



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2012



LAREDO INDEPENDENT SCHOOL DISTRICT

Laredo, Tx | www.laredoisd.org



**Laredo Independent School District
Comprehensive Annual Financial Report
For the Year Ended
August 31, 2012**

Prepared by:

Division of Finance

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INTRODUCTORY SECTION



**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2012**

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Dr. A. Marcus Nelson
Superintendent of Schools



1702 Houston St. • Laredo, Texas 78040 • Ph. 956-273-1070

***Board of Trustees
2012-2013***



Hector J. Garcia,
President, District 6

January 24, 2013

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



Dr. Cecilia M. Moreno
Vice President, District 5

Dear Board Members and Taxpayers:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Laredo Independent School District (the “District”) for the fiscal year ended August 31, 2012. The report was prepared by the District’s Division of Finance. The basic financial statements have been audited by the independent accounting firm of Weaver and Tidwell, LLP, whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board (“GASB”).



John Amaya
Secretary, District 3

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 all material respects 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.



Jose A. Valdez
Trustee, District 1

United States 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



Jesus Martinez
Trustee, District 2

The District is an independent school district, founded in 1882, governed by a seven-member Board of Trustees (the “Board”). The Board has governance responsibility over all activities related to public school education within the District. The District is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board Statement No. 14. The District has one blended component unit which is the Laredo Independent School District Public Facility Corporation (the “Corporation”). As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) and its component unit in conformity with GASB Statement No. 14, The Financial Reporting Entity.



Ricardo Garza
Trustee, District 4

In accordance with GASB Statement No. 14, a financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the District are financially accountable, or for which the relationship to the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. The District’s blended component unit, although a legally separate entity, is in substance part of the District’s operations and data from this unit is combined with data of the primary government.



Jose R. Perez, Jr.
Trustee, District 7

The criteria used to determine whether an organization is a component unit of the District include financial accountability of the District for the component unit, appointment of a voting majority, ability to impose the District's will on the component unit, and whether there is a financial benefit or burden to the District. For financial reporting purposes, the Corporation is included in the operations and activities of the District because of the fiscal dependency criteria outlined in GASB Statement No. 14.

The Corporation, a non-profit corporation, is governed by a seven member Board composed of the members of the District. Although it is legally separate from the District, the Corporation is reported as if it were part of the primary government because its sole purpose is to assist in financing construction and furnishing the District's school facilities. To accomplish the financing of these facilities, the Corporation has issued lease revenue bonds and entered into a lease with the option to purchase agreement with the District. The District will pay to the Corporation such lease payments at such times and in such amounts as will be required to pay principal and interest on the bonds.

District officials must comply with state and federal laws and regulations, but the Board has complete authority, including adoption and setting of tax rates. Financial statements for the component unit can be obtained from the LISD website at www.laredoisd.org/board/meetings2.html. Select the Board Packet column, click on view for the selected date, scroll down to the PFC Agenda and click on the monthly reports item to view the financial information.

Services Provided

The District provides a safe learning environment that ensures a quality education. Beginning with the 20 elementary schools, four middle schools, and extending through the four high schools (including Early College High School), students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. In addition, in the four middle schools a diversified group of elective subjects is added to the required studies, including, career studies, art, band, choir, orchestra, mariachi band and a foreign language. Similar individual educational needs continue at the four high schools.

Additionally, 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 that offers our students courses of study towards industry certifications to prepare them for related careers.

Enrollment

Our enrollment for school year 2011-2012 was 24,788 students of which 5,746 (23%) students were enrolled at the high school level, 4,766 (19%) at the middle school level, and 14,276 (58%) at the elementary level.

Over 97% of our students are classified as economically disadvantaged; 60% as limited English proficiency (LEP), 8% as Special Education, and 8% participate in Gifted and Talented courses. In addition, 20% of high school and middle school students take Career and Technology courses.

Mission Statement

The mission of the District is to ensure that all students achieve their potential and graduate as bilingual, bi-literate, and be responsible adults with the skills to succeed in higher education, the workforce, or the military.

District Goals

Goal I: By the year 2014, Laredo Independent School District shall have created an innovative system of learning that empowers each student to develop and realize their unique talents in a way that meets or exceeds federal, state and local academic mandates.

Goal II: By the year 2014, Laredo Independent School District shall be recognized for a comprehensive student support system that fosters social and psychological development of all students. This system will promote a safe and secure, drug-free learning environment through innovative safety programs and by fostering mutual respect for all members of the school community.

Goal III: By the year 2014, Laredo Independent School District shall be recognized for its collaborative partnerships with parents, community institutions, business entities, and schools that combine to support student achievement.

Goal IV: By the year 2014, Laredo Independent School District shall be recognized for its programs which support health and wellness for employees and students.

Goal V: By the year 2014, the stewardship of district resources will maintain financial stability and commit to the highest standards of ethical transparency, and integrity in all our business practices related to district achievement, district operations, and instruction.

Goal VI: By the year 2014, Laredo Independent School District will create and sustain a plan of action to focus on the recruitment, development, retention, and support of highly qualified faculty and staff.

Achievements

The District received its ninth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2011. 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. On January 2010, the Metropolitan Statistical Area (MSA) reported population at about 236,091 for Laredo. With over 500,000 living across the river in Nuevo Laredo, both cities have a combined population of 736,091. Our District is an inner city district which serves the community of Laredo and Webb County. While the District serves a population slightly over 100,000, we expect enrollment to remain relatively constant over the next several years at about 25,000. Average daily attendance (ADA) drives school funding and it has remained flat on an average annual basis of about 97%. The district continues to work with students to reduce truancy rates.

Laredo, Texas, best known for its geographic location as the number one port along the US and Mexico Border, with one international airport, one rail bridge and four vehicles bridges (two for commercial and three for private vehicles), is in the center of a vibrant era. This era includes the passage of the North American Free Trade Agreement, which has enhanced trade between the United States and Mexico, providing for a growing tax base and attracting new industries in the City. However, due to an increase in property exemptions and reductions, the District has experienced a slender decline in assessed values. The District's matured base is mostly built out so increases to its values in the future will come from revaluations and revitalization projects. The top 10 taxpayers account for about 10% of the assessed values.

The District's financial position has experienced surpluses in the last five years. The increase in fund balance is an indicator of sound financial management mainly attributed to the enforcement of efficiency measures reflected in improvement plans, application of staffing formulas, and elimination of costs not aligned with academic achievement and funding sources.

Financial Policies and Long-Term Financial Planning

The Superintendent's office and the executive staff oversee and coordinate all the elements involved in the strategic and financial planning process of the District. The planning process begins with demographic projections of student growth and the needs for classroom space. The District's student population experiences minimal growth annually as the District boundaries are locked. The classroom environment is determined by the Division of Curriculum and Instruction in their strategic planning for meeting the educational needs of our students and community. The educational planning process identifies the financial needs of the District and determines the proper allocation of District resources.

The District is towards the end of construction projects in which every school will either be renovated or newly constructed. The construction projects began in 1999 with the sale of \$144,000,000 of bonds. With the addition of more bond sales, it reached \$419,230,133 in original general obligation issues in year 2007. The estimated final completion date for these projects is August 2015.

During the year, the Board approved policy establishing a capital improvement plan as a tool to assess long-term capital project requirements. This plan will assist the district in the prioritizing and financing of upcoming improvement projects. In

addition, the capital improvement policy will prove beneficial during the assessment of the District's financial management by credit agencies.

It is the responsibility of the Division of Finance to oversee all finance related issues, including the investment of construction funds for maximization of interest earnings, and to provide financial status reports to the Board with the objective of assisting in the accountability and decision-making process.

Other 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, procurement, tax office collections, risk management, federal programs, 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 computer hardware includes file servers as well as numerous personal computers and laptops. The Alio software is used and deployed on an Oracle database and runs on Windows servers. The District utilizes Weidenhammer who develops and support the Alio suite of financial and human resources software, 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 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 a Site-Based Decision Making (SBDM) committee made up of the campus principal, teachers, and administrators. Their role is to build consensus and support all efforts consistent with reaching the campus goals and objectives. SBDM committee members, department directors and administrators are involved in the budgetary cycle.

Subsequent budget amendments must be approved by the Board for the General Fund Budget. For Special Revenue Funds, budget amendments are approved subject to the approval by the granting agency. A summary of all amendments is presented to the Board on a monthly basis. 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.

Independent Audit

The Texas Education Agency requires 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 firm of Weaver and Tidwell, LLP, was selected by the District and approved by the Board. 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, as amended, 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 the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2011. This was the fifteenth consecutive year that the District has achieved this prestigious award. In order to be awarded this Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, GFOA awarded the Distinguished Budget Presentation Award for the fiscal period September 1, 2011 thru August 31, 2012.

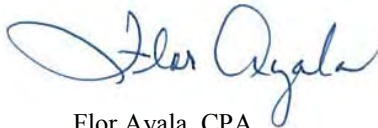
Acknowledgments

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

We would also like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, Weaver and Tidwell, LLP.

Furthermore, we would like to especially acknowledge the President of the Board and the Board of Trustees who have consistently supported the school district's goals of excellence in all aspects of financial management.

Sincerely,

A handwritten signature in blue ink that reads "Flor Ayala". The signature is fluid and cursive, with a large initial "F" and "A".

Flor Ayala, CPA
Chief Financial Officer

**LAREDO INDEPENDENT SCHOOL DISTRICT
DISTRICT OFFICIALS, STAFF & CONSULTANTS
AUGUST 31, 2012**

ELECTED OFFICIALS

Board of Trustees	Length of Service	Occupation
Jose R. Perez President	4 Years	Retired Educator
Hector Garcia Vice-President	2 Years	Assistant Manager – La Posada
Dr. Cecilia May Moreno Secretary	2 Years	Webb County Purchasing Agent
Jose A. Valdez Trustee	15 Years	Retired
Jesus Martinez Trustee	4 Years	Retired Educator
John Amaya Trustee	2 Years	Webb County Utilities Systems Manager
George M. Beckelhimer Trustee	10 Years	Business Owner – L. Buffalo Pawn Shops

APPOINTED OFFICIALS

A. Marcus Nelson, Ed.D.....	Superintendent of Schools
David Garza.....	Executive Director for Human Resources
Flor Ayala, CPA.....	Chief Financial Officer
Linda Theret.....	Asst. Superintendent, Curriculum & Instruction
Miguel Munoa.....	Chief Technology Officer
Raymundo Villarreal.....	Asst. Superintendent, Plant Facilities & Support Services

CONSULTANTS & ADVISORS

Financial Advisor	Estrada-Hinojosa & Company, Inc. Dallas and San Antonio, Texas
Bond Counsel	Escamilla & Poneck, Inc. San Antonio, Texas
Certified Public Accountants	Weaver and Tidwell, LLP Fort Worth, Texas
General Counsel	Kazen, Meurer & Perez, Attorneys-at-Law Laredo, Texas

LAREDO INDEPENDENT SCHOOL DISTRICT

Board of Trustees August 31, 2012



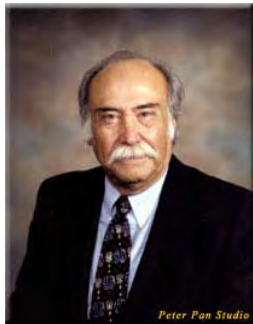
Jose R. Perez
President
District 7



Hector Garcia
Vice-President
District 6



Dr. Cecilia May Moreno
Secretary
District 5



Jose A. Valdez
Trustee
District 1



Jesus Martinez
Trustee
District 2



John Amaya
Trustee
District 3



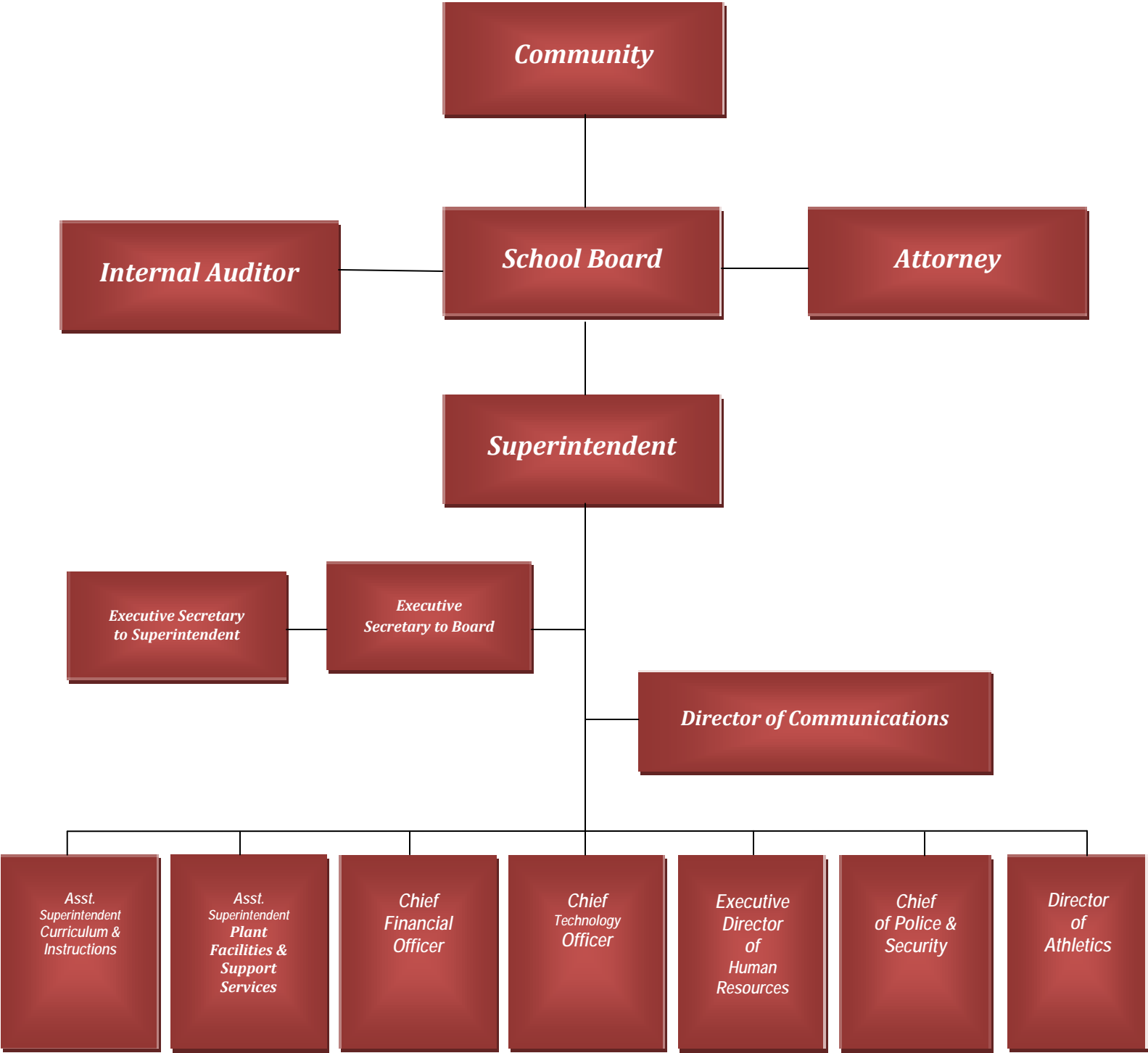
George M. Beckelhymer
Trustee
District 4

Superintendent of Schools



Dr. A. Marcus Nelson
August 3, 2009 to Present

LAREDO INDEPENDENT SCHOOL DISTRICT
Organizational Chart
August 31, 2012



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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Emer

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, 2012 at a meeting of the Board of Trustees of such school district on the 17th day of January, 2013.

John Amaya

Signature of Board Secretary

Scott M. Lewis

Signature of Board President

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

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Laredo Independent School District
Laredo, Texas

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, 2012, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2012 and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of Laredo Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule: Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laredo Independent School District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, TEA Required Schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, TEA Required Schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 11, 2013

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)**

This section of the 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, 2012. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and related footnote disclosures.

FINANCIAL HIGHLIGHTS

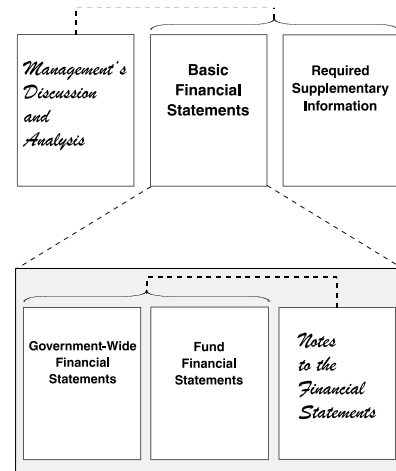
- The assets of the District exceeded its liabilities at the close of fiscal year by \$223,482,530 (net assets). Of this amount, \$76,310,038 (unrestricted net assets) may be used to meet the government’s ongoing operations.
- During the year, the District’s governmental expenses were \$7,090,389 less than the \$263,717,086 generated in revenues from governmental activities. The increase in earnings was due to the anticipation of surplus earnings and salary savings from unfilled positions and deletion of positions thru attrition and the enforcement of staffing formulas. In addition, the District continues to carefully evaluate each purchase to ensure effectiveness and efficiency in the delivery of services to our students and taxpayers.
- As of the close of the fiscal year, the District governmental funds reported combined ending fund balances of \$172,483,903, a decrease of \$11,338,453 in comparison with the prior year, primarily due to the completion of construction projects and repayment of debt.
- The unassigned fund balance for the general fund was \$62,570,104, translated to about 32% of the total general fund expenditures. The unassigned fund balance increased by \$3,659,199 or 6% and is available for spending at the government’s discretion. In addition, the Board of Trustees approved the assignment of \$5,000,000 for future budgetary contingencies.

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 show 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.

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



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-2 summarizes the major features of the District’s financial statements, including the portion of the District government covered and the types of information contained. 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>	Government-wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire District’s government (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	Statements of net assets Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of fiduciary assets and liabilities
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Modified accrual accounting and current financial 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	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<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 year end, expenditures when goods or services have been received and payment is due during the year or soon thereafter	Agency funds do not report revenue and expenditures

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 non-financial 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. State aid, 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 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.

As presented, the District maintains 47 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund and the Capital Projects Fund. The following are considered major funds for fiscal year ended 2012: General Fund, Title I, EDA 2005 Bond Series, and IFA 2006 Bond Series. Data from the other 43 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

- *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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budget to actual presentations for the General Fund in accordance with State Board of Education rules. In addition, budget to actual presentations for the Food Service Fund and the Debt Service Fund are included in the TEA Required Schedules section.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net assets were \$223,482,530 on August 31, 2012 (See Table A-1) of which 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 \$76,310,038.

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

	Governmental Activities		Percentage Change
	2012	2011	
Current assets and other assets	\$ 190,392,638	\$ 215,262,086	-12%
Capital assets	314,733,135	315,122,501	-0.1%
Total Assets	<u>505,125,773</u>	<u>530,384,587</u>	<u>-5%</u>
Current Liabilities	14,443,957	27,693,752	-48%
Non-Current Liabilities	267,196,286	286,298,694	-7%
Total Liabilities	<u>281,640,243</u>	<u>313,992,446</u>	<u>-10%</u>
Net assets:			
Investment in capital assets, net of related debt	115,519,722	129,424,249	-11%
Restricted	31,652,770	40,365,848	-22%
Unrestricted	76,310,038	46,602,044	64%
Total Net Assets	<u>\$ 223,482,530</u>	<u>\$ 216,392,141</u>	<u>3%</u>

Capital assets, which consist of the District's land, buildings and improvements, construction-in-progress and equipment, represent about 62% of total assets. The remaining assets consist mainly of investments, cash and cash equivalents, grants, property taxes receivable and deferred debt issuance cost. The slight decrease was due to the disposal of materials, equipment and supplies that were no longer necessary for District operations.

Ninety five percent of the District's largest liability is for the repayment of general obligation bonds. Other liabilities, representing about 5% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits. The number of sick/vacation days used and paid due to retirements during the fiscal year was \$448,839 and leave earned by employees increased by \$647,796. The debt to worth ratio, also called the leverage ratio, was 126%. This represented high debt financing which adds a level of risk, especially by creditors. However, the level of risk can be balanced with the state aid the District qualified at a rate of 73% of the annual general obligation debt.

The largest portion of the District's net asset (52%) reflects its investment in capital assets less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state aid), since the capital assets themselves cannot be used to liquidate these liabilities. The decrease in this year's amount was due to the proper classification of notes outstanding that were issued for capital improvements that also impacted the increase in unrestricted net assets.

An additional portion of the District's net assets (14%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets decreased by \$8,713,078. This decrease resulted primarily from the payment of the \$8,000,000 Qualified Zone Academy Bond (QZAB #1) that matured at the end of the year.

The District's current assets of \$190,392,638 were sufficient to cover current liabilities (to include debt due within one year) of \$36,042,129. This represents a current ratio of 5.28, which means that for every dollar the District owed there was \$5.28 available in current assets. By using the same formula and reducing current assets by the inventory amount, the quick ratio (acid test) decreased slightly to 5.25, which indicated a low risk of running out of working capital (\$153,315,245) to meet current obligations.

