

Comprehensive Annual Financial Report

For the year ending August 31, 2002



LAREDO INDEPENDENT SCHOOL DISTRICT

Laredo, Texas

www.laredoisd.org



LAREDO INDEPENDENT SCHOOL DISTRICT

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2002

Presented to

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Sylvia Bruni, Administrative Assistant-Special Programs
Dr. Cecilia M. Moreno, Executive Director for Support Services
Severita Sanchez, Administrative Assistant-for Administration
Don Schulte, Ed. D., Executive Director for Human Resources

Officials Issuing Report

Jesus J. Amezcua, CPA, Chief Financial Officer
Rosa Maria Torres, Director of Accounting

**Laredo Independent School District
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended August 31, 2002**

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GOVERNMENTAL FUNDS

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March 27, 2003

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

Dear Board Members and Taxpayers:

We are pleased to submit to you the 2001-2002 Comprehensive Annual Financial Report for the Laredo Independent School District (the District). The report was prepared by the District's Financial Management Department. The general purpose financial statements have been audited by the independent accounting firm of Padgett, Strateman, & CO., L.L.P., whose report is included herein. This examination satisfies the Texas Education Agency requirement for an annual audit of all funds of the district by an independent certified public accountant. The report submitted to the Texas Education Agency was modified to adhere to financial reporting standards required by the Government Finance Officer's Association Certificate of Achievement Program.

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

Organization of the Report

The Comprehensive Annual Financial Report consists of four parts: **The Introductory Section** includes this transmittal letter which highlights significant aspects of financial operations during the year and, in particular, the issues faced by the District, an organizational chart; a list of principal business officials; and a list of consultants and advisors. **The Financial Section** includes the independent auditor's report, the general purpose financial statements, MD&A, related notes, and supplemental financial statements with combining, individual fund and account

group statements and schedules. **The Statistical Section** includes several exhibits and tables of un-audited data depicting the financial history of the District as well as demographic and other miscellaneous statistics. Most of this data is provided for the last ten years. The Single Audit Section is provided in conformity with the provision of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133 Audits of State and Local Governments, and Non-Profit Organizations, and the Texas Education Agency. This section includes independent auditor's reports.

Reporting Entity

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

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

For fiscal year ending August 31, 2002, the District has complied with GASB 34 requirements as required by the Governmental Accounting Standards Board, the Texas Education Agency and the Government Finance Officers Association.

Economic Condition and Outlook

Laredo Independent School District is located in the heart of the City of Laredo, and encompasses approximately 13 square miles. The total population for the City of Laredo is more than 193,635 of which more than 92,500 are concentrated within the District's boundaries.

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

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

September 11th

The tragedy of September 11th had an impact worldwide and being that Laredo is a major international border, the community has seen many changes to its economy. Various sectors of our economy rely on international trade and these were affected by the new protocols being implemented after September 11th. Laredo ISD has incurred additional operating costs after the tragedy. In order to secure our schools and offices, LISD has seen an increase in security costs, training costs and human resources. Each of the industries were affected uniquely as described in each sector below.

The International Section

Laredo, the Gateway to Mexico, is the largest inland port on the Texas-Mexico Border, and in 2002, 13,947,966 tons of freight crossed into Mexico via the City's four international bridges. A fifth bridge is being planned by the City and the County for 2004 in order to alleviate the traffic congestion in the inner-city. Total passenger vehicles crossing the bridges were 6,587,150 and 361,112 commercial trucks.

The Peso Devaluation

Although we saw record international trade in 2002, the community has rebounded from the effects of the peso devaluation that started on December 20, 1994. It takes approximately five years for the economy to recover from the effects of a devaluation.

The impact of the '94 peso devaluation did not have as adverse an effect as the 1982 peso devaluation. The primary reason for this is that the economy as a whole is more diversified. Among key factors that have made a difference are increased construction activity, increased international trade, increased tourism, and increased airfreight activity.

