 2004.

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Internal Control Over Compliance

The management of the 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 the 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 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 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 consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, the 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.

Padgett, Stroutman & Co., L.L.P.

Certified Public Accountants
November 19, 2004

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2004

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' 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 auditors' 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>
84010	Title I – Part A
84340	Class Size Reduction
84027 & 84173	Idea B – Cluster
84365	Limited English Proficiency

Dollar threshold used to distinguish between Type A and type B programs: \$957,593

Auditee qualified as low-risk auditee? X Yes _____ No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LAREDO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2004

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None	-	No prior year findings

LAREDO INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

YEAR ENDED AUGUST 31, 2004

Program

Corrective Action Plan

None

No current year findings



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**LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2004**

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Grantor's Number/NOGA ID #	(3) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
	Direct programs:			
199	Impact aid	84.041	N/A	\$ 1,423
<u>U.S. DEPARTMENT OF DEFENSE</u>				
199	ROTC	12.999999999	N/A	129,969
	TOTAL DIRECT PROGRAMS			131,392
<u>Passed Through State Department of Education</u>				
204	Drug Free Schools and Communities Act Total CFDA Number 84.186A	84.186A	4691001240901	186,785 <u>186,785</u>
211	ESEA Title I, Part A	84.010A	4610101240901	14,923,999
211	ESEA Title I, Part A F05 Total CFDA Number 84.010A	84.010A	5610101240901	356,911 <u>15,280,910</u>
212	ESEA Title 1, Part C Migrant	84.011	4691001240901	184,098
212	ESEA Title 1, Part C Migrant F05 Total CFDA Number 84.011	84.011	5691001240901	13,455 <u>197,553</u>
224	IDEA B, Formula	84.027	466000124090122	3,293,395
224	IDEA B, Formula - F05 Total CFDA Number 84.027	84.027	566000124090133	77,629 <u>3,371,024</u>
225	IDEA B, Preschool	84.173	466100124090122	27,218
225	IDEA B, Preschool - F05 Total CFDA Number 84.173	84.173	566100124090133	2,334 <u>29,552</u>
226	IDEA B, Discretionary (Deaf) Total CFDA Number 84.027	84.027	466000224090122	8,407 <u>8,407</u>
227	IDEA B, Formula (Deaf) Total CFDA Number 84.027	84.027	466000124090122	7,647 <u>7,647</u>
228	IDEA B, Preschool (Deaf) Total CFDA Number 84.027	84.027	466100124090122	4,248 <u>4,248</u>
235	ESEA Title V	84.298	4685001240901	167,559
235	ESEA Title V Total CFDA Number 84.298	84.298	5685001240901	1,562 <u>169,121</u>
243	Tech Prep. Planning/Implementation	84.243A	NA	24,457 <u>24,457</u>
244	Vocational Education	84.048A	442000624090101	422,315
	Vocational Education - F05 Total CFDA Number 84.048A	84.048A	542000624090101	11,081 <u>433,396</u>
253	IDEA Part C, Early Intervention Total CFDA Number 84.181	84.181	439110124090111	146 <u>146</u>
262	Title II, Part D Technology Total CFDA Number 84.334A	84.318X	4630001240901	365,761 <u>365,761</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2004**

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Grantor's Number/NOGA ID #	(3) Federal Expenditures
263	LEP Program Total CFDA Number 84.334A	84.365A	451100120200500	<u>501,337</u> <u>501,337</u>
281	Tools For Schools Total CFDA Number 84.334A	84.334A	351100120200500	<u>2,498</u> <u>2,498</u>
283	Target Grant Total CFDA Number 84.334A	84.334A	451100120200500	<u>121,479</u> <u>121,479</u>
286	Gear Up Total CFDA Number 84.334A	84.334A	451100171100444	<u>300,341</u> <u>300,341</u>
287	Title II Part A	84.367A	4694501240901	4,236,545
287	Title II Part A - F05 Total CFDA Number 84.367A		5694501240901	<u>51,520</u> <u>4,288,065</u>
TOTAL DEPARTMENT OF EDUCATION				<u>25,292,727</u>
U.S. DEPARTMENT OF AGRICULTURE				
242	Summer Feeding Program	10.559	N/A	<u>408,873</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>408,873</u>
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH STATE DEPARTMENT OF EDUCATION:				
101	National School Lunch Program	10.555	N/A	9,538,944
101	USDA Donated Commodities	10.555	N/A	<u>701,717</u>
TOTAL DEPARTMENT OF AGRICULTURE				<u>10,240,661</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ 36,073,653</u>
Total Federal Assistance				\$ 36,073,653
199	School Health and Rel Svc	-	N/A	143,414
199	Medicaid Adm. Costs	93.778	N/A	<u>246,530</u>
Total Federal Revenue Per Schedule C-2				<u>\$ 36,463,597</u>

*** Federal revenues in the General Fund total \$11,299,140. Of this amount, \$129,969 was for ROTC salaries, \$1,423 was for Impact Aid and \$10,240,661 was for U.S. Department of Agriculture programs. The federal revenues in the General Fund also include \$246,530 for the Medicaid Administrative Claim Program(MAC Program) and \$143,414 for the School Health and Related Services(SHARS) programs for special education students in Medicaid. Indirect costs of \$537,143 are also included in the federal revenues in the General Fund.

*** General Fund (199) includes indirect costs revenues from fund 404 in the amount of \$63,274. Since fund 404 is a state grant, it is not included in the schedule of expenditures of federal awards.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2004

1. The District utilizes the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide (FASRG).

General Fund - is accounted for, among other things, resources related to the United States Department of Education's Impact Aid program. The funds are realized for payment in lieu of taxes and are to be used for current general operating expenditures.

Special Revenue Funds - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Funds - are used to account for, among other things, resources related to the U.S. Department of Education's Impact Aid Section 8008 reimbursement and for construction grants from the Department of Defense. These funds are restricted for construction expenditures.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the General Fund, the Special Revenue Funds, or the Capital Projects Funds, components of the Governmental Fund type. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both measurable and available), and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable, available financial resources.

Federal grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H period of availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement* - March 2002.



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It is the policy of the
Laredo Independent School District
not to discriminate on the basis
of race, color, national origin,
gender, limited English proficiency,
or handicapping condition
in its programs.



On the cover CW:
Livier Peña, Amanda Ramos,
Cristian Salas, Adriana Muñoz