Governmental Activities

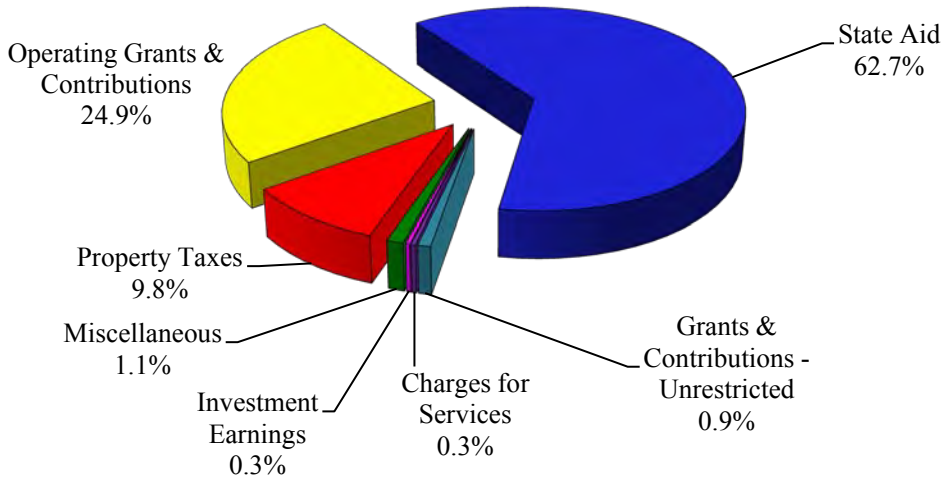
Governmental activities increased the District's net assets by \$7,090,389, accounting for a 3% increase in net assets for the District. Even though we had a reduction in funding, total revenues were greater than expenses because the District was strongly managing costs.

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

	Governmental Activities		Percentage Change
	2012	2011	
Revenues:			
Program revenues:			
Charges for services	\$ 843,029	\$ 721,610	17%
Operating grants and contributions	65,735,610	77,827,937	-16%
General revenues:			
Property taxes	25,731,321	25,795,610	-0.2%
State aid	165,355,519	166,315,755	-1%
Grants and contributions - unrestricted	2,301,647	5,278,634	-56%
Investment earnings	783,823	1,456,958	-46%
Miscellaneous	2,966,137	2,270,460	31%
Total Revenues	<u>263,717,086</u>	<u>279,666,964</u>	<u>-5.70%</u>
Expenses			
Instruction	140,108,277	134,847,028	4%
Instructional resources and media services	4,465,110	4,920,120	-9%
Curriculum and staff development	2,733,097	2,388,482	14%
Instructional leadership	3,853,769	4,594,040	-16%
School leadership	13,014,688	12,315,890	6%
Guidance, counseling, and evaluation services	7,496,736	8,006,556	-6%
Social work services	1,222,820	1,463,034	-16%
Health services	3,140,289	3,222,582	-3%
Student transportation	5,173,676	5,058,546	2%
Food services	16,726,252	16,435,137	2%
Extracurricular activities	4,120,248	4,001,848	3%
General administration	5,805,488	5,877,835	-1%
Plant maintenance and operations	22,447,885	21,067,890	7%
Security and monitoring services	4,205,124	8,753,039	-52%
Data processing services	7,844,613	3,538,788	122%
Community service	1,516,879	1,856,922	-18%
Interest on long-term debt	12,386,876	13,009,498	-5%
Bond Issuance Cost and Fees	300,252	279,195	8%
Payments related to shared services arrangements	6,000	6,000	100%
Payments to Juvenile Justice Alt. Education Program	58,618	72,443	-19%
Total Expenses	<u>256,626,697</u>	<u>251,714,873</u>	<u>1.95%</u>
Increase in net assets	7,090,389	27,952,091	-75%
Net assets at beginning of year	<u>216,392,141</u>	<u>188,440,050</u>	<u>15%</u>
Net assets at end of year	<u>\$ 223,482,530</u>	<u>\$ 216,392,141</u>	<u>3%</u>

The following chart highlights the District's revenues by funding source for the governmental activities. As illustrated, State Aid comprised 63% of the total revenues.

Figure A-3 District's Total Revenues

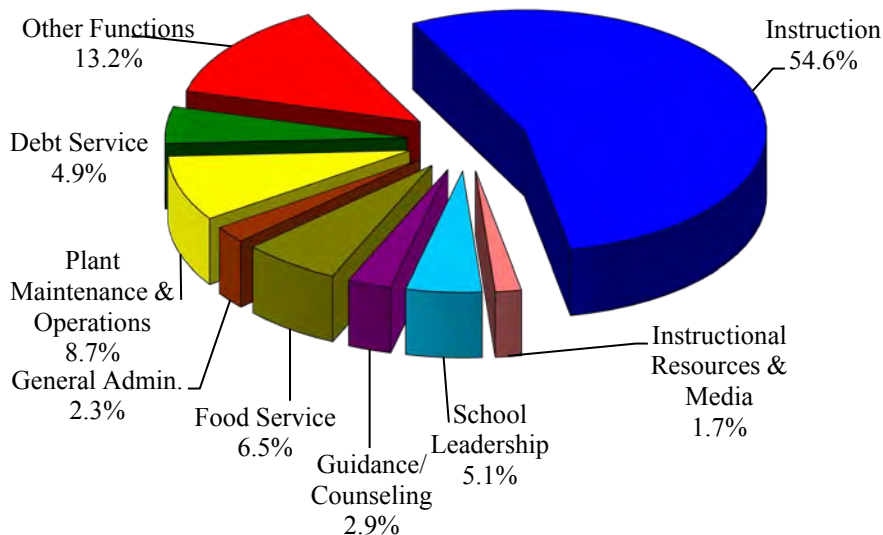


Total revenues were \$263,717,086. Total revenues for the District's governmental activities decreased by \$15,949,878 or 6% compared to the prior year. The major decrease was attributed to stimulus funding (ARRA and SFSF) that ended in 2011 affecting mainly Operating Grants and Contributions amounts.

Interest earnings were down by \$673,135 or 46% compared to last year. The average yield earned for the year ranged from .01% to .54% compared to rates in the prior fiscal year from .01% to 1.32%. The District's portfolio averaged a .42% at the last quarter of the year outperforming the rolling three and six months treasury yields which were at .05% and .08%, respectively.

The chart below presents the cost of each of the District's largest functions. Of the total expenses, instructional services represent the largest dollar expense at \$140,108,277 or 55%, followed by plant maintenance & operations at \$22,447,885 or 9%.

Figure A-4 - District's Functional Expenditures



Total expenses were \$256,626,697. Total expenses increased by \$4,911,824 or 2%. The increase in expenses was attributed to the one-time retention bonus awarded to qualified employees as a financial incentive to ensure continued productivity due to personnel reductions. The total cost of the bonus was \$7,926,901. A significant decrease in security and monitoring costs was mostly caused by \$2,695,985 worth of security equipment for the schools purchased with ARRA funds in 2011. ARRA funds were not available in year 2012.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$172,483,903 a decrease of \$11,338,453 or 6% in comparison with the prior year. The decrease was caused by the completion of major construction projects during the year. Of the combined fund balance, \$62,570,104 or 36% constitutes unassigned fund balance, which is available for spending at the district's discretion. The remainder of fund balance has been constrained and it is not available for new spending because it has already been dedicated : 1) to inventories \$1,035,264; 2) for Federal and State Grants \$5,996,416; 3) for capital acquisition and contractual obligations \$62,840,810; 4) for the retirement of long term debt \$14,453,416; 5) for new construction \$3,006,641; 6) for E-Rate projects \$1,150,642; 7) set-aside for future construction projects \$5,491,660, 8) for the payment of obligations rolled to the following year \$6,716; and 9) set-aside for future budgets \$5,000,000.

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$62,570,104, while total fund balance reached \$92,885,481. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33% of total general fund expenditures and net transfers out, while total fund balance represents 48% of total general fund expenditures and net transfers out.

The property tax rate remained the same at \$1.274, the opening levy decreased by \$99,923, less than one percent, as a result of decrease in certified taxable values from \$2,210,534,746 to \$2,208,434,168. Total General Fund revenues decreased by \$6,786,955 or 3% mostly because of the reductions in state aid to include the Science Labs funds. Yet, General Fund operating expenditures increased by \$4,809,326 or 3% mainly due to the one-time retention bonus granted to qualified employees of which \$3,048,276 was awarded to teachers.

The unassigned fund balance gives the District a balance that is the equivalent of 85 days of expenditures based on 260 days of operations at an average daily rate of \$763,041. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures. The District will be using the increase in the fund balance to maintain the two month minimum expenditures required by the District's policy and to continue supporting federal programs without interruption while the District waits for state and federal reimbursements.

Debt Service Fund. The Debt Service Fund ended with a total combined fund balance of \$14,453,416, most of which was reserved for the payment of Qualified Zone Academy Bonds (QZABs). The net decrease in fund balance during the current year in the combined Debt Service fund was 7,686,216. This decrease was primarily due to the payment of the Qualified Zone Academy Bond (QZAB#1) in the amount of \$8,000,000.

The District received funding and will continue to receive funding under the Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA) program to assist with the debt service payment on qualifying bonds and lease purchase agreements. The State provides a guaranteed yield of \$35 per penny of tax effort per unweighted average daily attendance, which translates to about 73% in state aid for the annual debt payments. Since not all of our debt qualifies, we use maintenance and operations (M&O) to pay for loans/notes such as QZABs.

Laredo Independent School District's Analysis of Debt Service Funds

	Debt Service Fund (511)			PFC - Debt Service Fund (512)		
	<u>2012</u>	<u>2011</u>	<u>Percent Change</u>	<u>2012</u>	<u>2011</u>	<u>Percent Change</u>
Revenues						
Property taxes	\$ 5,134,456	\$ 5,223,240	-1.70%	\$ 3,932	\$ 1,939	102.78%
State program revenues	<u>12,959,996</u>	<u>13,687,366</u>	<u>-5.31%</u>	<u>3,373,548</u>	<u>3,448,431</u>	<u>-2.17%</u>
Total revenues	<u>18,094,452</u>	<u>18,910,606</u>	<u>-4.32%</u>	<u>3,377,480</u>	<u>3,450,370</u>	<u>-2.11%</u>
Expenditures by function						
Principal Long Term Debt	17,469,302	12,864,652	35.79%	2,005,000	1,935,000	3.62%
Interest on Long Term Debt	9,468,126	8,318,812	13.82%	2,708,030	2,782,738	-2.68%
Other Fees	<u>3,950</u>	<u>274,311</u>	<u>-98.56%</u>	<u>15,000</u>	<u>15,000</u>	<u>0.00%</u>
Total Expenditures	<u>26,941,378</u>	<u>21,457,775</u>	<u>25.56%</u>	<u>4,728,030</u>	<u>4,732,738</u>	<u>-0.10%</u>
Other Financing Sources (Uses)	<u>1,283,829</u>	<u>4,401,809</u>	<u>-70.83%</u>	<u>1,227,431</u>	<u>1,321,443</u>	<u>-7.11%</u>
	1,283,829	4,401,809	-70.83%	1,227,431	1,321,443	-7.11%
Net change in fund balance	(7,563,097)	1,854,640	-507.79%	(123,119)	39,075	-415.08%
Fund balance, beginning	<u>21,661,088</u>	<u>19,806,448</u>	<u>9.36%</u>	<u>478,544</u>	<u>439,468</u>	<u>8.89%</u>
Fund balance, ending	<u>\$ 14,097,991</u>	<u>\$ 21,661,088</u>	<u>-34.92%</u>	<u>\$ 355,425</u>	<u>\$ 478,543</u>	<u>-25.73%</u>

Child Nutrition Fund. The Child Nutrition Fund has a total fund balance of \$4,299,756. The decrease in fund balance during the year was \$236,774. The child nutrition program cannot exceed three months average expenditures in the fund balance within the fiscal year which is calculated at \$4,121,934, which exceeds the fund balance requirement by \$177,822. The Child Nutrition administration will submit a plan to reduce the excess operating food service fund balance by the end of August 31, 2013.

Laredo Independent School District's Analysis of Child Nutrition Funds

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Local Sources	\$ 410,522	\$ 375,481	9.3%
State Program Revenues	98,247	96,607	1.7%
Federal Program Revenues	<u>15,742,194</u>	<u>15,779,619</u>	<u>-0.2%</u>
Total revenues	<u>16,250,963</u>	<u>16,251,707</u>	<u>0.0%</u>
Expenditures by function			
Food Service	16,231,856	15,758,439	3.0%
Facilities Maintenance and Operations	<u>255,879</u>	<u>134,901</u>	<u>89.7%</u>
Total Expenditures	<u>16,487,735</u>	<u>15,893,340</u>	<u>3.7%</u>
Net change in fund balance	(236,772)	358,367	-166.1%
Fund balance, beginning	<u>4,536,528</u>	<u>4,178,161</u>	<u>8.6%</u>
Fund balance, ending	<u>\$ 4,299,756</u>	<u>\$ 4,536,528</u>	<u>-5.2%</u>

The increase in costs was attributed to the purchase of food service materials and equipment to equip the new facility and to comply with the three months average expenditures in the fund balance.

Capital Projects Fund. The District's Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities, specifically projects funded by bonds approved by the voters. The decrease in fund balance of \$8,535,224 was attributable to expenditures related to the completion of the Shirley Field Sports Complex and Early College High School.

Business-type Activities

The district did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

The fiscal year ended August 31, 2012, budget was developed by balancing the challenges of salary increases, student/staff ratios and reductions in state aid, while maintaining the same property tax rate. The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times.

The original operating appropriations had a net decrease of \$45,082,463, as of the final amended budget. This decrease was due to:

- Decrease in appropriations in salaries to account for Education Jobs Fund as a federal fund, \$4,300,886
- Decrease in appropriations in salaries to close unfilled positions, \$1,964,028
- Decrease in appropriations to adjust interest earnings, \$12,372
- Increase in appropriations to account for E-Rate in general fund, \$46,147,978
- Increase in appropriations to fund various maintenance projects, \$1,000,000
- Increase in appropriations to purchase furniture and equipment, \$1,824,929
- Increase in appropriations to roll forward prior year obligations, \$888,491
- Increase in appropriations to fund one-time retention bonus, \$500,000
- Increase in appropriations to purchase of cafeteria furniture, \$229,650
- Increase in appropriations for additional salary increases to personnel, \$420,701
- Increase in appropriations for TRS on Behalf costs, \$348,000

The Board also approved the use of Assigned Funds to be used for the Nixon Construction Redesign project. We appropriated under "Other Uses" and transferred out to the Capital Projects Fund the amount of \$2,200,274. The Board assigned in fiscal year 2011 \$10,000,000 for future construction projects. During the year, the District used \$2,200,274 of the \$10,000,000 to cover the costs of the portables for the Nixon Redesign Project.

Even with these adjustments, actual operating expenditures were \$49,319,685 below the final amended budget. The E-Rate fund did not meet the new definition of Special Revenue Funds; therefore, the fund was moved to the general fund. The E-Rate program requires projects to be in the budget in order to qualify for funding. There are four cycles included in the budget that caused local and intermediate sources to spike in the amended budget. In addition, the most significant variances to facilities maintenance and operations and data processing services were due to the E-Rate rounds that were not approved during the year resulting in unspent appropriations.

The District declared a budget freeze to the operating fund that resulted in positive variances in most areas. Most notably, the area of instruction indicated a positive variance of \$1,675,593 translated to be 98% expended from the amended budget amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Capital Projects Funds are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2012, the District had invested \$314,733,135 in a broad range of capital assets, including land, equipment, buildings and improvements. (See Table A-3.) This amount represented a net decrease (including additions and deductions) of 389,366 or 0.1% over the previous year. Accumulated depreciation increased significantly due to the completion of major projects being depreciated.

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

	2012	2011	Percentage Change
Land	\$ 11,529,535	\$ 11,529,535	0.0%
Buildings and improvements	387,648,831	369,529,725	4.9%
Equipment	32,300,503	30,954,504	4.3%
Construction in progress	13,936,278	21,433,130	-35.0%
Totals at historical cost	<u>445,415,147</u>	<u>433,446,894</u>	<u>2.8%</u>
Total accumulated depreciation	<u>130,682,012</u>	<u>118,324,393</u>	<u>10.4%</u>
Net capital assets	<u>\$ 314,733,135</u>	<u>\$ 315,122,501</u>	<u>-0.1%</u>

The District's fiscal year 2012 capital budget projects had unspent proceeds and interest earnings of \$62,570,106 which a significant amount will be used for the completion of major projects such as the Kawas Softball Field, Cigarroa Track and Field, Nixon High School Redesign, and VMT new construction. More detailed information about the District's capital assets is presented in the notes to the financial statements (Note G).

Long Term Debt

At year-end the District had in outstanding loans, bonds, and compensated absences outstanding as shown in Table A-4. The table indicates a decrease of approximately \$19,102,408 compared to the previous year. More detailed information about the District's debt is presented in the notes to the financial statements (Note K).

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

	2012	2011	Percentage Change
Loans payable	\$ 16,000,000	\$ 24,000,000	-33.3%
Bonds payable	249,022,020	260,323,385	-4.3%
Compensated absences	2,174,266	1,975,309	10.1%
Total long term debt payable	<u>\$ 267,196,286</u>	<u>\$ 286,298,694</u>	<u>-6.7%</u>

Bond Ratings: The District's bonds carry "AAA" rating with underlying ratings as follows: Moody's Investor Services "A1", Fitch "AA-" and Standard & Poors "A+".

The loans payable decreased by \$8,000,000 due to the payoff of one Qualified Zone Academy Bond (QZAB). Due to the retirement of debt, the bonds payable decreased by \$11,301,365. Lastly, the increase in the compensated absences was due to an increase in number of employees meeting the criteria for liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2012-13 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Laredo economy. The following factors are highlights of the budget:

- The official opening tax levy for tax year 2012 was \$27,193,890 with no change to the tax rate of \$1.274. This levy compared to the previous year's levy is \$93,527 higher, which represents an increase of less than 1%. The budget includes a conservative 93% collection rate (discounts are not considered collectible).
- The District's fiscal year 2012-13 refined average daily attendance was budgeted at 22,400, compared to last year's actual 24,788.

These indicators were taken into account when adopting the general fund budget for 2012-13. Projected revenues available for the general funds were \$173,846,407 which is \$26,761,974 less than the previous year due mainly to the decrease in state aid by approximately \$4,465,629 and the decrease in federal reimbursements (SHARS). The District allocated funds for the payment of the Lease Revenue Bonds issued by the Public Finance Corporation (PFC) which is financed in part by the District's maintenance and operating tax and state contribution.

The 2012-13 appropriation levels for the General Operating Fund are projected at \$169,855,935 and estimated net other uses at \$3,990,472 for a total of \$173,846,407. The total appropriations amount represents a decrease of \$19,639,782 or 10.15% from the previous year. Last year, the District offered for the second year an early notification incentive for employees with 10 years of employment as a cost cutting measure to adjust costs due to the shortfall in state aid.