Retail Sector

The retail sector continued to gain strength in the City of Laredo and total sales tax receipts was up from 2001 by **\$3,135,652** or a 13.77% increase. Total sales tax rebates to the city were **\$25,900,461**. The City sales tax rebates included sales taxes received for the City's general fund in the amount of **\$17,158,252**, for the Sports and Community Venue in the amount of **\$4,289,481** and for the transit system in the amount of **\$125,826**.

The Tourism Sector

Laredo is a natural place to attract visitors from Mexico and the United States. Laredo's location on the border lends itself to hosting visitors from all over the world. Known as the friendliest City in Texas, Laredo tourist attractions provide a safe and friendly atmosphere. The City offers great shopping, the Casa Blanca Lake recreational park, seasonal events such as the Washington's Birthday Celebration, Borderfest and Border Olympics, and other attractions. The hotel industry continued to show a steady increase in its occupancy rate for last year. After the September 11th, the hotel industry also saw a temporary decline in occupancy.

The Construction Sector

Construction activity continues on a steady pace in 2002. A total of 2,419 building permits were issued for a total value of **\$225,836,942**. Of these permits, 144 were for residential and 2,275 for commercial. Although a majority of the developments are outside the school district boundaries, it adds to the generation of other economic activity in other sectors of the economy.

The Airline Service and Airfreight Sector

Airport activity at the Laredo International Airport increased in 2002. Total passengers enplaned were 70,234 and passengers deplaned were 66,281. Airlines serving Laredo include Continental Airlines, and American Eagle. The tourism and travel industry outlook in Laredo continues to be positive. In addition, most indicators show that through the passage of NAFTA, restrictions will be eased and increased activity will be experienced. A new 78,000 square foot passenger terminal and related improvements were completed to attract other airline markets. After September 11th, the City saw a temporary decline in passengers in the months following the tragedy. However enhanced security has been in place at the airport and other facilities and it is expected for the airport activity to return to its 2000 pace.

The Market Labor Report

The employment picture of the City has been impacted by border conditions. As of August 2002, Laredo's unemployment rate was 6.5%. The total civilian labor force was 72,532 which was 1,556 more than the prior year. Total persons employed were 67,815, and total persons unemployed as of the end of the year were 4,717.

The leading employers in the City were United Independent School District with 3,893 employees, Laredo Independent School District with 3,349 employees, and the City of Laredo with 2,080 employees.

The Dollar/Peso Parity Rate

A major indicator of the state of Laredo's economy is the parity of the dollar compared to the peso. Faced with inflationary pressures, the Mexican government utilizes the currency exchange as a means to fight inflation and weak economic times. The peso was traditionally a fixed type of monetary currency until the late 1970's. The rate at that time was 12.5 pesos to the \$1. In 1982, a major peso devaluation was implemented by Mexico, and the peso was allowed to fluctuate in the market. The peso eventually fluctuated to approximately 2,300 pesos to \$1. In 1992, the Mexican government introduced a new peso concept, which allowed the last three digits of the currency to be dropped. This new initiative was started in an effort to simplify the number of pesos needed to conduct transactions. The value of the peso did not change with the new pesos, and the currency continued to fluctuate within certain boundaries. In 1994, the Mexican government again allowed its currency to float freely in the market in order to correct inflationary pressures, and the peso was devalued. Although the trend showed that Mexico has continued to follow a floating currency rate

policy, it has been relatively stable since 1998. The current parity rate is nine (10.7) pesos to the \$1.

2001-2002 Major Initiatives

For the Year

The Texas Education Agency issues rating to the individual schools of districts in the State of Texas based on comparisons with state standards for TAAS scores, dropout rates and attendance rates. Ratings consist of Exemplary, Recognized, Acceptable and Unacceptable categories. In 2001, Laredo Independent School District had five Exemplary schools, twelve Recognized schools, and ten Acceptable schools. No school was issued a rating of Unacceptable. The following is a list of the 2002 individual school ratings compared to the last four years:

<u>Campus</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
R.T. Martin High	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
J. W. Nixon High	<i>Recognized</i>	Acceptable	Acceptable	Acceptable	Acceptable
Dr. L. Cigarroa High	<i>Recognized</i>	Acceptable	Acceptable	Acceptable	Acceptable
L.J. Christen Middle	<i>Recognized</i>	Recognized	Acceptable	Acceptable	Acceptable
Joaquin Cigarroa Mid.	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
M.B. Lamar Mid.	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
Memorial Mid.	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
Bruni Elementary	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
Buenos Aires Elem.	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>
D.D. Hachar Elem.	Exemplary	Acceptable	Acceptable	Acceptable	Acceptable
Daiches Elementary	<i>Recognized</i>	<i>Recognized</i>	Acceptable	Acceptable	Acceptable
Doalina Elementary	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
Farias Elementary	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
H.B. Zachry Elem.	<i>Recognized</i>	Acceptable	<i>Recognized</i>	Acceptable	Acceptable
H. Ochoa Elementary	(a)	<i>Recognized</i>	Acceptable	Acceptable	Acceptable
Heights Elementary	<i>Recognized</i>	Acceptable	<i>Recognized</i>	<i>Recognized</i>	Acceptable
J.C. Martin Elem.	Exemplary	Exemplary	Exemplary	<i>Recognized</i>	Acceptable
J.A. Kawas Elem.	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>	Acceptable	Acceptable
Leyendecker Elem.	Acceptable	Acceptable	Acceptable	<i>Recognized</i>	Acceptable
Honore Ligarde Elem.	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>	Acceptable	Acceptable
Macdonell Elem.	Exemplary	Exemplary	Exemplary	Exemplary	Exemplary
Milton Elem.	Exemplary	Exemplary	Exemplary	Exemplary	Exemplary
Alma Pierce	<i>Recognized</i>	Elementary	<i>Recognized</i>	Acceptable	Acceptable
M.S. Ryan Elem.	Exemplary	Exemplary	Exemplary	<i>Recognized</i>	Acceptable
Tomas Sanchez Elem.	(a)	Acceptable	Acceptable	Acceptable	Acceptable
Santa Maria Elem.	Acceptable	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>	<i>Recognized</i>
Santo Nino Elem.	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable
K. Tarver Elem.	<i>Recognized</i>	Acceptable	<i>Recognized</i>	Acceptable	Acceptable
Sanchez/Ochoa	<i>Recognized</i>	(a)	(a)	(a)	(a)

(a) The campuses at Sanchez Elementary and Ochoa Elementary were combined for school year 2001-2002. Both schools were demolished and replaced with a new consolidated campus.

Overall, Laredo Independent School District received a rating of Academically Acceptable for year

2002. Laredo ISD comparison of student performance data with the State is as follows:

Tests→	Reading		Writing		Math		All Tests	
	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>
2002	81.6%	91.3%	82.9%	88.7%	86.6%	92.7%	74.4%	85.3%
2001	80.2%	88.9%	80.1%	87.9%	84.9%	90.2%	71.3%	82.1%
2000	76.8%	87.4%	80.4%	88.2%	80.7%	87.4%	67.9%	79.9%
1999	73.5%	86.3%	81.2%	87.9%	77.4%	85.6%	63.8%	78.1%
1998	60.3%	83.3%	69.9%	84.2%	60.2%	80.4%	49.3%	73.1%

Statistics →	Attendance Rate		Dropout Rate	
	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>
2001	96.2%	95.5%	1.2%	1.0%
2000	96.7%	95.6%	1.0%	1.3%
1999	96.5%	95.4%	1.1%	1.6%
1998	96.3%	95.3%	3.2%	1.6%
1997	96.3%	95.2%	3.3%	1.6%

Student Populations →

	Special Education		Career and Applied Technology		Bilingual/ESL		Gifted & Talented	
	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>	<u>District</u>	<u>State</u>
2001	13.1%	11.9%	14.7%	18.9%	57.8%	12.6%	8.3%	8.4%
2000	13.2%	12.1%	15.1%	18.6%	56.5%	12.5%	7.0%	8.4%
1999	12.8%	12.1%	13.8%	17.8%	52.5%	12.1%	6.5%	8.4%
1998	12.4%	12.0%	10.7%	17.4%	50.6%	11.9%	5.7%	8.0%
Class Of	Number of Graduates		Number Graduating Under the Advanced Programs		Number Graduating under Recommended /Distinguished Achievement Program			
2001	998		-		861			
2000	1,076		4		969			
1999	1,160		118		858			
1998	1,178		221		670			