CONTACTING THE DISTRICT'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability and transparency for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Division of Finance at (956) 273-1043.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 48,591,093
1120 Current Investments	125,329,714
1220 Property Taxes Receivable (Delinquent)	3,808,045
1230 Allowance for Uncollectible Taxes	(2,733,159)
1240 Due from Other Governments	10,657,876
1250 Accrued Interest	268,851
1290 Other Receivables, net	25,932
1300 Inventories	1,035,264
1410 Deferred Expenses	167,521
1490 Other Current Assets	3,238,501
Capital Assets:	
1510 Land	11,529,535
1520 Buildings, Net	278,647,047
1530 Furniture and Equipment, Net	10,620,275
1580 Construction in Progress	13,936,278
1000 Total Assets	505,122,773
LIABILITIES	
2110 Accounts Payable	5,965,086
2140 Interest Payable	851,609
2150 Payroll Deductions & Withholdings	1,046,070
2160 Accrued Wages Payable	5,601,426
2180 Due to Other Governments	139,541
2300 Deferred Revenues	840,225
Noncurrent Liabilities	
2501 Due Within One Year	21,598,172
2502 Due in More Than One Year	245,598,114
2000 Total Liabilities	281,640,243
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	115,519,722
3820 Restricted for Federal and State Programs	5,996,416
3850 Restricted for Debt Service	14,453,416
3860 Restricted for Capital Projects	11,202,938
3900 Unrestricted Net Assets	76,310,038
3000 Total Net Assets	\$ 223,482,530

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Assets
			Contributions	Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 140,108,277	\$ -	\$ 36,974,734	\$ (103,133,543)
12 Instructional Resources and Media Services	4,465,110	-	528,018	(3,937,092)
13 Curriculum and Staff Development	2,733,097	-	2,051,958	(681,139)
21 Instructional Leadership	3,853,769	-	1,010,638	(2,843,131)
23 School Leadership	13,014,688	-	1,198,098	(11,816,590)
31 Guidance, Counseling and Evaluation Services	7,496,736	-	1,997,030	(5,499,706)
32 Social Work Services	1,222,820	-	66,394	(1,156,426)
33 Health Services	3,140,289	-	1,440,184	(1,700,105)
34 Student (Pupil) Transportation	5,173,676	24,898	205,432	(4,943,346)
35 Food Services	16,726,252	345,903	16,624,210	243,861
36 Extracurricular Activities	4,120,248	240,733	462,705	(3,416,810)
41 General Administration	5,805,488	-	233,240	(5,572,248)
51 Facilities Maintenance and Operations	22,447,885	7,414	1,271,130	(21,169,341)
52 Security and Monitoring Services	4,205,124	-	221,817	(3,983,307)
53 Data Processing Services	7,844,613	-	208,111	(7,636,502)
61 Community Services	1,516,879	224,081	1,235,911	(56,887)
72 Debt Service - Interest on Long Term Debt	12,386,876	-	-	(12,386,876)
73 Debt Service - Bond Issuance Cost and Fees	300,252	-	-	(300,252)
93 Payments related to Shared Services Arrangements	6,000	-	6,000	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	58,618	-	-	(58,618)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 256,626,697	\$ 843,029	\$ 65,735,610	(190,048,058)

Data	General Revenues:		
Control	Taxes:		
Codes			
MT	Property Taxes, Levied for General Purposes		21,005,060
DT	Property Taxes, Levied for Debt Service		4,726,261
SF	State Aid - Formula Grants		165,355,519
GC	Grants and Contributions not Restricted		2,301,647
IE	Investment Earnings		783,823
MI	Miscellaneous Local and Intermediate Revenue		2,966,137
TR	Total General Revenues		197,138,447
CN	Change in Net Assets		7,090,389
NB	Net Assets--Beginning		216,392,141
NE	Net Assets--Ending		\$ 223,482,530

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	20 ESEA Title I	60 EDA 2005 Series
ASSETS			
1110 Cash and Cash Equivalents	\$ 31,978,738	\$ -	\$ 841,375
1120 Investments - Current	60,509,804	-	24,000,000
1220 Property Taxes - Delinquent	3,209,925	-	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,303,869)	-	-
1240 Receivables from Other Governments	4,485,280	4,603,667	-
1250 Accrued Interest	111,595	-	24,456
1260 Due from Other Funds	5,586,412	-	-
1290 Other Receivables	17,357	69	-
1300 Inventories	1,035,264	-	-
1410 Deferred Expenditures	167,521	-	-
1000 Total Assets	<u>\$ 104,798,027</u>	<u>\$ 4,603,736</u>	<u>\$ 24,865,831</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 4,389,152	\$ 65,068	\$ 832,117
2150 Payroll Deductions and Withholdings Payable	1,046,070	-	-
2160 Accrued Wages Payable	4,888,287	405,471	-
2170 Due to Other Funds	338,817	4,113,766	-
2180 Due to Other Governments	116,731	-	-
2300 Deferred Revenues	1,133,489	19,431	-
2000 Total Liabilities	<u>11,912,546</u>	<u>4,603,736</u>	<u>832,117</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	1,035,264	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	3,727,038	-	-
3470 Capital Acquisition and Contractual Obligation	270,704	-	24,033,714
3480 Retirement of Long-Term Debt	-	-	-
3490 Capital Improvements	10,932,234	-	-
Committed Fund Balance:			
3510 Construction	3,006,641	-	-
3545 E-Rate	845,120	-	-
3545 Student Activity	-	-	-
Assigned Fund Balance:			
3550 Construction	5,491,660	-	-
3590 Contractual Obligation	6,716	-	-
3590 Budgetary Contingency	5,000,000	-	-
3600 Unassigned Fund Balance	62,570,104	-	-
3000 Total Fund Balances	<u>92,885,481</u>	<u>-</u>	<u>24,033,714</u>
4000 Total Liabilities and Fund Balances	<u>\$ 104,798,027</u>	<u>\$ 4,603,736</u>	<u>\$ 24,865,831</u>

The notes to the financial statements are an integral part of this statement.

60 IFA 2006 Series	Other Funds	Total Governmental Funds
\$ 2,185,367	\$ 13,585,613	\$ 48,591,093
27,155,877	13,664,033	125,329,714
-	598,120	3,808,045
-	(429,290)	(2,733,159)
-	1,568,929	10,657,876
97,698	35,102	268,851
-	304,761	5,891,173
-	8,506	25,932
-	-	1,035,264
-	-	167,521
<u>\$ 29,438,942</u>	<u>\$ 29,335,774</u>	<u>\$ 193,042,310</u>
\$ 514,096	\$ 164,653	\$ 5,965,086
-	-	1,046,070
-	307,668	5,601,426
773	1,437,817	5,891,173
-	22,810	139,541
-	762,191	1,915,111
<u>514,869</u>	<u>2,695,139</u>	<u>20,558,407</u>
-	-	1,035,264
-	2,269,378	5,996,416
28,924,073	9,612,319	62,840,810
-	14,453,416	14,453,416
-	-	10,932,234
-	-	3,006,641
-	-	845,120
-	305,522	305,522
-	-	5,491,660
-	-	6,716
-	-	5,000,000
-	-	62,570,104
<u>28,924,073</u>	<u>26,640,635</u>	<u>172,483,903</u>
<u>\$ 29,438,942</u>	<u>\$ 29,335,774</u>	<u>\$ 193,042,310</u>

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LAREDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total Fund Balances - Governmental Funds	\$ 172,483,903
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$433,446,894 and the accumulated depreciation was \$118,324,393. In addition, long-term liabilities of \$283,592,716, including bonds payable of \$256,072,731, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.	31,529,785
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2011 capital outlays and debt principal payments is to increase (decrease) net assets.	32,613,476
3 The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(14,219,520)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	1,074,886
19 Net Assets of Governmental Activities	<u>\$ 223,482,530</u>

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	20 ESEA Title I	60 EDA 2005 Series
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 25,470,414	\$ -	\$ 88,966
5800 State Program Revenues	155,212,881	-	-
5900 Federal Program Revenues	19,925,086	18,339,353	-
5020 Total Revenues	<u>200,608,381</u>	<u>18,339,353</u>	<u>88,966</u>
EXPENDITURES:			
Current:			
0011 Instruction	101,893,120	14,180,600	-
0012 Instructional Resources and Media Services	3,908,268	236,913	-
0013 Curriculum and Instructional Staff Development	548,417	828,827	-
0021 Instructional Leadership	2,900,908	253,866	-
0023 School Leadership	12,100,802	320,190	-
0031 Guidance, Counseling and Evaluation Services	5,715,091	518,097	-
0032 Social Work Services	1,210,707	-	-
0033 Health Services	1,773,145	1,196,360	-
0034 Student (Pupil) Transportation	3,830,221	-	-
0035 Food Services	16,231,858	-	-
0036 Extracurricular Activities	3,711,647	1,588	-
0041 General Administration	5,827,965	-	-
0051 Facilities Maintenance and Operations	21,922,726	30,606	-
0052 Security and Monitoring Services	3,526,905	28,553	-
0053 Data Processing Services	3,928,838	5,809	-
0061 Community Services	276,256	737,944	-
Debt Service:			
0071 Principal on Long Term Debt	-	-	-
0072 Interest on Long Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,005,104	-	2,694,279
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	58,618	-	-
6030 Total Expenditures	<u>191,370,596</u>	<u>18,339,353</u>	<u>2,694,279</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,237,785</u>	<u>-</u>	<u>(2,605,313)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	3,755,016	-	-
8911 Transfers Out (Use)	(5,870,609)	-	(790,210)
7080 Total Other Financing Sources (Uses)	<u>(2,115,593)</u>	<u>-</u>	<u>(790,210)</u>
1200 Net Change in Fund Balances	7,122,192	-	(3,395,523)
0100 Fund Balance - September 1 (Beginning)	<u>85,763,289</u>	<u>-</u>	<u>27,429,237</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 92,885,481</u>	<u>\$ -</u>	<u>\$ 24,033,714</u>

The notes to the financial statements are an integral part of this statement.

60 IFA 2006 Series	Other Funds	Total Governmental Funds
\$ 150,882	\$ 6,349,587	\$ 32,059,849
-	18,689,006	173,901,887
-	19,456,024	57,720,463
150,882	44,494,617	263,682,199
-	17,761,585	133,835,305
-	105,009	4,250,190
-	1,355,268	2,732,512
-	663,551	3,818,325
-	282,962	12,703,954
-	1,219,943	7,453,131
-	6,077	1,216,784
-	160,422	3,129,927
-	27,269	3,857,490
-	783,768	17,015,626
-	403,867	4,117,102
-	-	5,827,965
-	96,320	22,049,652
-	32,118	3,587,576
-	235,396	4,170,043
-	491,955	1,506,155
-	19,474,302	19,474,302
-	12,176,156	12,176,156
-	18,950	18,950
7,209,740	105,766	12,014,889
-	6,000	6,000
-	-	58,618
7,209,740	55,406,684	275,020,652
(7,058,858)	(10,912,067)	(11,338,453)
-	4,511,534	8,266,550
-	(1,605,731)	(8,266,550)
-	2,905,803	-
(7,058,858)	(8,006,264)	(11,338,453)
35,982,931	34,646,899	183,822,356
\$ 28,924,073	\$ 26,640,635	\$ 172,483,903

LAREDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	(11,338,453)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2011 capital outlays and debt principal payments is to increase (decrease) net assets.		32,613,476
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(14,219,520)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		34,886
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>7,090,389</u>

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2012

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 406,842
Total Assets	\$ 406,842
LIABILITIES	
Accounts Payable	\$ 2,100
Due to Student Groups	404,742
Total Liabilities	\$ 406,842

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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.

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 is one blended component unit included within the reporting entity, as noted below.

Laredo Independent School District Public Facility Corporation (the “Corporation”), a non-profit corporation, is governed by a seven member Board of Directors composed of the members of the Board of Trustees of Laredo Independent School District. Although it is legally separate from the District, the Corporation is reported as if it were part of the primary government because its sole purpose is to assist in financing construction and furnishing the District’s school facilities.

Financial statements for the component unit can be obtained from Laredo Independent School District website at www.laredoisd.org/board/meetings2.html. Financial information pertaining to the Public Facility Corporation is located as a separate item at the end of the each regular board agenda.

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. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. 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. Indirect cost expenditures are determined by applying approved indirect cost rates to actual applicable expenditures of federally funded grant programs and therefore are included as an element of functional expenses. Indirect cost revenues are reported in the general fund.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The fund financial statements provide information about the District's Governmental and Fiduciary 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.

b. Fund Accounting

Major Governmental Funds

- General Fund - District's primary operating fund: This classification must be used to account for funds in which the local governing board designates. It accounts for all financial resources of the District except those required to be accounted for in another fund.
- 2005 Bond and 2006 Bond - 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.
- ESEA, Title I, Part A - Improving Basic Program: This is a District's special revenue fund. This fund classification is to be used to account, on a project basis, for funds allocated 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.

Fiduciary Funds

- 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. Agency funds have no measurement focus.

c. Measurement Focus, Basis of Accounting

Government-wide 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. 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. Miscellaneous revenues are recorded as revenue when received in cash because

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts where expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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. 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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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 \$2,303,869 and \$429,290 for the Debt Service Fund which is 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. Land and Construction in Progress are not depreciated.

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 \$5,000 is used.

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

Asset Class	Estimated Useful Lives (Years)
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. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are not 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 governmental fund financial statements. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Significant assumptions are required in the calculation of the revenue from the Foundation School Program. It is possible this estimate could be revised in the near term and that the revision could be material.

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 of the public notice for the meeting has been provided.
- 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

Each budget is controlled by the budget coordinator at the expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. Budget information is summarized next:

	Original Budget	Increase/(Decrease)	Amended Budget
General Fund	\$179,452,842	44,047,266	\$223,500,108
General Fund – Child Nutrition	16,154,976	1,035,197	17,190,173
Debt Service Fund	26,944,428	-	26,944,428
PFC Debt Service Fund	4,729,030	-	4,729,030

It was noted during the FY11 audit that E-rate Fund (180) did not meet the Special Revenue Funds definition; therefore E-rate Fund was integrated as part of the General Fund. At the time of the new implementation, original budgets had already been adopted.

j. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31. However, encumbrances outstanding at year end, not otherwise restricted or committed, are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

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. There is no District liability as of August 31, 2012.

l. Deferred Revenues

Deferred 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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 AAAM 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 31, the District invested part of its money with Texas DAILY and TexPool, which hold an AAAM rating from Standard and Poor's (S&P).

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 Balances and Net Assets

Government-Wide Financial Statements

Net assets on the Statement of Net Assets include the following:

Invested in Capital Assets, Net of Related Debt - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

balance of debt net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Federal and State Programs - the component of net assets that reports the difference between assets and liabilities for all state and federal programs.

Restricted for Debt Service - the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by law.

Restricted for Capital Projects - the component of net assets that accounts for the difference between assets and liabilities for all district construction projects.

Unrestricted - the difference between the assets and liabilities that is not reported in any of the classifications above.

Governmental Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes Federal, State and local grants, contractual obligations for personal property, bond proceeds, and retirement of long term debt.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes construction projects not funded by bonded debt, retirements of loans or notes committed by the Board, equipment not funded by bonded debt and local special revenue funds.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

Assigned - includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. As per the District’s policy, fund balance can only be assigned by the District Board of Trustees. This classification includes construction and encumbrances.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. In this category funds are available for appropriation at Board’s discretion as per Fund Balance policy.

B. Reconciliation of Government –Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental funds balance sheet includes a reconciliation between fund balance of the total governmental funds and net assets of the governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains: “Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.” The details of the \$32,613,476 difference are as follows:

<u>Capital Assets:</u>		
Decrease bond issuance cost	\$	(281,302)
Increase in buildings and improvements		18,119,106
Decrease in accumulated depreciation on disposed buildings		124,264
Increase in furniture and equipment		1,345,999
Decrease in accumulated depreciation on disposed furniture and equipment		1,737,637
Decrease in construction in progress		(7,496,852)
	Subtotal	\$ 13,548,852
<u>Long - Term Liabilities:</u>		
Increase in interest payable		(37,784)
Increase in termination benefits & compensated absences		(198,957)
Principal payments on bonds payable		11,034,106
Amortization of premium on bond		386,659
Loans payable payments		8,000,000
Amortization of deferred loss on bond refunding		(119,400)
	Subtotal	<u>19,064,624</u>
Net Adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities		<u>\$ 32,613,476</u>

2. The \$32,613,476 amount also applies to the reconciliation of the total net change in fund balances in the governmental funds and change in net assets in the governmental activities.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

C. Compliance and Accountability

Excess Actual Over Budget

For the year ended August 31, 2012, appropriations exceeded expenditures in all legally budgeted funds.

D. Deposits and Investments

Custodial Credit Risk-Deposits: The District’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank places for safekeeping and trust with the District’s agent bank approved pledged securities and letters of credit in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

The carrying amount of the District’s deposits and investments are as follows:

Cash in Bank or On Hand - Primary Government	\$	27,771,153
Cash Equivalents		
Investment Pools Accounts:		
TexasDAILY	11,211,904	
TexPool	9,608,036	
Money Market Accounts:		
PFC-Wells Fargo	670,835	
PFC-TexasDAILY	3,625,692	
Certificates of Deposit:		
Comerica Bank	100,300,538	
BBVA Compass Bank	18,155,877	
Discount Notes:		
Federal Home Loan Discount Note	2,576,772	
Total Cash Equivalents		146,149,654
Total Deposits and Investments - Primary Government	\$	173,920,807

Deposits:

At August 31, 2012, the District’s bank deposits (cash and interest bearing accounts) were \$53,006,510. The District’s cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance, by pledged collateral held by the District’s agent bank in the District’s name and letters of credit from the Federal Home Loan Bank.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

D. Deposits and Investments (Continued)

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

- a. Depository: BBVA Compass Bank
- b. The total collateral amount at the highest combined balance on deposits was \$164,500,000 which is the sum of five letters and plus the FDIC coverage.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$145,775,784 and occurred during the month of January 2012.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Investments:

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the 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 and Share Certificates, (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.

External Investment Pool-Primary Government:

The District's investments in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of the shares in each pool; the market value of a share should approximately equal the book value of a share.

Texas DAILY is a portfolio established by Texas Term Advisory Board pursuant to the provisions of the Texas TERM Common Investment Contract that established the Pool. Texas DAILY is a local government investment portfolio established to allow school districts and other governmental entities in Texas to pool their funds for investment under the provisions of the Inter local Cooperation Act, Chapter 791 of the Texas Government Code, the PFIA and other similar cooperative statutes and under the statutes governing investment of funds by those local governments.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

D. Deposits and Investments (Continued)

TexPool is a local government investment pool created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts administers the Texas Local Government Investment Pools (the "TexPool Portfolios") as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller and the Trust Company have contracted with Federated Investors, Inc. ("Federated"), as administrator and investment manager for the TexPool Portfolios.

Credit Risk. In accordance with state law and the District's investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1,P-1, or have an equivalent rating, and obligations of states, agencies, counties, and cities must be rated at least A or its equivalent. As of August 31, 2012, Texas Daily and Texpool were rated AAAM by Standard and Poor's (S&P). The District did not have any investments in commercial paper as of August 31, 2012. The Wells Fargo money market account was rated AA by S&P. The District's investments in bonds of Federal Home Loan Bank (FHLB) were rated AAA by S&P.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and yield. In addition, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District's deposits and investments are allocated as follows: FHLB (1.48%), Texas Daily (6.45%), Texas Daily Money Market (2.08%), TexPool (5.52%), Wells Fargo Money Market (0.39%), BBVA Compass CDs (10.44%), Comerica CDs (57.67%) and BBVA Compass (15.97%).

Interest Rate Risk. In accordance with state law and the District's investment policy, the District does not purchase any investments with maturities greater than two and a half (2.5) years for its Operating Funds.

The investment maturities in the following table reflect the maturity date of the investments in each category due 12 months from the balance sheet date. The District uses its investments in the investment pools, certificates of deposits and a discount note to further mitigate interest rate risk.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

D. Deposits and Investments (Continued)

The District's investments at August 31, 2012 are shown below:

	Investment Maturities in Years	
Investment	Fair Value	Less than 1 Year
Agency Bonds & Discount Notes		
FHLB Note	\$ 2,576,772	\$ 2,576,772
	<u>2,576,772</u>	<u>2,576,772</u>
Investment Pools		
Texpool	9,608,036	9,608,036
Texas Daily	11,211,903	11,211,903
	<u>20,819,939</u>	<u>20,819,939</u>
Money Market Investments		
Wells Fargo MMF	670,835	670,835
Texas DAILY	3,625,693	3,625,693
	<u>4,296,528</u>	<u>4,296,528</u>
Certificates of Deposit		
BBVA Compass	18,155,877	18,155,877
Comerica	100,300,538	100,300,538
	<u>118,456,415</u>	<u>118,456,415</u>
Total Fair Value	<u>\$ 146,149,654</u>	<u>\$ 146,149,654</u>

E. Due to and from Other Governments and Agencies

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 to and from federal, state, and local governments as of August 31, 2012 are summarized below and are reported on the government-wide statement of net assets.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

E. Due to and from Other Governments and Agencies (continued)

	Due to Other Governments	Due from Other Governments
General Funds:		
General Fund	\$ 116,731	\$ 4,066,820
Payroll	-	8,413
Food Service Fund	-	410,047
Special Revenue Funds:		
ESEA Title I Part A-Improving Basic Program	-	4,603,667
ESEA Title I Part C Migrant	-	80,703
IDEA - Part B Formula	-	359,854
IDEA - Part B Preschool	-	260
IDEA - Part B Discretionary	-	274
IDEA - Part B Deaf	-	212
IDEA - Part B Preschool Deaf	-	138
Summer Feeding Program	-	211,794
Career and Technical – Basic Grant	-	43,183
ESEA II, A Training and Recruiting	-	230,424
Title III, A English Lang. Acquisition	-	187,653
Texas Title I Priority Schools	22,810	365,823
SSA Regional Day School – Deaf	-	17,000
OCDETF Grant	-	6,754
Debt Service Fund	-	48,174
Debt Service Fund – PFC	-	16,683
Total	\$ 139,541	\$ 10,657,876

F. Interfund Balances and Activities

1. Due To and From Other Funds

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Balances due to and due from other funds at August 31, 2012 consisted of the following:

	Due from Other Funds	Due to Other Funds
Major Funds:		
General Fund	\$ 5,586,412	\$ 338,817
ESEA Title I Part A-Imp.	-	4,113,766
IFA 2006 Bond Series	-	773
Non Major Governmental Funds	304,761	1,437,817
	\$ 5,891,173	\$ 5,891,173

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

F. Interfund Balances and Activities (continued)

2. Transfers To/From Other Funds

Transfers between the Special Revenue Funds, Capital Projects Funds, and the General Fund are to account for the District's local share of grant funds. Transfers to the Debt Service Fund are related to amounts to cover interest and principal on debt. All amounts due are scheduled to be repaid within one year.