FIRST Rating

The Texas Education Agency implemented a new financial rating system called FIRST which stands for Financial Integrity System of Texas. This rating is designed to monitor 22 indicators that affect the school district's financial stability. These include indicators such as fund balance, tax collections, level of instruction expenditures, level of debt expenditures and other various indicators. TEA requires that the District to submit financial information to the state and hold a public hearing on the results of the rating. For fiscal year August 31, 2002, it is a transition year. The rating will be in effect for fiscal year 2002-2003. The projected current rating for August 31, 2002 is Superior

Achievement as defined by the FIRST Rating Criteria.

Major grants received:

The Texas Education Agency awarded the Laredo Independent School District the amount of **\$2,902,553** to implement the expansion of the Pre-Kinder Program at the elementary level. This grant will expand the instructional time for K4 students and add new classes for additional students. A major determinant of the eligibility for this grant was the high number of students that are economically disadvantaged and bilingual students in the school district. Amount spent on this grant was **\$2,635,514**.

The Texas Education Agency awarded the Laredo Independent School District the amount of **\$2,247,536** to implement a class size reduction program at the elementary level. This grant will reduce the number of students per teacher and it will assist in providing instructional time to students. A major determinant of the eligibility for this grant was the high number of students that are economically disadvantaged in the school district. Amount spent on this grant was **\$1,300,644**.

The Texas Education Agency awarded the Laredo Independent School District the amount of **\$11,365,847** to the Title I program for the 2001-2002. This grant will 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. The No Child Left Behind Act (NCLB) focuses on improving quality and accountability for results in exchange for significantly increased resources. Amount spent on this grant was **\$9,531,723**.

Safety Resource Officer Program

The safety resource officer program was continued in 2001-2002. A total of 11 sheriffs and 8 police officers were assigned to the various high schools and middle schools. The total costs of this program were **\$845,990**. The safe environment for LISD students is a major goal of the district, and the Board made a commitment to improve safety. Emphasis was placed at the secondary schools via this program. A grant was written for 2002-2003 to include programs at the elementary schools.

For the Future

The Laredo Independent School District utilizes the site-based decision making concept as required by the State of Texas. The Educational Improvement Council of the District meets periodically to plan its school year and review curriculum and instructional programs. One of the most important tasks of this committee is the setting of the district-wide performance goals and objectives. The District also has a District Planning Process, which involves the participation of board members, community leaders, higher education officials, teachers, administrators, parents and teachers. A series of workshops have been held to arrive at a common mission statement and vision statement of the district. Additional workshops and community meetings are held annually to update the District Plan. The Superintendent Priority Goals outlined in the District Plan are as follows:

1. To establish and maintain an organizational climate that respects the dignity and worth of all people.
2. To establish and maintain an environment within the district which maximizes safety for all students, employees and visitors.
3. To increase the quality and number of career technology courses that results in students gaining meaningful skills for employment and continuing their pursuit of advanced learning.
4. To lead the district's initiative toward continued improvement of academic performance for all students as measured by TAKS and other appropriate measures of student gain and to increase the number of students taking the SAT and ACT.
5. To implement programs and initiatives that will result in a significant reduction of student dropout rate over the next three years.
6. To implement effective human resources practices that will result in high morale, fair employment of personnel and improved employee relations, retention and recruitment.
7. To effectively implement the district's construction and facilities maintenance program.
8. To implement and monitor appropriate accountability measures to protect the resources of the district including, but not limited to money, materials, supplies, and equipment.
9. To implement a professional and personal growth program that will result in all employees having the opportunity to enhance their skills and abilities for the purpose of improving their promotional and wage earning capacities.
10. To support the district's commitment to provide quality instructional and administrative technology for students, staff and community including acquisition and maintenance of appropriate hardware and software.

Financial Information

The Accounting System and Budgetary Control

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

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

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

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

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

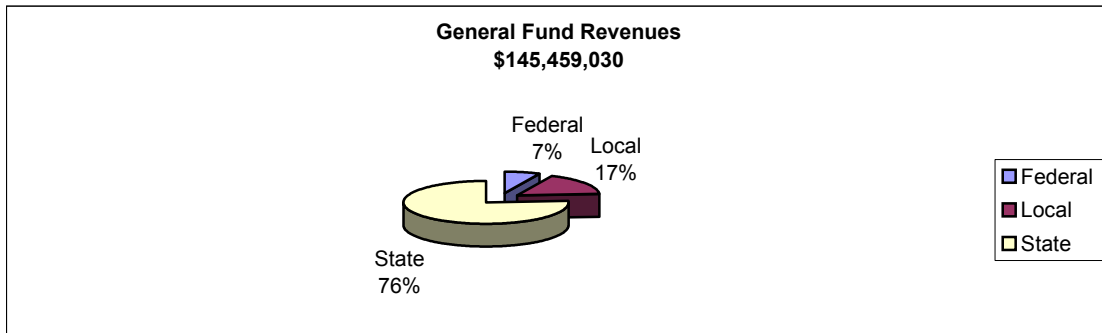
The annual operating budget or financial plan is proposed by the Superintendent and enacted by the Board of Trustees after public discussion. The site-based decision making process, as mandated by the education code, is the cornerstone of all LISD budgetary decisions. Each campus must have an SBDM committee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

Subsequent intra-function budget transfers must be approved by the Board for the General Fund Budget. For Special Revenue Funds, intra-function budget transfers are approved subject to the approval by the granting agency. A summary of all transfers is presented to the Board of Trustees. Interdepartmental transfers and any increase or decrease or operating appropriations must be approved by the Board of Trustees and the Superintendent. 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.