Transfers to and from other funds at August 31, 2012 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Capital Projects	\$ 2,000,274	Transfer to cover for capital improvement projects.
General Fund	Debt Service	1,283,829	Transfer to cover for interest and principal costs for loans.
General Fund	PFC Debt Service	1,227,431	Transfer to cover for interest & principal cost for the PFC debt.
General Fund	Athletics Program	904,075	Transfer to cover athletic costs for the District.
General Fund	General Fund	455,000	To cover local 10% share of grant and items ineligible for E-Rate
E-Rate	General Fund	1,605,731	Transfer from special revenue to general fund.
Capital Projects	General Fund	<u>790,210</u>	To cover local share of grant
		<u>\$ 8,266,550</u>	

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

G. Capital Assets

Capital asset activity for the year ended August 31, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 11,529,535	\$ -	\$ -	\$ 11,529,535
Construction in Progress	21,433,130	10,746,518	18,243,370	13,936,278
Total capital assets not being depreciated	32,962,665	10,746,518	18,243,370	25,465,813
Capital assets being depreciated:				
Buildings and Improvements	369,529,725	18,243,370	124,264	387,648,831
Equipment	30,954,504	3,106,345	1,760,346	32,300,503
Total capital assets being depreciated	400,484,229	21,349,715	1,884,610	419,949,334
Less accumulated depreciation:				
Building and Improvements	97,229,350	11,896,698	124,264	109,001,784
Equipment	21,095,043	2,322,822	1,737,637	21,680,228
Total accumulated depreciation	118,324,393	14,219,520	1,861,901	130,682,012
Total capital assets being depreciated, net	282,159,836	7,130,195	22,709	289,267,322
Governmental activities capital assets, net	<u>\$ 315,122,501</u>	<u>\$ 17,876,713</u>	<u>\$ 18,266,079</u>	<u>\$ 314,733,135</u>

Depreciation was charged to the following functions as follows:

	Totals
Instruction	\$ 6,402,451
Instruction Resources and Media Services	210,755
Staff Development	0
Instructional Leadership	32,351
School Leadership	297,832
Guidance, Counseling & Evaluation Services	37,511
Social Work Services	4,769
Health Services	8,471
Transportation	1,573,008
Food Services	166,867
Athletics	12,515
General Administration	5,562
Plan Maintenance and Operations	693,346
Security and Monitoring Services	752,571
Data Processing Services	4,011,082
Parental Involvement	10,429
Total Depreciation	<u>\$ 14,219,520</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

H. Deferred Revenue

Deferred revenue at August 31, 2012 consisted of the following:

Food Service Fund	\$	156,086
Successor & Interest		8,023
General Operating Fund - Tax Revenue		898,033
General Operating Fund – Escrow Refunds		71,347
ESEA Title I Part A - Improving B.		19,431
Career and Technical – Basic Grant		5,883
Title III, A English Lang. Acquisition		27
FEMA Grant		7,298
Life Skills Program		209,640
State Textbook Fund		236,058
Technology Allotment		22,593
LEOSE		229
Crime Stoppers Others		23
Equitable Sharing Program		26,948
UTNB Health HCOE		12,000
LBV Grant		72,663
Debt Service Fund		168,829
		168,829
	\$	1,915,111

I. Loans Payable

The District may borrow money for the purpose of paying maintenance expenses and may evidence those loans with negotiable notes. The District pledged proceeds of its maintenance tax to secure maintenance tax notes for the purpose of financing the renovation and equipment of qualified zone academies, within the meaning of section 1397(d) of the Internal Revenue Code of 1986, located within the District in accordance with the provisions of Section 45.108, Texas Education Code, as amended.

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. The final interest and principal payment was made in fiscal year ended August 31, 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, 2013.

A Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 was entered into on October 3, 2005, for the purpose of financing the construction of academics for three middle schools and two high schools. The loan has an interest rate of 0% and an original term of twelve years. The principal payment of \$8,000,000 is due to mature on October 3, 2021. In connection with the Qualified Zone Academy Limited Maintenance Tax Note, within the Interest and Sinking Fund, there shall be established a “Cumulative Sinking Fund Deposit Account”; provided however that the Cumulative Sinking Fund Deposit Account shall at all times be maintained by the District with, and held by, the Registrar.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

I. Loans Payable (continued)

The following is a summary of loan transaction of the district for the year ending August 31, 2012.

Description	Balance Outstanding 9/1/2011	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2012	Amounts Due Within One Year
Note - August 23, 2000	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -	\$ -
Note - August 30, 2001	8,000,000	-	-	8,000,000	8,000,000
Note - October 3, 2005	8,000,000	-	-	8,000,000	-
	<u>\$ 24,000,000</u>	<u>\$ -</u>	<u>\$ 8,000,000</u>	<u>\$ 16,000,000</u>	<u>\$ 8,000,000</u>

Interest paid during the year on loans was \$175,760. All loans are funded from Maintenance and Operations (M&O) tax.

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

Year Ending August 31,	Principal	Interest	Total
2013	\$ 8,000,000	\$ 87,760	\$ 8,087,760
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018-2022	8,000,000	-	8,000,000
	<u>\$ 16,000,000</u>	<u>\$ 87,760</u>	<u>\$ 16,087,760</u>

The future sinking fund requirements for the Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 are as follows:

Year Ending August 31,	Amount
2013	\$ 389,887
2014	389,887
2015	389,887
2016	389,887
2017	389,887
2018-2022	1,559,548
Total	<u>\$ 3,508,983</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

J. Long-Term Obligations

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. The bonds are supported by a pledge of the District's full faith and credit and require a levy and collection of taxes without limitation as to rate or amount on all property subject to taxation by the District sufficient in amount to pay the principal and interest on such bonds as they become due. The indentures also require that a debt service fund be created and administered by the District solely for paying principal and interest when due.

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, 2012 are as follows:

Interest paid on bonded indebtedness during the current year was \$12,000,397.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

J. Long-Term Obligations (continued)

Description	Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Unlimited Tax Refunding Bonds:</i>							
Capital Appreciation	5.00-5.375%	\$ 2,509,910	\$ 6,541,288	\$ 673,121	\$ -	\$ 7,214,409	\$ -
<i>Lease Revenue Bonds</i>							
Series A	3.00-5.00%	30,105,000	24,330,000	-	890,000	23,440,000	925,000
Series B	3.00-5.00%	6,345,000	5,085,000	-	190,000	4,895,000	200,000
Series C	3.00-5.00%	23,715,000	19,220,000	-	690,000	18,530,000	715,000
Series D	3.00-5.00%	2,140,000	1,730,000	-	60,000	1,670,000	65,000
Series E	3.00-5.00%	1,215,000	980,000	-	35,000	945,000	35,000
<i>Lease Revenue Bonds</i>							
Series F	3.00-5.00%	4,615,000	3,685,000	-	140,000	3,545,000	145,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	3.00-5.00%	51,120,000	49,740,000	-	-	49,740,000	4,370,000
Capital Appreciation	5.152%	3,024,784	4,209,881	170,119	4,380,000	-	-
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	5.00%	17,370,000	16,190,000	-	-	16,190,000	-
Capital Appreciation	3.39-5.18%	42,485,846	39,056,562	1,857,653	3,760,000	37,154,215	2,715,585
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	4.125-5.00%	56,950,000	48,805,000	-	1,820,000	46,985,000	1,895,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	4.00-5.00%	18,420,000	18,420,000	-	-	18,420,000	-
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	2.00-5.00%	18,415,000	18,080,000	-	1,770,000	16,310,000	1,820,000
TOTALS		\$ 278,430,540	\$ 256,072,731	\$ 2,700,894	\$ 13,735,000	\$ 245,038,625	\$ 12,885,585

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

Year Ending August 31,	Capital Appreciation		Interest	Total
	Principal	Bond		
2013	12,885,585	893,075	10,574,026	23,459,611
2014	13,184,622	879,351	10,252,666	23,437,288
2015	13,536,406	858,333	9,883,835	23,420,241
2016	10,876,538	2,580,472	12,537,362	23,413,900
2017	11,026,961	2,389,486	12,384,220	23,411,181
2018-2022	72,616,759	5,079,873	44,351,336	116,968,095
2023-2027	67,123,039	2,363,125	24,607,974	91,731,013
2028-2032	28,745,000	-	2,503,625	31,248,625
	\$ 229,994,910	\$ 15,043,715	\$ 127,095,044	\$ 357,089,954

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

J. Long-Term Obligations (continued)

Capital Appreciation Bonds

The total accretion of discount on capital appreciation bonds that is included in the August 31, 2012 ending balance of \$245,038,625 is \$15,043,715.

Defeased Bonds

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the bonds in an irrevocable trust for all future debt service payments on the refunded bonds. Accordingly, the trust accounts for the assets and liabilities for the defeased bonds and are not included in the District's financial statements. At August 31, 2012, approximately \$104,975,000 million of the 1999 and 2001 series bond issues were outstanding, but considered defeased.

Bonds Matured

Maturity Date	1999 Unlimited Tax School Building	2001 Unlimited Tax School Building and Refunding	Total
8/1/2013	\$ 2,845,000	\$ 6,070,000	\$ 8,915,000
8/1/2014	3,000,000	6,350,000	9,350,000
8/1/2015	3,160,000	6,670,000	9,830,000
8/1/2016	3,330,000	3,110,000	6,440,000
8/1/2017	3,510,000	3,275,000	6,785,000
8/1/2018	3,700,000	3,450,000	7,150,000
8/1/2019	3,900,000	3,635,000	7,535,000
8/1/2020	4,110,000	3,830,000	7,940,000
8/1/2021	4,335,000	4,000,000	8,335,000
8/1/2022	4,575,000	4,220,000	8,795,000
8/1/2023	4,825,000	4,435,000	9,260,000
8/1/2024	5,095,000	4,655,000	9,750,000
8/1/2025	-	4,890,000	4,890,000
Total			\$ 104,975,000

**LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

K. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2012, was as follows:

Description	Balance Outstanding 9/1/2011	Issued/Increase Current Year	Retired/Decrease Current Year	Balance Outstanding 8/31/2012	Amounts Due Within One Year
Loans Payable					
Loans	\$ 24,000,000	\$ -	\$ 8,000,000	\$ 16,000,000	\$ 8,000,000
General Obligation Bonds	256,072,731	2,700,894	13,735,000	245,038,625	12,885,585
Bonds Premium Amortization - Net	5,854,027	-	386,659	5,467,368	383,148
Deferred Loss on Refunding Bonds	(1,603,373)	-	(119,400)	(1,483,973)	(119,400)
Total Bonds and Loans Payable	260,323,385	2,700,894	14,002,259	249,022,020	13,149,333
Other Liabilities					
Compensated Absences	1,975,309	647,796	448,839	2,174,266	448,839
Total Other Liabilities	1,975,309	647,796	448,839	2,174,266	448,839
Total Governmental Activities					
Long-term Liabilities	\$ 286,298,694	\$ 3,348,690	\$ 22,451,098	\$ 267,196,286	\$ 21,598,172

General Operating Fund is used to liquidate the liability for compensated absences.

L. Revenues from Local and Intermediate Sources

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

Description	General Fund	2005 Bond Fund	2006 Bond Fund	Other Governmental Funds	Total
Property Taxes	\$ 21,555,016	\$ -	\$ -	\$ 4,843,568	\$ 26,398,584
Penalties & Interest	561,963	-	-	118,341	680,304
Investment Income	359,367	88,966	150,882	186,599	785,814
Rental of Facilities & Insurance Recovery	9,024	-	-	-	9,024
Co-curricular	2,744,310	-	-	-	2,744,310
Miscellaneous	240,734	-	-	1,201,079	1,441,813
	\$ 25,470,414	\$ 88,966	\$ 150,882	\$ 6,349,587	\$ 32,059,849

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

M. 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 up 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, 40 days of local sick leave are at \$100 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 80 days of leave, of which the first 10 days are at 100%, the next 15 days are at 75%, and the next 55 days are at 50% of the daily rate of pay.

As of August 31, 2012, the balance for the State Personal and Sick Leave is \$2,174,266. The estimated amount due within a year totals to \$448,839. The General Fund and Special Revenue Funds, if allowed, are expected to pay for these

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 2012, the District purchased commercial insurance to cover these risks. 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.

The District was self-insured for workers' compensation claims in fiscal years 2002, 2003 and 2004. The liabilities reported are based on claims outstanding incurred through August 31, 2012 and are based on cost estimates. The District accounts for claim payments in the General Fund.

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

Year	Beginning of Fiscal Year Liability (2)	Current Year Claims &/or Changes In Estimated	Claim Payments	Balance at Fiscal Year-End
2010-11	\$100,918	\$(4,313)	\$ 8,961	\$ 96,270
2011-12	\$96,270	\$(2,639)	\$8,455	\$90,454

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

O. Pension Plan

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 calling (800) 887-0123.

State law provides for fiscal year 2012 a state contribution rate of 6.0% and for fiscal year years 2011 and 2010, a state contribution rate of 6.644% and 6.644%, respectively, 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, 2012, 2011, and 2010 were \$9,190,010, \$9,731,760 and \$9,931,284, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants, reporting entity contributions and from the District for salaries above the statutory minimum for the years ended August 31, 2012, 2011, and 2010 were \$3,258,180, \$3,509,388 and \$3,649,702 respectively, and were equal to the required contributions for each year. The District contributed 6.0% totaling \$65,471 for state contributions during the first 90 days of a new member's employment. The amount contributed to the Teacher Retirement System of Texas on behalf of the District was recognized as revenues and expenditures which totaled to \$7,973,904.

Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$390,748, \$389,842 and \$393,167 for fiscal years 2012, 2011, and 2010, respectively. Revenue and expenditures equal to the amount by the federal government were recognized during the 2012 fiscal year. The recording of the revenue and expenditures paid on behalf of the District would have no effect on previously reported fund balance or net assets.

P. Health Care Coverage

For the term effective 9/1/11-8/31/12, the District continued to be fully-insured with Aetna, Inc. as the medical provider. Aetna Inc. the districts medical provider as well as the local servicing agency, Laurel Insurance Agency, contracted by Aetna, administered and serviced the group health insurance program.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

P. Health Care Coverage (Continued)

The District contributed \$265 for all Teacher Retirement System (TRS) qualified employees towards the cost of participation in the Preferred Provider Organization (PPO) medical insurance program.

There are four (4) insurance plan options (Basic, 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 offered continued coverage in accordance with federal law to all employees and dependents that 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 2,848 or 69% of the eligible employee base of 4,136, as of May 17, 2012, and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that our District satisfied all of the reporting requirements of the Education Code for the 2011-2012 comparability study. It was determined that our district makes available to the employees group health coverage that is comparable to the basic health coverage; provided to state employees under the Texas Employees Uniform Group Insurance Benefits Act.

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 collection 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

The District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any material adverse affect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2012

R. Construction Commitments

As of August 31, 2012, the District was obligated under the terms of various agreements for the construction of the following projects:

Project Name	Contract Amount	Paid to Date	Commitment Balance Remaining	Retainage Payable Amount
New School Construction/Renovation	\$ 9,848,975	\$ 5,988,660	\$ 3,860,315	\$ 1,070,074
Environmental Services	7,715	-	7,715	-
Portable Rentals	1,974,002	1,050	1,972,952	25,348
Electrical	7,447,185	2,878,735	4,568,450	5,260
Architect Services	3,651,185	2,093,863	1,557,322	-
Total	<u>\$ 22,929,061</u>	<u>\$ 10,962,309</u>	<u>\$ 11,966,753</u>	<u>\$ 1,100,683</u>

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 one member District: United Independent School District (U.I.S.D). The District is acting as the fiscal agent for the party involved. The purpose of the Laredo Independent School District RDSPD is to serve students who are auditory impaired and between the ages of 0 and 21. Funding for the LISD RDSPD is provided by TEA and by the member District. Revenue from the respective member District is presented below:

LISD	\$ 326,106
UISD	275,652
	<u>\$ 601,758</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.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 23,002,062	\$ 62,502,110	\$ 25,470,414	\$ (37,031,696)
5800 State Program Revenues	156,028,104	156,424,782	155,212,881	(1,211,901)
5900 Federal Program Revenues	21,560,519	19,404,466	19,925,086	520,620
5020 Total Revenues	200,590,685	238,331,358	200,608,381	(37,722,977)
EXPENDITURES:				
Current:				
0011 Instruction	107,119,900	103,568,713	101,893,120	1,675,593
0012 Instructional Resources and Media Services	4,058,547	4,063,228	3,908,268	154,960
0013 Curriculum and Instructional Staff Development	744,638	659,192	548,417	110,775
0021 Instructional Leadership	3,306,753	3,077,945	2,900,908	177,037
0023 School Leadership	11,673,487	12,514,491	12,100,802	413,689
0031 Guidance, Counseling and Evaluation Services	6,152,779	5,920,939	5,715,091	205,848
0032 Social Work Services	1,413,183	1,307,755	1,210,707	97,048
0033 Health Services	1,784,418	1,893,680	1,773,145	120,535
0034 Student (Pupil) Transportation	3,496,865	4,144,311	3,830,221	314,090
0035 Food Services	15,622,976	16,776,407	16,231,858	544,549
0036 Extracurricular Activities	3,914,625	3,936,058	3,711,647	224,411
0041 General Administration	6,423,927	5,942,893	5,827,965	114,928
0051 Facilities Maintenance and Operations	22,460,114	24,679,609	21,922,726	2,756,883
0052 Security and Monitoring Services	3,730,083	3,643,909	3,526,905	117,004
0053 Data Processing Services	3,181,630	12,265,799	3,928,838	8,336,961
0061 Community Services	243,018	313,052	276,256	36,796
Debt Service:				
0073 Bond Issuance Cost and Fees	60,377	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	135,498	35,885,845	2,005,104	33,880,741
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	85,000	96,455	58,618	37,837
6030 Total Expenditures	195,607,818	240,690,281	191,370,596	49,319,685
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,982,867	(2,358,923)	9,237,785	11,596,708
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	1,020,000	7,848,103	3,755,016	(4,093,087)
8911 Transfers Out (Use)	(4,766,260)	(6,766,534)	(5,870,609)	895,925
7080 Total Other Financing Sources (Uses)	(3,746,260)	1,081,569	(2,115,593)	(3,197,162)
1200 Net Change in Fund Balances	1,236,607	(1,277,354)	7,122,192	8,399,546
0100 Fund Balance - September 1 (Beginning)	85,763,289	85,763,289	85,763,289	-
3000 Fund Balance - August 31 (Ending)	\$ 86,999,896	\$ 84,485,935	\$ 92,885,481	\$ 8,399,546

COMBINING AND OTHER STATEMENTS

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	80,703	359,854	260
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	631	-
1000	Total Assets	<u>\$ 80,703</u>	<u>\$ 360,485</u>	<u>\$ 260</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ 12,537	\$ -
2160	Accrued Wages Payable	219	86,969	-
2170	Due to Other Funds	80,484	260,979	260
2180	Due to Other Governments	-	-	-
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u>80,703</u>	<u>360,485</u>	<u>260</u>
Fund Balances:				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:				
3546	Student Activity	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 80,703</u>	<u>\$ 360,485</u>	<u>\$ 260</u>

227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	276 Texas Title I Priority Schools	281 FEMA Grant
\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ 22,810	\$ 7,298
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
212	138	211,794	43,183	230,424	187,653	365,823	-
-	-	-	-	-	-	-	-
-	-	-	-	795	-	-	-
-	-	-	237	1,086	-	-	-
<u>\$ 212</u>	<u>\$ 201</u>	<u>\$ 211,794</u>	<u>\$ 43,420</u>	<u>\$ 232,305</u>	<u>\$ 187,653</u>	<u>\$ 388,633</u>	<u>\$ 7,298</u>
\$ -	\$ -	\$ 9,112	\$ 4,434	\$ 2,926	\$ 727	\$ 101	\$ -
-	-	40,549	2,667	65,046	58,693	18,309	-
212	201	162,133	30,436	164,333	128,206	347,413	-
-	-	-	-	-	-	22,810	-
-	-	-	5,883	-	27	-	7,298
<u>212</u>	<u>201</u>	<u>211,794</u>	<u>43,420</u>	<u>232,305</u>	<u>187,653</u>	<u>388,633</u>	<u>7,298</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 212</u>	<u>\$ 201</u>	<u>\$ 211,794</u>	<u>\$ 43,420</u>	<u>\$ 232,305</u>	<u>\$ 187,653</u>	<u>\$ 388,633</u>	<u>\$ 7,298</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	285 ESEA I, A Improving Basic Program	287 Education Jobs Fund	289 Classroom Link	393 Texas Successful Schools Prog.
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	-	-	-
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1000	Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	-	-	-
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances:				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:				
3546	Student Activity	-	-	-
3000	Total Fund Balances	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
4000	Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	424 LEOSE	425 Teacher Induction and Mentoring	429 Crime Stoppers Others
\$ 209,640	\$ 66,457	\$ -	\$ 244,322	\$ 1,519,172	\$ 229	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,330
<u>\$ 209,640</u>	<u>\$ 66,457</u>	<u>\$ -</u>	<u>\$ 244,322</u>	<u>\$ 1,519,172</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 1,330</u>
\$ -	\$ 1,148	\$ -	\$ 8,264	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,390	-	-	-
-	-	-	-	25,373	-	-	1,307
-	-	-	-	-	-	-	-
209,640	-	-	236,058	22,593	229	-	23
<u>209,640</u>	<u>1,148</u>	<u>-</u>	<u>244,322</u>	<u>54,356</u>	<u>229</u>	<u>-</u>	<u>1,330</u>
-	65,309	-	-	1,464,816	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	65,309	-	-	1,464,816	-	-	-
<u>\$ 209,640</u>	<u>\$ 66,457</u>	<u>\$ -</u>	<u>\$ 244,322</u>	<u>\$ 1,519,172</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ 1,330</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	480 E-Rate	481 Energy Efficient Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ 740,187	\$ 306,985	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	17,000	-	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	846	-	-
1000	Total Assets	<u>\$ 757,187</u>	<u>\$ 307,831</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 80	\$ -	\$ -
2160	Accrued Wages Payable	26,011	-	-	-
2170	Due to Other Funds	-	2,229	-	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>26,011</u>	<u>2,309</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	731,176	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3546	Student Activity	-	305,522	-	-
3000	Total Fund Balances	<u>731,176</u>	<u>305,522</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 757,187</u>	<u>\$ 307,831</u>	<u>\$ -</u>	<u>\$ -</u>