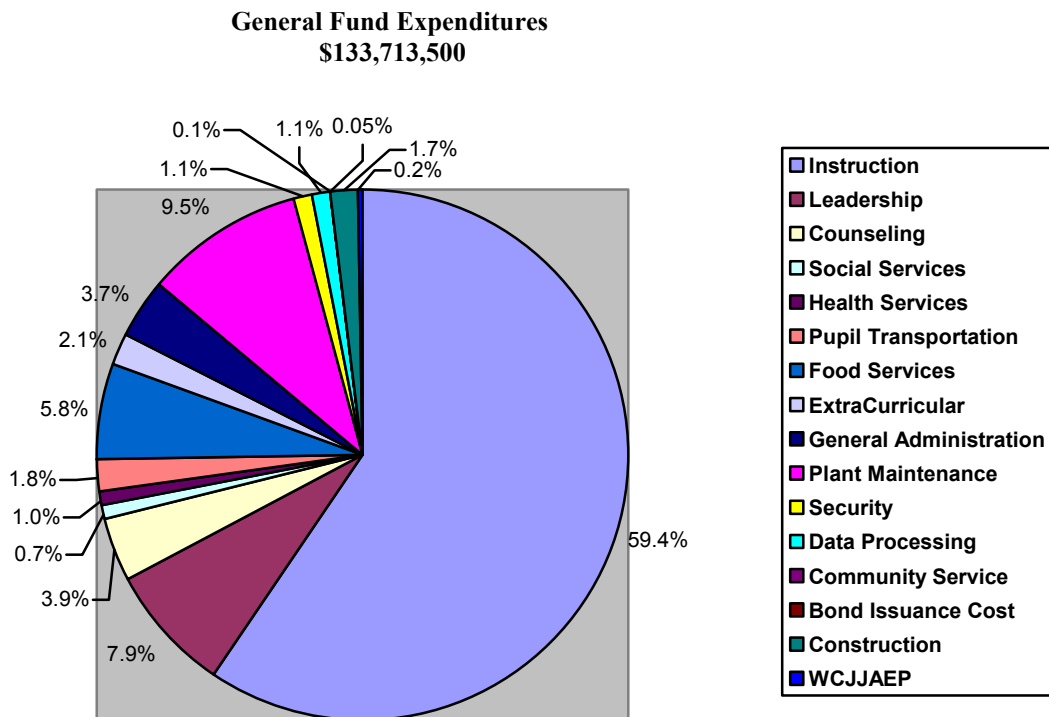
General Fund

The District's General Fund is used to account for expenditures of traditional governmental services as well as financial resources other than those required to be accounted for in other funds. For the year ended August 31, 2002 total revenues were **\$145,459,030**. Total revenues increased **\$16,105,357** or 12% as compared to fiscal year 2001 level. Total revenues and percentage of the

total revenues were as follows:



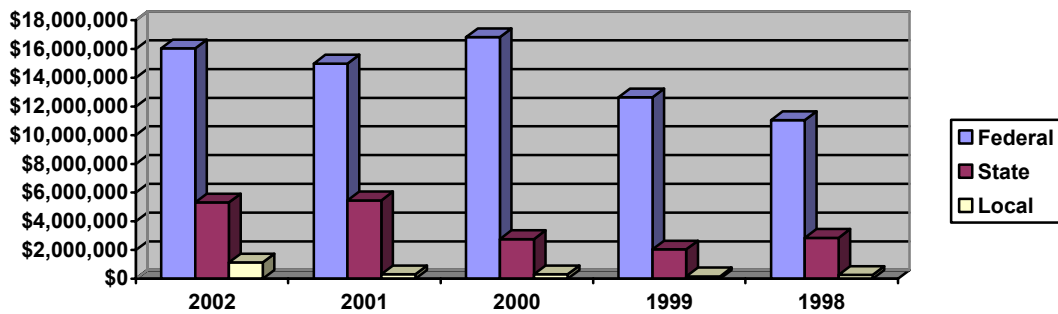
Actual expenditures on a budget basis were **\$9,269,288** less than the amended budget. Savings were realized as a result of prudent fiscal management, additional state aid due to increased ADA. General Fund expenditures in 2002 increased by **\$1,648,491** or 1% of 2001 levels. Total expenditures for the fiscal year are summarized below:



Special Revenue Funds

The special revenue funds include the federal grants, state grants, other locally funded grants. Collectively, **\$22,491,614** were expended from these funds in 2002. The financial statements for the grant funds in the special revenue funds are prepared in conformance with the Government Accounting Standards Board, which provides guidance for the application of generally accepted accounting principles for grants, entitlements and shared revenues received in 2001 in comparison to last four years:

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Federal	\$16,046,992	\$14,987,996	\$16,822,612	\$12,636,576	\$11,046,851
State	5,315,637	5,457,342	2,770,358	2,040,152	2,854,206
Local	1,128,985	312,560	301,995	165,030	257,802



The grant programs have an important impact on the district's ability to deliver quality education to the community. Through these grants, the district can reduce teacher/pupil ratios, provide staff development, promote parental involvement, provide access to additional technology, and provide supplemental funds to augment the district's funding levels.

General Obligation Debt Administration

The District maintains a separate fund, the Debt Service Fund, to administer debt associated with its general obligation bonds and contractual obligations. A separate ad-valorem tax is levied and collected to provide funds to retire such debt. For 2002, this tax was \$0.103090 of the total \$1.426 tax rate per \$100 assessed valuation.

The fund balance designated for debt service of August 31, 2002 was **\$2,582,073** or 15% of the budget basis debt service expenditures. At year end, the District had **\$146,095,695** in tax supported general obligations. The related interest for this debt as of the end of the fiscal year was \$9,657,132. In May 1999, the voters authorized a bond package totaling **\$144,000,000**. As of August 31, 2001, there are the following authorized and un-issued general obligation bonds.