482 Dr. Hochman Grant	483 Equitable Sharing Program	484 OCDEF Grant	485 UTNB Health HCOE	486 LBV Grant	487 HEB Ready 3	Total Nonmajor Special Revenue Funds	511 Debt Service Fund
\$ 8,077	\$ 29,609	\$ -	\$ 12,000	\$ 75,944	\$ -	\$ 3,242,793	\$ 4,647,511
-	-	-	-	-	-	-	9,367,505
-	-	-	-	-	-	-	598,120
-	-	-	-	-	-	-	(429,290)
-	-	6,754	-	-	-	1,504,072	48,174
-	-	-	-	-	-	-	34,800
-	6,966	-	-	-	-	7,761	-
-	180	-	-	-	4,196	8,506	-
<u>\$ 8,077</u>	<u>\$ 36,755</u>	<u>\$ 6,754</u>	<u>\$ 12,000</u>	<u>\$ 75,944</u>	<u>\$ 4,196</u>	<u>\$ 4,763,132</u>	<u>\$ 14,266,820</u>
\$ -	\$ -	\$ -	\$ -	\$ 990	\$ -	\$ 40,319	\$ -
-	-	524	-	2,291	-	307,668	-
-	9,807	6,230	-	-	4,196	1,224,073	-
-	-	-	-	-	-	22,810	-
-	26,948	-	12,000	72,663	-	593,362	168,829
<u>-</u>	<u>36,755</u>	<u>6,754</u>	<u>12,000</u>	<u>75,944</u>	<u>4,196</u>	<u>2,188,232</u>	<u>168,829</u>
8,077	-	-	-	-	-	2,269,378	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,097,991
-	-	-	-	-	-	305,522	-
<u>8,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,574,900</u>	<u>14,097,991</u>
<u>\$ 8,077</u>	<u>\$ 36,755</u>	<u>\$ 6,754</u>	<u>\$ 12,000</u>	<u>\$ 75,944</u>	<u>\$ 4,196</u>	<u>\$ 4,763,132</u>	<u>\$ 14,266,820</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	512 Debt Service Fund - PFC	Total Nonmajor Debt Service Funds	616 Capital Projects	625 Qualified Zone Academy Bond #1
ASSETS				
1110 Cash and Cash Equivalents	\$ 338,742	\$ 4,986,253	\$ 2,024,514	\$ 453,241
1120 Investments - Current	-	9,367,505	-	-
1220 Property Taxes - Delinquent	-	598,120	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	(429,290)	-	-
1240 Receivables from Other Governments	16,683	64,857	-	-
1250 Accrued Interest	-	34,800	-	302
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 355,425</u>	<u>\$ 14,622,245</u>	<u>\$ 2,024,514</u>	<u>\$ 453,543</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 86,299	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	-	-	-
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	168,829	-	-
2000 Total Liabilities	<u>-</u>	<u>168,829</u>	<u>86,299</u>	<u>-</u>
Fund Balances:				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	1,938,215	453,543
3480 Retirement of Long-Term Debt	355,425	14,453,416	-	-
Committed Fund Balance:				
3546 Student Activity	-	-	-	-
3000 Total Fund Balances	<u>355,425</u>	<u>14,453,416</u>	<u>1,938,215</u>	<u>453,543</u>
4000 Total Liabilities and Fund Balances	<u>\$ 355,425</u>	<u>\$ 14,622,245</u>	<u>\$ 2,024,514</u>	<u>\$ 453,543</u>

626 Qualified Zone Academy Bond #2	627 Public Facility Corporation	630 Qualified Zone Academy Bond #3	697 Instructional Facilities Allotment #2	699 Instructional Facilities Allotment #1	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 351,024	\$ -	\$ 559,959	\$ 1,263,851	\$ 703,978	\$ 5,356,567	\$ 13,585,613
-	4,296,528	-	-	-	4,296,528	13,664,033
-	-	-	-	-	-	598,120
-	-	-	-	-	-	(429,290)
-	-	-	-	-	-	1,568,929
-	-	-	-	-	302	35,102
-	297,000	-	-	-	297,000	304,761
-	-	-	-	-	-	8,506
<u>\$ 351,024</u>	<u>\$ 4,593,528</u>	<u>\$ 559,959</u>	<u>\$ 1,263,851</u>	<u>\$ 703,978</u>	<u>\$ 9,950,397</u>	<u>\$ 29,335,774</u>
\$ -	\$ -	\$ -	\$ 3,833	\$ 34,202	\$ 124,334	\$ 164,653
-	-	-	-	-	-	307,668
-	213,744	-	-	-	213,744	1,437,817
-	-	-	-	-	-	22,810
-	-	-	-	-	-	762,191
<u>-</u>	<u>213,744</u>	<u>-</u>	<u>3,833</u>	<u>34,202</u>	<u>338,078</u>	<u>2,695,139</u>
-	-	-	-	-	-	2,269,378
351,024	4,379,784	559,959	1,260,018	669,776	9,612,319	9,612,319
-	-	-	-	-	-	14,453,416
-	-	-	-	-	-	305,522
<u>351,024</u>	<u>4,379,784</u>	<u>559,959</u>	<u>1,260,018</u>	<u>669,776</u>	<u>9,612,319</u>	<u>26,640,635</u>
<u>\$ 351,024</u>	<u>\$ 4,593,528</u>	<u>\$ 559,959</u>	<u>\$ 1,263,851</u>	<u>\$ 703,978</u>	<u>\$ 9,950,397</u>	<u>\$ 29,335,774</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	331,606	4,281,474	25,220
5020	Total Revenues	<u>331,606</u>	<u>4,281,474</u>	<u>25,220</u>
EXPENDITURES:				
Current:				
0011	Instruction	94,608	2,571,700	24,670
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	82,216	550
0021	Instructional Leadership	86,226	323,747	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	47,339	1,082,016	-
0032	Social Work Services	-	375	-
0033	Health Services	-	139,289	-
0034	Student (Pupil) Transportation	4,146	23,123	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	12,303	-
0051	Facilities Maintenance and Operations	-	908	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	99,287	45,797	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	6,000
6030	Total Expenditures	<u>331,606</u>	<u>4,281,474</u>	<u>25,220</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-
8911	Transfers Out (Use)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	276 Texas Title I Priority Schools	281 FEMA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,045	4,630	716,594	517,826	2,118,819	1,679,604	5,229,795	-
<u>3,045</u>	<u>4,630</u>	<u>716,594</u>	<u>517,826</u>	<u>2,118,819</u>	<u>1,679,604</u>	<u>5,229,795</u>	<u>-</u>
2,397	4,630	-	362,124	1,845,371	1,502,218	4,166,554	-
-	-	-	-	-	-	69,194	-
648	-	-	100,776	121,539	38,781	793,288	-
-	-	-	6,194	151,909	38,217	-	-
-	-	-	-	-	-	98,525	-
-	-	-	406	-	-	23,371	-
-	-	-	-	-	-	4,162	-
-	-	-	-	-	-	7,034	-
-	-	-	-	-	-	-	-
-	-	711,389	-	-	-	28,819	-
-	-	-	-	-	-	-	-
-	-	5,205	-	-	4,005	34,739	-
-	-	-	-	-	-	367	-
-	-	-	48,326	-	-	-	-
-	-	-	-	-	96,383	3,742	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,045</u>	<u>4,630</u>	<u>716,594</u>	<u>517,826</u>	<u>2,118,819</u>	<u>1,679,604</u>	<u>5,229,795</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 BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	285 ESEA I, A Improving Basic Program	287 Education Jobs Fund	289 Classroom Link	393 Texas Successful Schools Prog.
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	100,286	4,400,678	6,300	-
5020 Total Revenues	<u>100,286</u>	<u>4,400,678</u>	<u>6,300</u>	<u>-</u>
EXPENDITURES:				
Current:				
0011 Instruction	76,286	4,400,678	-	12,990
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	24,000	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	6,300	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	16,518
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>100,286</u>	<u>4,400,678</u>	<u>6,300</u>	<u>29,508</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,508)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	(29,508)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,508</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	424 LEOSE	425 Teacher Induction and Mentoring	429 Crime Stoppers Others
\$ -	\$ -	\$ -	\$ 7,107	\$ 1,307	\$ -	\$ -	\$ -
-	3,411	85,417	116,747	-	1,960	51,325	1,768,178
-	-	-	-	-	-	-	-
-	3,411	85,417	123,854	1,307	1,960	51,325	1,768,178
-	6,407	64,119	99,855	303,572	-	51,325	1,456,687
-	-	-	-	1,381	-	-	17,148
-	1,317	20,764	7,854	157,408	-	-	-
-	-	-	16,145	41,113	-	-	-
-	-	534	-	-	-	-	158,396
-	-	-	-	-	-	-	22,656
-	-	-	-	-	-	-	1,540
-	-	-	-	-	-	-	13,697
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	43,560
-	-	-	-	-	-	-	10,261
-	-	-	-	-	-	-	38,343
-	-	-	-	-	1,960	-	262
-	-	-	-	180,770	-	-	-
-	-	-	-	-	-	-	5,628
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,724	85,417	123,854	684,244	1,960	51,325	1,768,178
-	(4,313)	-	-	(682,937)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(4,313)	-	-	(682,937)	-	-	-
-	69,622	-	-	2,147,753	-	-	-
\$ -	\$ 65,309	\$ -	\$ -	\$ 1,464,816	\$ -	\$ -	\$ -

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	480 E-Rate	481 Energy Efficient Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 275,652	\$ 877,350	\$ -	\$ -
5800 State Program Revenues	326,106	-	-	2,318
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>601,758</u>	<u>877,350</u>	<u>-</u>	<u>2,318</u>
EXPENDITURES:				
Current:				
0011 Instruction	556,289	118,304	-	-
0012 Instructional Resources and Media Services	-	17,286	-	-
0013 Curriculum and Instructional Staff Development	-	2,127	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	25,507	-	-
0031 Guidance, Counseling and Evaluation Services	43,283	405	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	402	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	381,303	-	-
0051 Facilities Maintenance and Operations	-	10,802	-	2,318
0052 Security and Monitoring Services	-	1,265	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	239,973	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>599,572</u>	<u>797,374</u>	<u>-</u>	<u>2,318</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,186</u>	<u>79,976</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	(1,605,731)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,605,731)</u>	<u>-</u>
1200 Net Change in Fund Balance	2,186	79,976	(1,605,731)	-
0100 Fund Balance - September 1 (Beginning)	<u>728,990</u>	<u>225,546</u>	<u>1,605,731</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 731,176</u>	<u>\$ 305,522</u>	<u>\$ -</u>	<u>\$ -</u>

482	483	484	485	486	487	Total	511
Dr. Hochman Grant	Equitable Sharing Program	OCDETF Grant	UTNB Health HCOE	LBV Grant	HEB Ready 3	Nonmajor Special Revenue Funds	Debt Service Fund
\$ 5,100	\$ 19	\$ -	\$ -	\$ 32,337	\$ 4,196	\$ 1,203,068	\$ 5,134,456
-	-	-	-	-	-	2,355,462	12,959,996
-	12,048	16,197	-	-	-	19,456,024	-
<u>5,100</u>	<u>12,067</u>	<u>16,197</u>	<u>-</u>	<u>32,337</u>	<u>4,196</u>	<u>23,014,554</u>	<u>18,094,452</u>
3,978	-	-	-	26,725	4,196	17,761,585	-
-	-	-	-	-	-	105,009	-
-	-	-	-	4,000	-	1,355,268	-
-	-	-	-	-	-	663,551	-
-	-	-	-	-	-	282,962	-
-	-	-	-	467	-	1,219,943	-
-	-	-	-	-	-	6,077	-
-	-	-	-	-	-	160,422	-
-	-	-	-	-	-	27,269	-
-	-	-	-	-	-	783,768	-
-	-	-	-	-	-	403,867	-
-	-	-	-	-	-	96,320	-
-	12,067	16,197	-	-	-	32,118	-
-	-	-	-	-	-	235,396	-
-	-	-	-	1,145	-	491,955	-
-	-	-	-	-	-	-	17,469,302
-	-	-	-	-	-	-	9,468,126
-	-	-	-	-	-	-	3,950
-	-	-	-	-	-	16,518	-
-	-	-	-	-	-	6,000	-
<u>3,978</u>	<u>12,067</u>	<u>16,197</u>	<u>-</u>	<u>32,337</u>	<u>4,196</u>	<u>23,648,028</u>	<u>26,941,378</u>
<u>1,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(633,474)</u>	<u>(8,846,926)</u>
-	-	-	-	-	-	-	1,283,829
-	-	-	-	-	-	(1,605,731)	-
-	-	-	-	-	-	(1,605,731)	1,283,829
1,122	-	-	-	-	-	(2,239,205)	(7,563,097)
<u>6,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,814,105</u>	<u>21,661,088</u>
<u>\$ 8,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,574,900</u>	<u>\$ 14,097,991</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	512 Debt Service Fund - PFC	Total Nonmajor Debt Service Funds	616 Capital Projects	625 Qualified Zone Academy Bond #1
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,932	\$ 5,138,388	\$ 8	\$ 1,690
5800 State Program Revenues	3,373,548	16,333,544	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>3,377,480</u>	<u>21,471,932</u>	<u>8</u>	<u>1,690</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	2,005,000	19,474,302	-	-
0072 Interest on Long Term Debt	2,708,030	12,176,156	-	-
0073 Bond Issuance Cost and Fees	15,000	18,950	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	86,799	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>4,728,030</u>	<u>31,669,408</u>	<u>86,799</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,350,550)</u>	<u>(10,197,476)</u>	<u>(86,791)</u>	<u>1,690</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	1,227,431	2,511,260	2,000,274	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>1,227,431</u>	<u>2,511,260</u>	<u>2,000,274</u>	<u>-</u>
1200 Net Change in Fund Balance	(123,119)	(7,686,216)	1,913,483	1,690
0100 Fund Balance - September 1 (Beginning)	<u>478,544</u>	<u>22,139,632</u>	<u>24,732</u>	<u>451,853</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 355,425</u>	<u>\$ 14,453,416</u>	<u>\$ 1,938,215</u>	<u>\$ 453,543</u>

626 Qualified Zone Academy Bond #2	627 Public Facility Corporation	630 Qualified Zone Academy Bond #3	697 Instructional Facilities Allotment #2	699 Instructional Facilities Allotment #1	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 353	\$ 3,553	\$ 559	\$ 1,263	\$ 705	\$ 8,131	\$ 6,349,587
-	-	-	-	-	-	18,689,006
-	-	-	-	-	-	19,456,024
<u>353</u>	<u>3,553</u>	<u>559</u>	<u>1,263</u>	<u>705</u>	<u>8,131</u>	<u>44,494,617</u>
-	-	-	-	-	-	17,761,585
-	-	-	-	-	-	105,009
-	-	-	-	-	-	1,355,268
-	-	-	-	-	-	663,551
-	-	-	-	-	-	282,962
-	-	-	-	-	-	1,219,943
-	-	-	-	-	-	6,077
-	-	-	-	-	-	160,422
-	-	-	-	-	-	27,269
-	-	-	-	-	-	783,768
-	-	-	-	-	-	403,867
-	-	-	-	-	-	96,320
-	-	-	-	-	-	32,118
-	-	-	-	-	-	235,396
-	-	-	-	-	-	491,955
-	-	-	-	-	-	19,474,302
-	-	-	-	-	-	12,176,156
-	-	-	-	-	-	18,950
2,449	-	-	-	-	89,248	105,766
-	-	-	-	-	-	6,000
<u>2,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,248</u>	<u>55,406,684</u>
<u>(2,096)</u>	<u>3,553</u>	<u>559</u>	<u>1,263</u>	<u>705</u>	<u>(81,117)</u>	<u>(10,912,067)</u>
-	-	-	-	-	2,000,274	4,511,534
-	-	-	-	-	-	(1,605,731)
-	-	-	-	-	<u>2,000,274</u>	<u>2,905,803</u>
(2,096)	3,553	559	1,263	705	1,919,157	(8,006,264)
<u>353,120</u>	<u>4,376,231</u>	<u>559,400</u>	<u>1,258,755</u>	<u>669,071</u>	<u>7,693,162</u>	<u>34,646,899</u>
<u>\$ 351,024</u>	<u>\$ 4,379,784</u>	<u>\$ 559,959</u>	<u>\$ 1,260,018</u>	<u>\$ 669,776</u>	<u>\$ 9,612,319</u>	<u>\$ 26,640,635</u>

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LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

	BALANCE SEPTEMBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2012
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 346,171	\$ 970,667	\$ 1,056,237	\$ 260,601
Due From Other Funds	12	-	12	-
Total Assets	<u>\$ 346,183</u>	<u>\$ 970,667</u>	<u>\$ 1,056,249</u>	<u>\$ 260,601</u>
Liabilities:				
Due to Student Groups	<u>\$ 346,183</u>	<u>\$ 970,667</u>	<u>\$ 1,056,249</u>	<u>\$ 260,601</u>
BACK TO SCHOOL ASSISTANCE PROGRAM				
Assets:				
Cash and Temporary Investments	<u>\$ 3</u>	<u>\$ 9,572</u>	<u>\$ 7,901</u>	<u>\$ 1,674</u>
Liabilities:				
Due to Student Groups	<u>\$ 3</u>	<u>\$ 9,572</u>	<u>\$ 7,901</u>	<u>\$ 1,674</u>
DONATIONS				
Assets:				
Cash and Temporary Investments	<u>\$ 31,195</u>	<u>\$ 17,100</u>	<u>\$ 25,259</u>	<u>\$ 23,036</u>
Liabilities:				
Accounts Payable	\$ 5,000	\$ -	\$ 5,000	\$ -
Due to Student Groups	26,195	5,862	9,021	23,036
Total Liabilities	<u>\$ 31,195</u>	<u>\$ 5,862</u>	<u>\$ 14,021</u>	<u>\$ 23,036</u>
SCHOLARSHIPS				
Assets:				
Cash and Temporary Investments	\$ 146,906	\$ 40,123	\$ 65,498	\$ 121,531
Due From Other Funds	1,000	-	1,000	-
Total Assets	<u>\$ 147,906</u>	<u>\$ 40,123</u>	<u>\$ 66,498</u>	<u>\$ 121,531</u>
Liabilities:				
Accounts Payable	\$ 6,416	\$ 2,100	\$ 6,416	\$ 2,100
Accrued Wages Payable	24,472	-	24,472	-
Due to Student Groups	117,018	67,911	65,498	119,431
Total Liabilities	<u>\$ 147,906</u>	<u>\$ 70,011</u>	<u>\$ 96,386</u>	<u>\$ 121,531</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 524,275	\$ 1,037,462	\$ 1,154,895	\$ 406,842
Due From Other Funds	1,012	-	1,012	-
Total Assets	<u>\$ 525,287</u>	<u>\$ 1,037,462</u>	<u>\$ 1,155,907</u>	<u>\$ 406,842</u>
Liabilities:				
Accounts Payable	\$ 11,416	\$ 2,100	\$ 11,416	\$ 2,100
Accrued Wages Payable	24,472	-	24,472	-

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

	BALANCE SEPTEMBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2012
Due to Student Groups	489,399	1,054,012	1,138,669	404,742
Total Liabilities	<u>\$ 525,287</u>	<u>\$ 1,056,112</u>	<u>\$ 1,174,557</u>	<u>\$ 406,842</u>

T.E.A. REQUIRED SCHEDULES

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2012

Last 10 Years Ended August 31	(1) Tax Rates		(2)	(3) Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service		
2003 and prior years	Various	Various	\$	Various
2004	1.322910	0.179800		1,492,399,455
2005	1.322910	0.151200		1,681,169,772
2006	1.382910	0.171200		1,799,970,416
2007	1.266310	0.229200		1,850,327,688
2008	1.040000	0.234000		2,038,157,312
2009	1.040000	0.234000		2,142,642,269
2010	1.040000	0.234000		2,135,852,058
2011	1.040000	0.234000		2,125,507,784
2012	1.040000	0.234000		2,127,187,046
1000	TOTALS			

Column 10 + Column 20 - Column 31 - Column 40 + Column 40 = Column 50

Column 3 - Assessed /Appraised Value for School Tax Purposes: This is the net appraised value, after deductions of all exemptions, and tax freeze amounts 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 rate(s) times the applicable Assessed/Appraised Value(s) in column 3.

Column 31 & 32 - 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 8/31/12: This total agrees with Exhibit A-1, Balance Sheet, memorandum totals for current year, for Asset Code 1220 - Property Taxes Delinquent.

(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
\$ 869,970	\$ -	\$ 24,721	\$ 2,902	\$ (89,661)	\$ 752,686
168,621	-	7,527	1,023	(488)	159,583
186,373	-	6,519	745	(479)	178,630
202,554	-	12,204	1,511	(849)	187,991
282,044	-	11,956	2,164	(7,411)	260,513
293,722	-	28,784	6,476	2,047	260,509
379,197	-	61,799	13,905	9,738	313,232
425,326	-	115,585	26,007	15,969	299,704
920,890	-	424,754	95,570	(29,277)	371,288
-	27,100,363	20,858,959	4,693,265	(524,229)	1,023,910
<u>\$ 3,728,698</u>	<u>\$ 27,100,363</u>	<u>\$ 21,552,807</u>	<u>\$ 4,843,568</u>	<u>\$ (624,641)</u>	<u>\$ 3,808,045</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 49,972	\$ 404,440	\$ 389,659	\$ 4,062,807	\$ 324,204	\$ -	\$ 5,231,082
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	15,825	15,140	-	-	2,870	-	33,835
6212	Audit Services	-	-	-	42,000	-	-	42,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	346,406	-	-	-	-	346,406
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	15,177	-	196,747	24,846	60	-	236,830
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	26,867	7,947	-	-	34,814
6240	Contr. Maint. and Repair	-	-	-	-	307,202	-	307,202
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	1,680	2,676	18,270	6,964	-	29,590
6290	Miscellaneous Contr.	-	10,438	2,000	84,487	6,572	-	103,497
6320	Textbooks and Reading	-	-	434	3,208	524	-	4,166
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	744	30,074	4,744	91,608	50,502	-	177,672
6410	Travel, Subsistence, Stipends	24,181	2,957	4,450	30,873	4,550	-	67,011
6420	Ins. and Bonding Costs	-	-	-	578	-	-	578
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	11,900	20,180	17,236	141,232	10,647	-	201,195
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	263,100	263,100
6000	TOTAL	\$ 117,799	\$ 831,315	\$ 644,813	\$ 4,507,856	\$ 714,095	\$ 263,100	\$ 7,078,978

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 233,357,977

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 12,324,536
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	21,607,598
Food (Function 35, 6341 and 6499)	(13)	7,059,510
Stipends (6413)	(14)	9,754
Column 4 (above) - Total Indirect Cost		4,507,856

SubTotal:

45,509,253

Net Allowed Direct Cost

\$ 187,848,724

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 387,516,418
Historical Cost of Building over 50 years old	(16)	\$ 15,693,307
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 1,217,871
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 32,300,507
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 4,667,713
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$1,251,013 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 393,604	\$ 393,604	\$ 410,522	\$ 16,918
5800 State Program Revenues	101,739	449,739	98,247	(351,492)
5900 Federal Program Revenues	15,659,633	15,659,633	15,742,194	82,561
5020 Total Revenues	16,154,976	16,502,976	16,250,963	(252,013)
EXPENDITURES:				
0035 Food Services	15,622,976	16,776,407	16,231,858	544,549
0051 Facilities Maintenance and Operations	532,000	413,766	255,879	157,887
6030 Total Expenditures	16,154,976	17,190,173	16,487,737	702,436
1200 Net Change in Fund Balances	-	(687,197)	(236,774)	450,423
0100 Fund Balance - September 1 (Beginning)	4,536,530	4,536,530	4,536,530	-
3000 Fund Balance - August 31 (Ending)	\$ 4,536,530	\$ 3,849,333	\$ 4,299,756	\$ 450,423

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,052,161	\$ 5,052,161	\$ 5,134,456	\$ 82,295
5800	State Program Revenues	12,571,697	12,571,697	12,959,996	388,299
5020	Total Revenues	17,623,858	17,623,858	18,094,452	470,594
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	17,469,302	17,469,302	17,469,302	-
0072	Interest on Long-Term Debt	9,468,126	9,468,126	9,468,126	-
0073	Other Fees	7,000	7,000	3,950	3,050
6030	Total Expenditures	26,944,428	26,944,428	26,941,378	3,050
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,320,570)	(9,320,570)	(8,846,926)	473,644
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	-	-
7915	Transfers In	2,063,829	2,063,829	1,283,829	(780,000)
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8949	Other (Uses)	-	-	-	-
7080	Total Other Financing Sources (Uses)	2,063,829	2,063,829	1,283,829	(780,000)
1200	Net Changes in Fund Balances	(7,256,741)	(7,256,741)	(7,563,097)	(306,356)
0100	Fund Balance - September 1 (Beginning)	21,661,088	21,661,088	21,661,088	-
3000	Fund Balance - August 31 (Ending)	\$ 14,404,347	\$ 14,404,347	\$ 14,097,991	\$ (306,356)

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PFC DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,000	\$ 2,000	\$ 3,932	\$ 1,932
5800	State Program Revenues	3,411,716	3,411,716	3,373,548	(38,168)
5020	Total Revenues	3,413,716	3,413,716	3,377,480	(36,236)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	2,005,000	2,005,000	2,005,000	-
0072	Interest on Long-Term Debt	2,708,030	2,708,030	2,708,030	-
0073	Other Fees	16,000	16,000	15,000	1,000
6030	Total Expenditures	4,729,030	4,729,030	4,728,030	1,000
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,315,314)	(1,315,314)	(1,350,550)	(37,236)
OTHER FINANCING SOURCES (USES):					
7915	Transfer In	1,227,431	1,227,431	1,227,431	-
7080	Total Other Financing Sources (Uses)	1,227,431	1,227,431	1,227,431	-
1200	Net Changes in Fund Balances	(87,883)	(87,883)	(123,119)	(35,236)
0100	Fund Balance - September 1 (Beginning)	478,544	478,544	478,544	-
3000	Fund Balance - August 31 (Ending)	\$ 390,661	\$ 390,661	\$ 355,425	\$ (35,236)

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Capital Assets Information

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LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2012

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Assets in Service	\$ 7,134,104	\$ 26,975	\$ 7,107,129	\$ -
High Schools:				
Martin	67,397,891	248,174	65,020,897	1,972,714
Nixon	37,188,753	1,086,582	34,730,073	1,903,861
Cigarroa	32,356,146	872,258	30,128,368	2,087,239
VMT Communications & Arts	2,291,522	62,761	2,163,612	164,579
Francisco Lara Academy	2,706,998	-	2,628,337	202,198
Early College High School @ TAMIU	1,065,256	258,944	336,110	470,202
Middle Schools:				
Christen	29,367,401	117,596	28,336,059	807,216
Lamar	16,071,856	186,887	14,986,635	858,880
Cigarroa	10,460,775	-	10,028,894	488,410
Memorial	15,130,550	447,337	14,084,335	830,453
Elementary Schools:				
Bruni	7,929,552	6,139	7,733,621	311,651
Jose Gallegos	9,795,584	694,545	9,046,048	312,977
Daiches	9,085,740	28,111	8,936,353	235,121
Farias	11,991,439	1,750,761	9,854,380	314,977
Heights	7,674,716	400,313	7,095,902	417,376
Tarver	6,718,976	75,100	6,559,424	212,324
Leyendecker	11,545,181	133,989	10,966,078	367,047
Macdonell	7,717,536	1,348,363	6,132,528	309,904
Milton	7,038,276	164,517	6,664,566	436,629
Alma Pierce	9,759,610	47,542	9,383,438	474,088
Ryan	10,376,400	224,806	9,888,899	279,180
Santa Maria	7,152,493	20,950	7,067,910	163,985
Santo Nino	6,486,112	132,267	5,980,509	393,908
D. D. Hachar	11,456,511	484,686	10,604,451	341,697
J. C. Martin	11,617,781	240,525	11,080,807	360,233
H. B. Zachry	5,365,428	101,298	4,946,422	271,530
J. Kawas	7,796,195	238,434	7,335,413	338,910
Dovalina	6,568,290	35,000	6,151,327	286,918
H. Ligarde	7,003,830	129,588	6,683,744	260,803
T. Sanchez/Ochoa	6,672,221	120,000	6,383,760	213,145
Other Departments:				
Construction Department	148,623	-	121,159	-
Pregnancy Ed., & Parenting Program	88,000	-	-	-
St. Augustine High School	1,435	-	-	-
Blessed Sacrament School	490	-	-	-
Guadalupe School	11,364	-	-	-
St. Augustine Elementary School	306	-	-	-
St. Peters School	2,148	-	-	-
Juvenile Justice Center	1,354	-	-	-
Non Public Schools	5,812	-	-	-
Summer Programs	9,185	-	-	-
Board Room	60,134	23,455	-	-
Tax Office	97,600	-	21,038	-
Risk Management	-	-	-	-
Financial Management	1,530,102	2,834	1,512,578	110,871
Human Resources	50,280	-	-	40,242
Office of Public Information	240,194	20,119	201,347	-
Safety & Occupational Health Dept.	5,000	-	-	5,000

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2012

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
				(Continued)
Student Services	6,420	-	-	-
Internal Auditor	6,922	-	-	5,093
Hearings Officer	5,479	-	-	-
Assets Management	1,201,650	149,990	396,899	1,607,146
Records & Assets	593,915	127,770	348,562	156,048
Accelerated Ed/State Compensatory	1,717	-	-	-
Drug Awareness	663	-	-	-
State Bilingual	6,168	-	-	6,168
R. O. T. C.	64	-	-	-
Office of Compliance	9,367	-	-	-
Music	(5,092)	-	10,350	13,660
Physical Ed.	831	-	-	-
Language Arts Pk-12	2,189	-	-	-
Special Programs/Planning	58,798	-	22,745	-
Med Prep Program	3,417	-	-	-
State Deaf	10,707	-	-	-
Instructional Department	185,813	103,226	3,380	24,207
Staff Development	1,293	-	-	-
Career & Technology	8,000	-	-	28,928
Department of Assessment	12,757	-	-	-
Section 504	6,966	-	-	-
District Wide	1,120,725	1,153,325	-	23,000
Crimestoppers	11,990	-	-	9,500
Instructional Technology	1,472,014	-	1,037,115	92,075
Guidance and Counseling	3,052	-	-	-
Health Services	16,349	-	1,687	-
Pupil Transportation	11,032,104	78,925	4,107,532	6,062,407
Athletic	643,898	-	243,017	296,075
Special Education	177,729	-	-	110,892
Printing/Creative Services	404,005	15,201	-	351,804
Instructional Television	535,392	28,647	406	635,164
Postal Services	16,273	-	-	-
Information Technology	2,506,764	-	608,802	2,824,482
Division of Operations	4,770,750	21,102	3,272,588	1,732,621
LJSD Police Department	676,847	-	-	623,461
Child Nutrition Program	12,777,723	120,493	7,693,598	1,453,504
Title I Migrant	8,000	-	-	-
Title VI	5,905	-	-	-
Drug Free Schools	6,155	-	-	-
Total Assets by Location	<u>424,344,765</u>	<u>11,502,560</u>	<u>380,541,702</u>	<u>32,300,503</u>
Total Assets in Service	431,478,869	11,529,535	387,648,831	32,300,503
Construction in Progress	<u>13,936,278</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fixed Assets	<u>\$ 445,415,147</u>	<u>\$ 11,529,535</u>	<u>\$ 387,648,831</u>	<u>\$ 32,300,503</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2012

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets in Service	\$ 7,134,104	\$ -	-	\$ 7,134,104
High Schools:				
Martin	51,924,754	15,547,820	74,683	67,397,891
Nixon	36,648,134	576,089	35,470	37,188,753
Cigarroa	32,115,426	317,018	76,298	32,356,146
VMT Communications & Arts	2,390,616	25,170	124,264	2,291,522
Francisco Lara Academy	2,654,221	52,777	-	2,706,998
Early College High School @ TAMIU	772,155	293,101	-	1,065,256
Middle Schools:				
Christen	29,367,401	-	-	29,367,401
Lamar	15,940,594	144,047	12,785	16,071,856
Cigarroa	10,453,301	7,474	-	10,460,775
Memorial	14,987,910	154,337	11,697	15,130,550
Elementary Schools:				
Bruni	7,905,753	23,799	-	7,929,552
Jose Gallegos	9,788,110	7,474	-	9,795,584
Daiches	9,085,740	-	-	9,085,740
Farias	10,313,317	1,696,242	18,120	11,991,439
Heights	7,674,716	-	-	7,674,716
Tarver	6,718,976	-	-	6,718,976
Leyendecker	11,518,663	26,518	-	11,545,181
Macdonell	7,704,027	13,509	-	7,717,536
Milton	7,038,276	-	-	7,038,276
Alma Pierce	9,624,158	153,572	18,120	9,759,610
Ryan	10,419,230	10,290	53,120	10,376,400
Santa Maria	7,152,493	-	-	7,152,493
Santo Nino	6,388,335	97,777	-	6,486,112
D. D. Hachar	11,456,511	-	-	11,456,511
J. C. Martin	11,723,227	7,474	112,920	11,617,781
H. B. Zachry	5,345,260	20,168	-	5,365,428
J. Kawas	7,785,480	10,715	-	7,796,195
Dovalina	6,472,631	95,659	-	6,568,290
H. Ligarde	6,979,518	24,312	-	7,003,830
T. Sanchez/Ochoa	6,672,221	-	-	6,672,221
Other Departments:				
Construction Dept.	148,623	-	-	148,623
Pregnancy Ed., & Parenting Program	88,000	-	-	88,000
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	60,134	-	-	60,134
Tax Office	97,600	-	-	97,600
Financial Management	1,555,611	23,559	49,068	1,530,102
Human Resources	50,280	-	-	50,280
Office of Public Information	240,194	-	-	240,194
Safety & Occupational Health Dept.	5,000	-	-	5,000

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2012

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
				(Continued)
Student Services	6,420	-	-	6,420
Internal Auditor	6,922	-	-	6,922
Hearings Officer	5,479	-	-	5,479
Assets Management	1,155,022	58,628	12,000	1,201,650
Records & Assets	536,961	56,954	-	593,915
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	6,168	-	-	6,168
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	(15,442)	10,350	-	(5,092)
Physical Ed.	831	-	-	831
Language Arts Pk-12	2,189	-	-	2,189
Special Programs/Planning	58,798	-	-	58,798
Med Prep Program	3,417	-	-	3,417
State Deaf	10,707	-	-	10,707
Instructional Department	166,606	19,207	-	185,813
Staff Development	1,293	-	-	1,293
Career & Technology	8,000	-	-	8,000
Department of Assessment	12,757	-	-	12,757
Section 504	6,966	-	-	6,966
District Wide	1,145,047	-	24,322	1,120,725
Crimestoppers	11,990	-	-	11,990
Instructional Technology	1,397,990	272,825	198,801	1,472,014
Guidance and Counseling	3,052	-	-	3,052
Health Services	16,349	-	-	16,349
Pupil Transportation	10,858,439	757,440	583,775	11,032,104
Athletic	643,898	-	-	643,898
Special Education	177,729	-	-	177,729
Printing/Creative Services	404,005	-	-	404,005
Instructional Television	535,392	-	-	535,392
Postal Services	16,273	-	-	16,273
Information Technology	2,651,586	-	144,822	2,506,764
Division of Operations	4,794,639	114,479	138,368	4,770,750
LISD Police Department	701,908	37,847	62,908	676,847
Child Nutrition Program	12,217,708	693,084	133,069	12,777,723
Title I Migrant	8,000	-	-	8,000
Title VI	5,905	-	-	5,905
Drug Free Schools	6,155	-	-	6,155
Total Assets by Location	<u>404,879,660</u>	<u>21,349,715</u>	<u>1,884,610</u>	<u>424,344,765</u>
Total Assets in Service	412,013,764	21,349,715	1,884,610	431,478,869
Construction in Progress	21,433,130	10,746,518	18,243,370	13,936,278
Total General Fixed Assets	<u>\$ 433,446,894</u>	<u>\$ 32,096,233</u>	<u>\$ 20,127,980</u>	<u>\$ 445,415,147</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDING AUGUST 31, 2012

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 11,529,535	\$ 369,529,725	\$ 30,954,504	\$ 21,433,130	\$ 401,091,638
Instruction	-	-	(182,257)	-	(182,257)
Instructional Resources & Media Services	-	-	-	-	-
Curriculum & Instructional Staff Development	-	-	-	-	-
Instructional Administration	-	-	(162,804)	-	(162,804)
School Administration	-	-	(7,000)	-	(7,000)
Guidance and Counseling Services	-	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	(307,897)	-	(307,897)
Food Services	-	-	352,577	-	352,577
Cocurricular/Extracurricular Activities	-	-	2,081	-	2,081
General Administration	-	-	7,886	-	7,886
Plant Maintenance and Operations	-	-	133,400	-	133,400
Security and Monitoring Services	-	-	63,672	-	63,672
Data Processing Services	-	-	195,348	-	195,348
Community Services	-	-	-	-	-
Facilities Acquisition and Construction	-	18,119,106	1,250,993	(7,496,852)	11,873,247
Total Expenditures	<u>\$ 11,529,535</u>	<u>\$ 387,648,831</u>	<u>\$ 32,300,503</u>	<u>\$ 13,936,278</u>	<u>\$ 445,415,147</u>

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STATISTICAL SECTION



Statistical Section (Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	80-85
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	86-89
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	90-92
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	93-95
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	96-100

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in fiscal year 2002 and GASB Statement 54 in fiscal year 2011. Schedules presenting government-wide information included information beginning in that year.*

Schedule 1
Laredo Independent School District
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 50,622,049	\$ 53,428,494	\$ 55,002,128	\$ 66,799,496	\$ 88,131,399	\$ 87,359,760	\$ 11,006,905	\$ 99,028,291	\$ 129,424,249	\$ 115,519,722
Restricted										-
Federal and State Grants	3,694,433	-	3,252,423	4,697,799	6,526,044	2,985,517	2,803,798	6,023,568	6,848,569	5,996,416
Debt Service	4,557,510	-	9,427,615	11,669,155	14,711,181	15,672,278	18,103,437	20,245,918	22,139,631	14,453,416
Food Service	-	3,995,241	-	-	-	-	-	-	-	-
General Fund	434,764	5,928,141	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	11,250,991	107,820,884	1,303,248	806,912	11,202,938
Campus Activities	-	-	-	-	-	-	186,869	196,270	-	-
Other Purposes	-	-	-	-	-	-	416,474	11,104,927	10,570,736	-
Unrestricted	21,288,169	28,993,925	25,089,348	21,596,578	17,481,717	27,790,751	24,926,533	50,537,828	46,602,044	76,310,038
Total primary government net assets	<u>\$ 80,596,925</u>	<u>\$ 92,345,801</u>	<u>\$ 92,771,514</u>	<u>\$ 104,763,028</u>	<u>\$ 126,850,341</u>	<u>\$ 145,059,297</u>	<u>\$ 165,264,900</u>	<u>\$ 188,440,050</u>	<u>\$ 216,392,141</u>	<u>\$ 223,482,530</u>

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

Schedule 2
Laredo Independent School District
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
11 Instruction	\$ 107,384,297	\$ 115,680,810	\$ 122,230,466	\$ 120,826,637	\$ 129,599,244	\$ 134,358,549	\$ 141,320,598	\$ 146,735,324	\$ 134,847,028	\$ 140,108,277
12 Instructional Resources & Media Svcs.	4,430,854	5,701,079	4,785,344	4,739,042	5,063,766	4,989,927	6,751,828	5,382,316	4,920,120	4,465,110
13 Curriculum & Instructional Staff Devpt.	2,078,259	3,495,915	4,116,945	4,158,695	4,422,899	3,667,984	3,578,264	3,191,229	2,388,482	2,733,097
21 Instructional Leadership	3,523,053	3,481,745	4,057,212	5,049,862	4,645,809	4,883,535	5,009,620	4,858,256	4,594,040	3,853,769
23 School Leadership	9,466,283	9,888,715	10,234,352	10,352,434	10,985,322	11,506,693	11,421,441	11,941,453	12,315,890	13,014,688
31 Guidance, Counseling, and Evaluation Svcs.	6,216,697	7,187,656	7,669,776	7,859,900	8,023,575	7,927,242	7,966,627	8,295,054	8,006,556	7,496,736
32 Social Work Services	1,308,360	1,592,854	1,732,213	1,881,254	1,909,811	1,873,976	1,645,934	1,560,438	1,463,034	1,222,820
33 Health Services	2,530,252	2,735,815	2,710,696	2,837,440	2,937,961	3,028,304	3,208,410	3,291,693	3,222,582	3,140,289
34 Student (Pupil) Transportation	2,248,431	2,253,072	3,242,862	3,599,991	3,715,848	3,779,327	3,367,034	3,741,933	5,058,546	5,173,676
35 Food Services	9,311,871	9,568,655	10,567,413	12,512,316	14,169,981	12,521,327	13,192,002	14,853,696	16,435,137	16,726,252
36 Cocurricular/Extracurricular Activities	2,828,939	3,057,706	4,179,704	4,175,160	3,733,030	3,401,939	3,671,452	3,994,642	4,001,848	4,120,248
41 General Administration	5,696,593	5,240,709	6,060,603	6,479,272	6,192,926	6,876,464	7,814,329	7,351,514	5,877,835	5,805,488
51 Plant Maintenance & Operations	13,666,070	14,941,942	18,032,667	19,953,661	20,750,136	20,569,466	21,573,534	21,345,976	21,067,890	22,447,885
52 Security & Monitoring Services	1,960,551	1,400,411	2,590,090	3,407,992	3,625,540	3,031,417	3,107,258	2,968,302	8,753,039	4,205,124
53 Data Processing Services	1,904,632	2,325,266	1,599,846	2,958,108	3,305,837	2,968,845	3,634,101	3,353,815	3,538,788	7,844,613
61 Community Services	784,825	743,336	405,919	382,002	945,323	1,307,808	1,344,733	1,490,872	1,856,922	1,516,879
72 Interest on Long-Term Debt	7,726,182	7,463,089	13,408,938	10,888,015	13,274,418	15,747,078	14,434,609	12,893,768	13,009,498	12,386,876
73 Bond Issuance Costs and Fees	-	-	-	-	-	222,245	263,236	254,559	279,195	300,252
81 Facilities Acquisition	111,087	3,903,541	11,208,722	3,769,838	5,235,162	81,952	-	-	-	-
93 Payments to Fiscal Agents/Mem.	6,200	6,675	6,000	11,000	8,903	8,391	6,637	-	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	305,738	140,892	200,600	131,621	12,390	163,153	85,320	85,320	72,443	58,618
Total primary government expenses	183,489,174	200,809,881	229,040,368	225,974,240	242,557,881	242,915,622	253,396,967	257,590,160	251,714,873	256,626,697
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	-	356,998	1,043,355	2,779,468	815	-	4,350	294,749	-	-
Instructional Resources & Media Svcs.	-	-	-	-	-	-	-	-	-	-
Curriculum & Instructional Staff Devpt.	-	6,296	108,159	-	-	-	-	-	-	-
Instructional Leadership	-	-	-	-	-	-	-	-	-	-
School Leadership	98,673	-	-	-	-	-	-	-	-	-
Guidance, Counseling, and Evaluation Svcs.	-	-	20,329	9,132	-	-	-	-	-	-
Social Work Services	-	170,975	889	14,450	-	-	-	-	-	-
Health Services	-	87,435	86,840	77,961	-	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-	-	-	-	25,388	24,898
Food Services	-	223,343	275,521	367,977	121,443	281,112	312,052	330,569	323,896	345,903
Extracurricular Activities	209,986	175,860	-	-	171,645	201,995	210,088	154,023	145,658	240,733
General Administration	397,638	-	-	-	-	-	-	-	2,539	-
Plant Maintenance and Operations	24,387	8,284	-	-	-	-	-	1,073	-	7,414
Security & Monitoring Services	-	-	70	-	-	-	-	-	-	-
Data Processing Services	-	-	-	-	-	-	-	-	3,253	-
Community Services	-	-	-	1,075	-	10,372	-	-	220,876	224,081
Facilities Acquisition	-	-	-	2,340,977	-	-	-	-	-	-
Payments to Juvenile Justice Alternative Ed.	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	59,067,943	61,466,594	69,202,608	70,088,672	60,095,888	49,795,966	52,900,270	75,483,285	77,827,937	65,735,610
Total primary government program revenues	59,798,627	62,495,785	70,737,771	75,679,712	60,389,791	50,289,445	53,426,760	76,263,699	78,549,547	66,578,639
Net (Expense)/Revenue										
Total primary government net expense	\$ 123,690,547	\$ 138,314,096	\$ 158,302,597	\$ 150,294,528	\$ 182,168,090	\$ 192,626,177	\$ 199,970,207	\$ 181,326,461	\$ 173,165,326	\$ 190,048,058

Notes: The district began to report accrual information when it implemented GASB Statement 34 in 2002.

Schedule 3
Laredo Independent School District
General Revenues and Total Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Total primary government net expense	\$ 123,690,545	\$ 138,314,098	\$ 158,302,597	\$ 150,294,528	\$ 182,168,090	\$ 192,626,177	\$ 199,970,207	\$ 181,326,461	\$ 173,165,326	\$ 190,048,058
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	18,472,060	19,709,398	21,699,472	24,106,298	25,493,615	21,700,103	17,815,685	21,204,563	21,057,468	21,005,060
Property taxes levied for debt service	2,498,668	2,640,215	2,486,421	2,948,716	4,391,830	4,857,268	4,205,999	4,772,952	4,738,142	4,726,261
Unrestricted State Aid Formula Grants	108,117,088	127,590,082	118,829,241	115,296,468	155,643,283	176,570,738	-	169,891,579	166,315,755	165,355,519
Unrestricted grants and contributions	620,371	389,943	389,804	1,638,247	559,150	658,657	188,393,928	1,531,997	5,278,634	2,301,647
Investment earnings	2,750,735	1,522,487	5,147,041	8,262,586	12,207,337	9,893,383	5,936,051	3,706,251	1,456,958	783,823
Miscellaneous	6,020,515	6,897,219	10,176,331	10,033,727	3,106,862	5,089,737	4,731,278	3,394,271	2,270,460	2,966,137
Loss on Sale of Capital Assets	-	(8,686,372)	-	-	-	-	-	-	-	-
Special Item	-	-	-	-	7,731,745	-	-	-	-	-
Total primary government	<u>138,479,437</u>	<u>150,062,972</u>	<u>158,728,310</u>	<u>162,286,042</u>	<u>209,133,822</u>	<u>218,769,886</u>	<u>221,082,941</u>	<u>204,501,613</u>	<u>201,117,417</u>	<u>197,138,447</u>
Change in Net Assets										
Total primary government	<u>\$ 14,788,892</u>	<u>\$ 11,748,874</u>	<u>\$ 425,713</u>	<u>\$ 11,991,514</u>	<u>\$ 26,965,732</u>	<u>\$ 26,143,709</u>	<u>\$ 21,112,734</u>	<u>\$ 23,175,152</u>	<u>\$ 27,952,091</u>	<u>\$ 7,090,389</u>

Notes: The district began to report accrual information when it implemented GASB Statement 34 in 2002.

Schedule 4
Laredo Independent School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

FISCAL YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011¹	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,178,052	\$ 1,035,264
Restricted	-	-	-	-	-	-	-	-	14,881,931	14,929,976
Committed	-	-	-	-	-	-	-	-	-	3,851,761.00
Assigned	-	-	-	-	-	-	-	-	10,430,944	10,498,376
Unassigned	-	-	-	-	-	-	-	-	59,272,362	62,570,104
Reserved	4,684,864	4,823,330	9,024,994	12,527,471	15,458,084	14,158,322	16,513,895	15,665,794	-	-
Unreserved	<u>20,914,465</u>	<u>30,404,562</u>	<u>19,759,984</u>	<u>11,695,750</u>	<u>15,426,003</u>	<u>32,504,685</u>	<u>45,310,703</u>	<u>55,213,049</u>	-	-
Total general fund	\$ 25,599,329	\$ 35,227,892	\$ 28,784,978	\$ 24,223,221	\$ 30,884,087	\$ 46,663,007	\$ 61,824,598	\$ 70,878,843	\$ 85,763,289	\$ 92,885,481
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special Revenue Funds	-	-	-	-	-	-	-	-	2,982,829	2,269,378
Debt Service Funds	-	-	-	-	-	-	-	-	22,139,631	14,453,416
Capital Projects Funds	-	-	-	-	-	-	-	-	71,105,330	62,570,106
Committed										
Special revenue funds	-	-	-	-	-	-	-	-	1,831,277	305,522
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	162,144,593	29,362,125	24,795,478	47,946,686	-	-
Unreserved, reported in:										
Special revenue funds	3,694,431	2,363,427	3,252,423	4,697,799	6,526,044	2,985,517	3,205,029	3,366,692	-	-
Capital projects funds	79,045,740	49,668,348	147,046,196	114,929,536	-	105,931,575	96,330,178	67,346,619	-	-
Debt Service funds	<u>4,557,512</u>	<u>6,760,286</u>	<u>9,427,615</u>	<u>11,669,155</u>	-	-	-	-	-	-
Total all other governmental funds	\$ 87,297,683	\$ 58,792,061	\$ 159,726,234	\$ 131,296,490	\$ 168,670,637	\$ 138,279,217	\$ 124,330,685	\$ 118,659,997	\$ 98,059,067	\$ 79,598,422

¹ Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. See Note A to the Basic Financial Statements.

Schedule 5
Laredo Independent School District
Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

FISCAL YEAR	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Federal sources:										
Federal grants	\$ 23,092,971	\$ 25,877,336	\$ 29,906,211	\$ 32,960,541	\$ 34,948,185	\$ 29,766,786	\$ 34,134,993	\$ 41,198,981	\$ 43,871,485	\$ 41,978,269
Food services	9,458,795	10,649,535	11,187,260	10,979,704	11,750,545	12,266,676	13,241,239	14,174,829	15,779,620	15,742,194
Total federal sources	<u>32,551,767</u>	<u>36,526,871</u>	<u>41,093,471</u>	<u>43,940,245</u>	<u>46,698,730</u>	<u>42,033,462</u>	<u>47,376,232</u>	<u>55,373,810</u>	<u>59,651,105</u>	<u>57,720,463</u>
State sources:										
Per Capita and Foundation	111,916,178	131,713,457	119,915,636	121,242,425	140,171,354	153,808,970	158,289,910	152,285,241	150,492,906	147,080,044
Instructional Facilities Allotment	10,763,283	10,665,674	14,673,848	12,006,055	15,000,401	14,385,675	14,212,374	14,149,005	13,968,333	7,029,771
Teacher Retirement System on Behalf	8,696,250	7,981,849	6,356,609	8,532,673	6,995,207	7,785,412	8,164,503	8,507,328	8,599,937	7,973,904
Other State Programs	1,902,723	3,089,194	6,662,788	3,390,917	6,821,882	8,996,843	11,296,094	13,230,018	13,873,112	11,803,890
Other Governmental Agencies	882,222	8,140	53,027	592,200	17,563	15,000	13,769	8,523	36,543	14,278
Total state sources	<u>134,160,656</u>	<u>153,458,314</u>	<u>147,661,908</u>	<u>145,764,270</u>	<u>169,006,407</u>	<u>184,991,900</u>	<u>191,976,650</u>	<u>188,180,115</u>	<u>186,970,831</u>	<u>173,901,887</u>
Local sources:										
Property Taxes	20,310,907	22,072,076	23,948,120	26,759,747	28,217,513	25,781,018	26,517,619	26,842,672	26,861,291	26,398,584
Food service sales	98,673	91,252	275,421	342,424	-	-	-	-	-	-
Investment Income	2,852,918	1,522,487	1,468,715	8,939,430	12,653,464	8,773,586	5,969,438	3,299,340	1,396,011	785,814
Penalties, Interest, and Other Fees	82,882	715,290	5,898,531	730,655	793,048	762,789	767,477	849,947	793,562	680,304
Co-Curricular	209,986	175,860	185,958	210,761	528,836	201,995	208,305	154,024	140,579	2,744,310
Sale of WADA	5,260,737	5,025,976	7,043,169	6,640,127	-	-	-	-	-	-
Other revenues	2,760,105	1,498,481	2,181,473	4,555,304	3,493,578	5,725,649	5,199,032	5,803,494	3,898,876	1,450,837
Total local sources	<u>31,576,208</u>	<u>31,101,422</u>	<u>41,001,387</u>	<u>48,178,448</u>	<u>45,686,439</u>	<u>41,245,037</u>	<u>38,661,871</u>	<u>36,949,477</u>	<u>33,090,319</u>	<u>32,059,849</u>
Total revenues	<u>\$ 198,288,631</u>	<u>\$ 221,086,607</u>	<u>\$ 229,756,766</u>	<u>\$ 237,882,963</u>	<u>\$ 261,391,576</u>	<u>\$ 268,270,399</u>	<u>\$ 278,014,753</u>	<u>\$ 280,503,402</u>	<u>\$ 279,712,255</u>	<u>\$ 263,682,199</u>

Schedule 6
Laredo Independent School District
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
11 Instruction	\$ 108,533,210	\$ 115,051,643	\$ 121,436,722	\$ 120,677,728	\$ 127,566,003	\$ 124,574,273	\$ 132,562,305	\$ 136,926,181	\$ 130,994,791	\$ 133,835,305
12 Instructional Resources & Media Svcs.	4,540,795	5,591,014	4,722,348	4,783,647	5,117,287	5,015,429	5,645,227	5,008,109	4,852,523	4,250,190
13 Curriculum & Instructional Staff Devpt.	2,083,381	3,482,596	4,112,502	4,156,453	4,407,778	3,666,935	3,575,361	3,190,961	2,315,992	2,732,512
21 Instructional Leadership	3,517,336	3,677,251	3,995,905	5,038,242	4,593,480	4,808,484	4,841,743	4,830,156	4,526,994	3,818,325
23 School Leadership	9,459,702	10,213,257	10,199,530	10,334,223	11,496,485	11,506,313	11,393,756	11,860,625	12,310,481	12,703,954
31 Guidance, Counseling, and Evaluation Svcs.	6,216,362	7,117,540	7,655,899	7,848,384	7,973,115	7,928,395	7,929,295	8,287,553	8,033,912	7,453,131
32 Social Work Services	1,307,776	1,584,124	1,725,654	1,878,004	1,898,201	1,873,824	1,635,270	1,547,337	1,459,941	1,216,784
33 Health Services	2,529,828	2,717,525	2,703,162	2,833,087	2,914,709	3,029,224	3,152,483	3,275,482	3,222,011	3,129,927
34 Student (Pupil) Transportation	2,798,513	3,353,357	3,557,405	4,006,844	4,421,695	3,780,477	3,337,594	3,379,725	4,286,949	3,857,490
35 Food Services	10,705,893	10,488,447	11,112,037	14,060,478	14,019,024	13,050,876	13,273,870	14,721,207	16,322,280	17,015,626
36 Cocurricular/Extracurricular Activities	2,890,288	3,335,203	4,121,958	4,201,927	3,865,637	3,407,484	3,669,811	3,978,069	3,988,524	4,117,102
41 General Administration	5,908,368	5,902,123	6,013,068	6,462,377	6,414,077	6,151,232	7,128,076	6,911,475	5,817,817	5,827,965
51 Plant Maintenance & Operations	13,772,442	15,823,595	17,890,819	20,191,873	20,833,944	20,672,806	21,452,133	21,033,887	20,785,265	22,049,652
52 Security & Monitoring Services	2,249,899	2,589,363	2,560,883	3,649,274	3,658,629	3,084,521	3,090,286	2,941,578	6,062,334	3,587,576
53 Data Processing Services	2,020,913	2,724,200	3,550,847	3,089,698	3,246,059	2,947,023	3,397,514	3,347,252	3,520,834	4,170,043
61 Community Services	783,456	743,051	405,884	381,774	940,663	1,307,924	1,343,308	1,490,764	1,820,034	1,506,155
71 Principal	11,510,000	8,230,000	10,940,000	8,378,013	10,731,378	17,221,396	18,464,315	14,144,518	14,799,652	19,474,301
Interest	7,369,225	7,162,878	8,851,746	12,204,644	13,939,432	13,141,804	12,662,695	12,245,352	11,101,550	12,176,157
Other Debt Service Costs	167,651	104,836	7,129,465	94,524	700,532	107,750	20,350	287,969	289,311	18,950
81 Facilities acquisition/construction	48,771,194	34,035,840	36,178,910	50,483,909	33,927,132	34,907,736	18,227,796	17,657,752	29,190,358	12,014,889
Other capital outlay										
93 Payments to Fiscal Agents / Members.	6,200	6,675	6,000	11,000	8,903	8,391	6,637	-	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	305,738	140,892	200,600	131,393	12,390	163,153	85,320	85,320	72,443	58,618
Total expenditures	<u>\$ 247,448,171</u>	<u>\$ 244,075,410</u>	<u>\$ 269,071,342</u>	<u>\$ 284,897,496</u>	<u>\$ 282,686,553</u>	<u>\$ 282,355,450</u>	<u>\$ 276,895,145</u>	<u>\$ 277,151,272</u>	<u>\$ 285,779,996</u>	<u>\$ 275,020,652</u>
Debt service as a percentage of noncapital expenditures	9.50%	7.33%	8.50%	8.78%	9.94%	12.29%	12.09%	10.20%	10.27%	12.12%

Percentage was calculated as follows: (Debt Service Principal + Interest Payments) / (Total expenditures - Capital)
(19,474,301 + 12,176,157) / (275,020,652 - 13,830,154)

Schedule 7
Laredo Independent School District
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

FISCAL YEAR	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Excess of revenues over (under) expenditures	\$ (49,157,540)	\$ (22,988,803)	\$ (39,314,576)	\$ (47,014,533)	\$ (21,294,977)	\$ (14,085,051)	\$ 1,119,608	\$ 3,352,130	\$ (6,067,741)	\$ (11,338,453)
Other Financing Sources (Uses)										
Issuance of Loans	-	4,000,000	-	14,000,000	-	-	-	-	-	-
Issuance of Bonds	4,240,000	-	182,135,630	-	56,950,000	-	-	18,420,000	18,415,000	-
Lease Proceeds	-	-	-	-	-	-	154,728	-	-	-
Premium Issuance of Bond	113,701	80,430	5,815,205	-	668,061	-	-	1,382,794	926,503	-
Premium Issuance of Loans	-	36,695	-	23,032	-	-	-	-	-	-
Redemption of Refunded Bonds	-	-	(54,145,000)	-	-	-	-	-	-	-
Sale of Real and Personal Property	-	-	-	-	-	-	-	-	72,215	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(19,771,368)	(19,062,461)	-
Transfers in	7,580,700	8,282,912	9,745,939	8,137,271	8,171,244	5,438,945	8,369,938	8,510,698	7,020,726	8,266,550
Transfers out	(7,580,700)	(8,282,912)	(9,745,939)	(8,137,271)	(8,171,244)	(5,438,945)	(8,369,938)	(8,510,698)	(7,020,726)	(8,266,550)
Special Item	-	-	-	-	7,731,745	-	-	-	-	-
Total other financing sources (uses)	<u>4,353,701</u>	<u>4,117,125</u>	<u>133,805,835</u>	<u>14,023,032</u>	<u>65,349,806</u>	<u>-</u>	<u>154,728</u>	<u>31,426</u>	<u>351,257</u>	<u>-</u>
Net change in fund balances	<u>\$ (44,803,839)</u>	<u>\$ (18,871,678)</u>	<u>\$ 94,491,259</u>	<u>\$ (32,991,501)</u>	<u>\$ 44,054,829</u>	<u>\$ (14,085,051)</u>	<u>\$ 1,274,336</u>	<u>\$ 3,383,556</u>	<u>\$ (5,716,484)</u>	<u>\$ (11,338,453)</u>

Schedule 8
Laredo Independent School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value ^o	Total Direct Rate ^a
	Residential Property	Personal Property			
2003	1,796,614,504	258,875,299	624,798,051	1,430,691,752	1.503
2004	1,897,272,357	270,837,330	675,710,242	1,492,399,445	1.503
2005	1,967,477,564	271,781,800	558,089,592	1,681,169,772	1.474
2006	2,087,865,861	277,897,380	565,792,825	1,799,970,416	1.554
2007	2,145,905,693	287,225,760	582,803,765	1,850,327,688	1.495
2008	2,347,904,503	312,600,408	622,347,599	2,038,157,312	1.274
2009	2,472,601,899	321,706,417	651,666,047	2,142,642,269	1.274
2010	2,631,967,318	301,780,345	797,895,605	2,135,852,058	1.274
2011	2,665,396,497	275,391,447	815,280,160	2,125,507,784	1.274
2012	2,684,572,761	269,333,873	826,719,588	2,127,187,046	1.274

Source: LISD Tax Office

Notes: ^a Per \$100 of assessed value.

^o The taxable value shown here will not match the values reported by the Comptroller of Public Accounts.

Schedule 9
Laredo Independent School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year	District Direct Rates			Overlapping Rates ^a		
	Maintenance & Operations	Debt Service	Total	Laredo Community College	City of Laredo	Webb County Road & Bridge
2003	1.323	0.180	1.503	0.227	0.631	0.458
2004	1.323	0.180	1.503	0.236	0.642	0.472
2005	1.323	0.151	1.474	0.236	0.637	0.438
2006	1.383	0.171	1.554	0.234	0.637	0.438
2007	1.266	0.229	1.495	0.222	0.637	0.401
2008	1.040	0.234	1.274	0.256	0.256	0.187
2009	1.040	0.234	1.274	0.247	0.247	0.179
2010	1.040	0.234	1.274	0.244	0.244	0.180
2011	1.040	0.234	1.274	0.243	0.243	0.172
2012	1.040	0.234	1.274	0.240	0.240	0.163

Source: LISD Tax Office.

Note:

^a Includes levies for operating and debt service costs.

Schedule 10
Laredo Independent School District
Principal Property Tax Payers
Current Year and Ten Years Ago
Unaudited

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
Laredo Texas Hospital Co LP	\$ 97,468,480	1	3.23%	-		-
HE Butt Grocery Co	17,036,870	2	0.56%	15,289,510	3	-
Webb Hospital Holdings LLC	16,014,570	3	0.53%	-		0.00%
International Bank of Commerce	16,014,570	4	0.53%	8,030,430	7	0.39%
AEP Texas Central Company	14,347,250	5	0.48%	33,018,600	1	1.60%
MPT of Laredo LLC	13,569,460	6	0.45%	-		-
The Laredo National Bank	12,982,580	7	0.43%	10,218,260	5	0.50%
Southwestern Bell Telephone LP	9,508,800	8	0.31%	19,815,190	2	0.96%
BIA Acquisition LTD	9,174,774	9	0.30%	8,891,140	6	-
TWE-Advance-Newhouse Partnership	7,993,440	10	0.26%	-		-
Texas Cable Partners	-		-	11,476,630	4	0.56%
La Posada Hotel	-		-	7,102,900	8	0.35%
Courtyard by Marriot	-		-	5,416,360	9	0.26%
The Texas Mexican Rwy	-		-	4,973,290	10	0.24%
Total Appraised Value	\$ 3,019,249,181		7.09%	\$ 2,058,551,249		4.86%

Source: LISD Tax Office

Schedule 11
 Laredo Independent School District
 Property Tax Levies and Collections
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Outstanding Tax Levy	Percentage of Levy
2003	20,330,602	19,343,292	95.14	818,911	20,162,203	168,399	99.17%
2004	21,883,429	20,894,287	95.48	829,559	21,723,846	159,583	99.27%
2005	24,424,100	23,477,269	96.12	768,201	24,245,470	178,630	99.27%
2006	26,852,020	25,695,670	95.69	968,359	26,664,029	187,991	99.30%
2007	28,349,279	27,043,378	95.39	1,045,388	28,088,766	260,513	99.08%
2008	25,996,124	24,782,861	95.44	952,754	25,735,615	260,509	99.00%
2009	27,297,263	25,864,604	94.75	1,119,427	26,984,031	313,232	98.85%
2010	27,210,755	25,084,155	92.18	1,826,896	26,911,051	299,704	98.90%
2011	27,078,969	26,174,857	96.66	532,824	26,707,681	371,288	98.63%
2012	27,100,363	26,076,453	96.22	-	26,076,453	1,023,910	96.22%

Source: LISD Tax Office.

Schedule 12
 Laredo Independent School District
 Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	General Obligation Bonds	Loans	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a	Per Capita Personal Income Schedule # 16	Per Capita ^a
2003	140,023,093	20,355,000	160,378,093	4.23%	763	18,047	762.88
2004	134,411,482	22,225,000	156,636,482	3.88%	726	18,731	725.94
2005	254,032,558	20,480,000	274,512,558	6.16%	1,242	20,160	1,242.30
2006	247,637,999	32,675,000	280,312,999	5.90%	1,240	21,012	1,240.42
2007	296,751,137	31,360,000	328,111,137	6.46%	5,945	91,994	5,944.93
2008	287,630,128	29,640,000	317,270,128	5.70%	1,345	23,598	1,344.75
2009	278,289,348	27,855,000	306,144,348	4.69%	1,093	23,294	1,093.07
2010	267,149,396	25,975,000	293,124,396	4.92%	1,151	23,400	1,150.62
2011	256,072,731	24,000,000	280,072,731	4.37%	1,092	24,985	1,091.91
2012	245,038,625	16,000,000	261,038,625	N/A	N/A	-	-

Notes: N/A = not available.

^a See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Schedule 13
Laredo Independent School District
Direct and Overlapping Governmental Activities Debt
As of August 31, 2012
Unaudited

<u>Governmental Unit</u>	<u>Estimated Gross Debt</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Laredo	\$ 184,660,281	23.97%	\$ 44,263,069
County of Webb	61,288,020	16.27%	9,971,561
Laredo Community College	149,731,943	23.97%	<u>35,890,747</u>
Subtotal, overlapping debt			90,125,377
District direct debt			<u>192,696,910</u>
Total direct and overlapping debt			<u>\$ 282,822,287</u>

Sources: Taxable value data used to estimate applicable percentages provided by the Webb County Property Appraiser. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

^a The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing

Schedule 14
Laredo Independent School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2012

Net Assessed value of 2011 taxable property		\$	2,127,187,046
Plus: Exemptions			826,719,588
Total Assessed Value			<u>2,953,906,634</u>
Debt limit (10% of total assessed value)			295,390,663
Amount of debt applicable to said maximum debt limit:			
Total (net) general bonded debt	\$	176,969,910	
(Percentage of debt to total assessed value)			5.99%
Less: Debt Service Fund Balance as of 8/31/12		14,097,991	
Total amount of debt applicable to debt limit			<u>162,871,919</u>
Legal debt margin			<u><u>\$ 132,518,744</u></u>

<u>Fiscal Year</u>	<u>Debt limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u>
2003	149,239,945	133,968,230	15,271,715	89.77%
2004	168,116,972	127,395,117	40,721,855	75.78%
2005	180,836,742	245,496,793	(64,660,051)	135.76%
2006	194,474,196	224,767,220	(30,293,024)	115.58%
2007	185,032,769	245,415,822	(60,383,053)	132.63%
2008	203,815,731	232,617,536	(28,801,805)	114.13%
2009	279,430,832	218,178,789	61,252,043	78.08%
2010	293,374,766	203,672,415	89,702,351	69.42%
2011	294,078,794	164,778,123	129,300,671	56.03%
2012	295,390,663	162,871,919	132,518,744	55.14%

Notes: Currently, outstanding tax supported debt is supported with funds received by either the Existing Debt Allotment Program or the Instructional Facilities Allotment Program from the Texas Education Agency. Both the Existing Debt Allotment Program funds and the Instructional Facilities Allotment Program are subject to biennial appropriation by the Texas Legislature. The District's Series 1999, 2001, 2002, 2005 and 2010 Refunding Bonds are secured by the Permanent School Fund Guarantee.

Schedule 15
Laredo Independent School District
Ratio of General Obligation Bonded Debt to Taxable Assessed Value
General Obligation Bonded Debt Per Capita, and General Obligation Bonded Debt per Student
Last Ten Fiscal Years
Unaudited

Fiscal Year	Assessed Value ^a	General Obligation Bonded Debt	State Revenue For Debt Service	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Population	Bonded Debt Per Capita	Student Enrollment	Bonded Debt per Student
2003	1,430,691,752	140,023,093	10,763,283	129,259,810	9.03%	212,661	658	23,881	5,413
2004	1,492,399,445	134,411,482	10,665,674	123,745,808	8.29%	218,833	614	24,359	5,080
2005	1,681,169,772	254,032,558	14,673,848	239,358,710	14.24%	224,874	1,130	24,745	9,673
2006	1,799,970,416	247,637,999	14,520,582	233,117,417	12.95%	227,544	1,088	24,876	9,371
2007	1,850,327,688	296,751,137	16,890,612	279,860,525	15.12%	217,506	1,364	24,795	11,287
2008	2,038,157,312	287,630,128	16,321,496	271,308,632	13.31%	221,000	1,301	25,075	10,820
2009	2,142,642,269	278,289,348	17,696,362	260,592,986	12.16%	255,926	1,087	24,903	10,464
2010	2,135,852,058	267,149,396	16,606,288	250,543,108	11.73%	263,286	1,015	24,682	10,151
2011	2,125,507,784	256,072,731	17,135,797	238,936,934	11.24%	246,917	1,037	24,680	9,681
2012	2,127,187,046	245,038,625	16,616,219	228,422,406	10.74%	270,381	906	24,761	9,225

Notes: ^a The taxable value shown here will not match the values reported by the Comptroller of Public Accounts.

Schedule 16
Laredo Independent School District
Demographic and Economic Statistics
Last Ten Calendar Years
Unaudited

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income^a</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate^a</u>
2003	212,661 ^a	3,793,956,000	18,047	7.10
2004	218,833 ^a	4,041,613,000	18,731	6.50
2005	224,874 ^a	4,454,781,000	20,160	5.70
2006	217,559 ^b	4,748,324,000	21,012	5.20
2007	219,617 ^b	5,077,310,000	91,994	4.50
2008	220,232 ^b	5,567,524,000	23,598	5.20
2009	226,419 ^b	5,624,141,000	23,294	7.90
2010	237,244 ^b	5,961,227,000	23,400	8.00
2011	246,917 ^c	6,408,612,000	24,985	7.95
2012	270,381 ^d	N/A	N/A	7.07

Tickmarks and Sources:

N/A = not available

^a Texas Workforce Commission

^b U.S. Census Bureau

^c Texas State Data Center

^d Texas Department of State Health Services

Note: Population and Unemployment Rate for 2012 represent projected figures.

Schedule 17
 Laredo Independent School District
 Principal Employers
 Current Year and Ten Years Ago
 Unaudited

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
United Independent School District	6,179	1	6.43%	4,231	1	5.87%
Laredo Independent School District	4,500	2	4.69%	3,350	2	4.65%
City of Laredo	2,371	3	2.47%	2,200	3	3.05%
Laredo Sector Border Patrol	2,000	4	2.08%	782	10	1.09%
H.E.B. Grocery	1,552	5	1.62%	1,385	5	1.92%
Webb County	1,500	6	1.56%	1,270	7	1.76%
Laredo Medical Center	1,500	7	1.56%	1,661	4	2.31%
Texas A&M International University	1,215	8	1.27%	888	9	1.23%
McDonald's Restaurant	1,200	9	1.25%	1,114	8	1.55%
Walmart	937	10	0.98%	1,330	6	1.85%
Annual Labor Force	<u>96,028</u>		<u>23.90%</u>	<u>72,054</u>		<u>26.16%</u>

Source: Laredo Development Foundation.

Schedule 18
Laredo Independent School District
Full-time-Equivalent District Employees by Type
Last Ten Fiscal Years
Unaudited

	Full-time-Equivalent Employees as of August 31										Percentage Change 2003-2012
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Teachers											
Pre-K & Kindergarten	165	169	188	205	222	230	228	221	223	198	
Elementary	620	644	640	638	631	631	629	678	671	625	
Secondary	568	566	553	565	599	624	622	637	603	576	
Special Education	153	163	177	170	156	N/A	N/A	N/A	N/A	N/A	
All Level	10	10	12	21	17	98	110	67	87	95	
Total Teachers	1,515	1,553	1,570	1,599	1,625	1,583	1,589	1,603	1,584	1,494	-1.39%
Support Staff											
Supervisors	6	7	5	5	15	-	-	-	-	-	
Counselors	56	61	62	62	66	63	61	63	65	65	
Educ Diagnosticians	14	20	18	20	19	19	18	17	17	14	
Librarians	28	28	28	27	30	30	30	30	30	27	
Nurses/Physicians	35	40	38	40	38	39	42	43	45	38	
Therapists	21	23	20	18	21	21	20	24	20	21	
Other Support Staff	154	161	179	215	216	200	202	210	205	172	
Total Support Staff	313	338	350	386	405	372	373	387	382	337	7.59%
Administrators											
Admin/Instr Officers	7	15	13	24	19	35	37	36	37	31	
Principals	28	28	27	28	29	29	27	29	28	27	
Assistant Principals	50	54	55	53	59	59	54	54	58	54	
Superintendents	-	-	1	1	1	1	1	1	1	1	
Asst Superintendents	-	5	4	3	-	1	1	1	-	-	
Total Administrators	85	102	99	108	108	125	120	121	124	113	33.73%
Educational Aides	451	484	482	479	477	492	484	526	478	355	-21.21%
Auxiliary Staff	1,095	1,089	1,235	1,311	1,318	1,286	1,274	1,240	1,260	1,268	15.82%
Total	3,458	3,566	3,736	3,884	3,933	3,858	3,840	3,877	3,828	3,567	3.15%

Source: Texas Education Agency Fall PEIMS Submission

Schedule 19
Laredo Independent School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Enrollment¹</u>	<u>Operating Expenditures²</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
2003	23,881	179,630,101	7,522	10.94%	1,515	15.8	95.50%
2004	24,359	194,541,856	7,986	6.18%	1,553	15.7	95.60%
2005	24,745	205,971,221	8,324	4.22%	1,570	15.8	96.20%
2006	24,876	213,736,406	8,592	3.22%	1,599	15.6	96.80%
2007	24,795	223,388,079	9,009	4.86%	1,625	15.3	96.50%
2008	25,075	216,976,764	8,653	-3.95%	1,583	15.8	96.00%
2009	24,903	227,519,989	9,136	5.58%	1,589	15.7	96.50%
2010	24,682	232,815,681	9,433	3.24%	1,603	15.4	97.20%
2011	24,680	230,399,125	9,335	-1.03%	1,584	15.6	97.10%
2012	24,761	231,336,355	9,343	0.08%	1,494	16.6	97.20%

Source: Texas Education Agency AEIS Reports and District's CAFRs.

Notes:

- ¹ Enrollment is as of the October reporting date to TEA through the Public Education Information System (PEIMS).
- ² Operating Expenditures are total governmental fund expenditures less debt service and capital projects (functions 71 and 81).

Schedule 20
Laredo Independent School District
Teacher Base Salaries
Last Ten Fiscal Years
Unaudited

Fiscal Year	0 Years Experience Salary^a	40+ Years Experience Salary^a	District Average Salary^b	County Average Salary^b	Statewide Average Salary^b
2003	32,500	52,066	40,392	38,631	39,972
2004	34,000	53,666	41,801	40,119	40,476
2005	36,000	55,666	43,071	41,800	41,009
2006	37,000	56,666	43,361	42,371	41,743
2007	39,500	59,166	46,236	45,164	44,897
2008	41,000	60,074	47,416	46,505	46,178
2009	41,000	62,399	49,021	47,938	47,158
2010	42,500	63,552	50,287	49,063	48,263
2011	42,500	63,627	50,163	49,378	48,639
2012	42,500	63,742	49,911	49,020	48,375

Sources:

^a District records.

^b Texas Education Agency Fall PEIMS Submission
fringe benefits such as pension, health insurance, disability, and so on.

Schedule 21
Laredo Independent School District
Measures of Capacity
Unaudited

School	Total Square Feet	Max. Cap. Based on Sq. Feet	Practical Capacity Sq. Feet	Total Classrooms	Max. Cap. Based on Classrooms	Practical Capacity Classrooms	Architect's Capacity	Average Practical Capacity
High Schools								
Cigarroa	250,000	1,667	1,497	54	1,620	1,458	1,500	1,404
Martin	309,569	2,100	1,890	93	2,790	2,511	2,100	2,201
Nixon	274,834	615	553	83	2,490	2,241	1,606	1,467
Nixon Freshman Annex	26,837	179	160	15	450	405	382.0	405
Nixon Church Annex	32,600	217	195	13	390	351	367.0	351
Early College High School	42,731	560	520	20	600	500	520.0	500
Total High Schools:	936,571	5,338	4,815	278	8,340	7,466	6,475	6,328
Middle Schools								
Christen	215,347	1,312	1,181	45	1,125	1,013	1,450	1,097
Cigarroa	216,000	1,728	1,555	56	1,400	1,260	1,349	1,237
Lamar	173,259	1,059	953	63	1,575	1,418	1,448	1,185
Memorial	134,245	1,074	967	30	750	675	950	821
Total Middle Schools:	738,851	5,173	4,656	194	4,850	4,366	5,197	4,340
Elementary Schools								
Bruni	85,392	878	790	29	638	574	725	682
Buenos Aires	92,305	1,026	923	29	638	574	870	749
Daiches	84,751	942	848	54	1,188	1,069	873	786
Dovalina	55,454	546	491	28	616	554	603	523
Farias	85,535	840	756	29	638	574	650	665
Hachar	88,214	980	882	29	638	574	650	692
Heights	68,500	761	685	19	418	376	450	531
Kawas	88,648	795	715	34	748	673	850	694
Leyendecker	99,255	853	767	37	814	733	838	750
Ligarde	80,379	893	804	39	858	772	870	788
Macdonell	79,421	863	776	29	638	574	650	675
Martin	94,728	803	723	31	682	614	650	668
Miton	85,897	819	737	38	836	752	873	745
Pierce	86,689	964	867	42	924	832	850	849
Ryan	93,456	883	795	38	836	752	873	773
Sanchez/Ochoa	89,450	956	860	34	748	673	850	767
Santa Maria	81,667	872	785	29	638	574	650	680
Santo Niño	92,078	973	875	43	946	851	850	863
Tarver	84,561	877	789	30	660	594	650	691
Zachry	76,401	801	721	33	726	653	644	687
Total Elem. Schools:	1,692,781	17,325	15,589	674	14,828	13,342	14,919	14,258
Total Campuses:	3,368,203	27,836	25,060	1,146	28,018	25,174	26,591	24,926

Source: Laredo Independent School District Construction Department

Note: Historical data for the past ten years not readily available.

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SINGLE AUDIT SECTION





INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Board of Trustees
Laredo Independent School District

Compliance and Other Matters

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 11, 2013



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

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 could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit on compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Board of Trustees
Laredo ISD

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the District's compliance but not to provide an opinion on the effectiveness of the District's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 11, 2013

**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2012**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X None reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X None reported

An unqualified opinion was issued on compliance for major programs.

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

Identification of major programs:

<p>84.377 84.410A 10.553 10.555 10.559</p>	<p>TTL Priority School Program Education Jobs School Breakfast Program National School Lunch Program Summer Feeding Program</p>
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**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FEDERAL EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2012**

SECTION I – SUMMARY OF AUDITORS’ RESULTS – CONTINUED

- Dollar threshold used to distinguish between type A and type B programs? \$1,632,691
- Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

N/A

SECTION V – CORRECTIVE ACTION PLAN

N/A

REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF DEFENSE			
<u>Direct Programs:</u>			
ROTC	12.9999	N/A	\$ 160,816
Total Direct Programs			\$ 160,816
TOTAL U. S. DEPARTMENT OF DEFENSE			\$ 160,816
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A	84.010A	12610101240901	\$ 17,234,307
ESEA, Title I, School Improvement-MHS	84.010A	12610104240901001	346,894
ESEA, Title I, School Improvement-NHS	84.010A	12610104240901002	221,876
ESEA, Title I, School Improvement-CHS	84.010A	12610104240901003	43,634
ESEA, Title I, School Improvement-ChrMS	84.010A	12610104240901041	163,795
ESEA, Title I, School Improvement-CigMS	84.010A	12610104240901043	231,870
ESEA, Title I School IES-MHS	84.010A	12610110240901001	115,118
ESEA, Title I School IES-NHS	84.010A	12610110240901002	50,988
ESEA, Title I School IES-CHS	84.010A	12610110240901003	63,728
ESEA, Title I School IES-ChrMS	84.010A	12610110240901041	109,770
ESEA, Title I School IES-CigMS	84.010A	12610110240901043	100,153
Total CFDA Number 84.010A			18,682,133
Career and Technical-Basic Grant	84.048A	12420006240901	499,469
Career and Technical-Basic Grant	84.048A	13420006240901	26,719
Total CFDA Number 84.048A			526,188
Title II, Part A	84.367A	12694501240901	2,168,963
IDEA, Part B, Discretionary (Deaf)	84.027A	126610012409016611	11,902
IDEA, Part B, Formula (Deaf)	84.027A	126600012409016601	3,117
Total CFDA Number 84.027A			15,019
IDEA, Part B, Preschool (Deaf)	87.173A	126610012409016611	4,742
LEP Program	84.365A	12671001240901	1,713,196
TTL Priority School-MHS	84.377A	116107047110024	1,368,819
TTL Priority School-NHS	84.377A	116107047110025	1,403,124
TTL Priority School-CHS	84.377A	116107047110023	1,250,191
TTL Priority School-LMS	84.377A	106107067110002	1,261,461
TTL Priority School-CHS YR3	84.377A	116107047110023	4,420
Total CFDA Number 84.377A			5,288,015
Title I, ARRA/Stimulus	84.389A	10551001240901	100,286
Education Jobs Fund	84.410A	11550101240901	4,400,678
Classroom Link	84.372A	10635002240901	6,300
ESEA, Title I, Part C Migrant	84.011A	12615001240901	337,862
IDEA, Part B, Formula	84.027A	126600012409016600	4,382,223
IDEA, Part B, Preschool	84.173A	126610012409016610	25,824
Total Passed Through State Department of Education			\$ 37,651,429
TOTAL DEPARTMENT OF EDUCATION			\$ 37,651,429
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	\$ 123,741
Total Passed Through Texas Dept of Human Services			\$ 123,741
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 123,741

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Forfeiture U. S. Treasury	N/A	N/A	\$ 12,048
Organized Crime Drug Enforcement Task Force	N/A	N/A	16,197
Total CFDA Number N/A			<u>28,245</u>
Total Direct Programs			<u>\$ 28,245</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 28,245</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	\$ 4,440,087
*National School Lunch Prog. - Cash Assistance	10.555	N/A	10,046,112
*National School Lunch Prog. - Non Cash Assistance	10.555	N/A	999,861
Total CFDA Number 10.555			<u>11,045,973</u>
Fresh Fruit and Vegetable Program	10.582	N/A	256,134
*Cash Assistance - Summer Feeding Program	10.559	N/A	716,594
Total Passed Through the State Department of Agriculture			<u>\$ 16,458,788</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 16,458,788</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 54,423,019</u>

*Clustered Programs

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2012

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 Defense ROTC program.

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 financial resources to be used for the acquisition or construction of major capital outlays, including capital facilities and other capital assets.

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*.
4. Federal revenues in the General Fund consist of amounts attributed to the National School Lunch Program, the ROTC Program and the Medicaid Administrative Program. Expenditures are not specifically attributable to these revenue sources and are shown as amounts equal to federal revenues. The revenue for indirect costs is recognized in the General Fund. Additionally, the SHARS Program is accounted for in the General Fund. SHARS revenue is not considered federal financial assistance and is therefore not included in the schedule.

Total Expenditures of Federal Awards, Exhibit K-1	\$ 54,423,019
SHARS Program Reimbursement	3,297,444
Federal Program Revenues, Exhibit C-3	\$ 57,720,463

SCHOOLS FIRST QUESTIONNAIRE

Laredo Independent School District

Fiscal Year 2012

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	15,043,717

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LAREDO INDEPENDENT SCHOOL DISTRICT

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