Schedule of Authorized and un-issued bonds

Authorized	\$144,000,000
Issued on 8-1999	\$72,000,000
Issued on 9-2001	\$72,000,000
Authorized, but not issued	\$0

In June 2000, the Capital Improvement Plan was revised to **\$175,000,000** and it included the issuance of two QZAB Bonds. In August 2000, the District issued an \$8,000,000 Qualified Zone Academy Bond for the renovation of the three high schools. This issue is a 12 year balloon note with annual sinking payments of \$88,000 per year. The interest to be paid over a 12 year period is 1.1% per annum. In August 2001, the District issued an **\$8,000,000** QZAB for the purpose of financing the construction of academies for 3 middle schools and 2 high schools. Interest payments of \$87,260 will be made on a yearly basis for 12 years.

The \$72 million bond issued in August 1999 qualified for Instructional Facilities Allotment from the State of Texas at a rate of 83% of principal and interest. The remaining 17% of the principal and interest payments is to be financed through local taxes. For fiscal year 2000-2001, the tax rate was adjusted by seven cents to pay for the 17% local match. In addition, due to changes in the law, the tax rate was compressed by shifting rate from the interest and sinking rate to the maintenance and operations rate. The State approved funds to pay for existing debt and required districts to reduce the interest and sinking rate. For Laredo ISD, the reduction in the rate was 19 cents. The current .103090 interest and sinking rate is the net amount of reduction of the 19 cents and the increase of 7 cents in 1998-1999.

The District's outstanding general obligation debt is rated **A** by the Investor Rating Service companies of **Moody's, Standard & Poor's and FITCH.**

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per ADA for 2001 to 1997 are shown below. In 2000, the District again experienced an upturn in valuations and new property being added to the rolls.

	FY 02	FY 01	FY 00	FY 99	FY 98
Net Bonded Debt	\$145,986,320	\$73,003,135	\$76,606,756	\$80,775,194	\$10,705,006
Ratio of debt to assessed value	10.68%	5.37%	5.76%	6.15%	.86%
Debt per ADA	\$6,818	\$3,884	\$3,684	\$3,851	\$519
Assessed valuation (000)	\$1,391,120,115	\$1,359,509,407	\$1,329,307,098	\$1,313,353,144	\$1,269,001,135
Debt Service tax rate per \$100	\$.103090	\$.103090	\$.103090	\$0.103090	\$0.201290

Capital Projects Funds

The District maintains capital project funds to account for general governmental capital improvements, which are funded primarily through general obligation proceeds and undesignated fund balance. These projects are accounted in the capital project fund because they are assets that can be capitalized such as a new building, major renovation of a structure or other major construction. The repair of buildings is accounted for in the general fund because these are normal routine improvements.

During 2002, a total of **\$38,927,025** was expended in the Capital Projects Fund. Among the projects under construction were the construction costs for the completion of two elementary schools, architect fees, and other renovation-construction costs. The Capital improvement Plan was also revised in this school year, and due to sound investments and additional financing methods via QZABs, the CIP has been revised to \$175 million. As of August 31, 2002, the total interest earned for constructions funds is **\$3,357,872**. The year end fund balance for the construction fund is **\$124,928,550**.

The District's Construction Management Department completed two new Replacement Schools to start the year. These schools were Farias Elementary and Santa Maria Elementary. These schools were demolished and rebuilt completely. The students were transported last year to a portable site, and for 2002-2003, they will start in a new facility.

Two other schools were completed in the Fall of 2002. These were Dovalina Elementary and Sanchez Ochoa Elementary. Renovations were made to Dovalina Elementary and a new school was built for Sanchez/Ochoa Elementary.

Other renovations were undergoing at Nixon High School and Martin High School. Other schools contracted for construction in 2002-2003 were Milton Elementary, Kawas Elementary, Lamar Middle, Ligarde Elementary, and Zachry Elementary.

Debt Administration:

The ratios of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the district's debt position to the district's management, its community and to its investors. This data for the school district at the end of 2002 fiscal year was as follows:

	Net Bonded Debt <u>Amount</u>	Percent of debt to assessed value <u>(100% of assessed value)</u>	Percent of debt to present <u>market value</u>	Debt per District <u>capita-ada</u>
2002	\$145,986,320	10.68%	1.00%	\$6,818

The following tabulation presents general obligation issues that are outstanding as of August 31, 2002 with comparison to the last two fiscal years:

<u>Issue Name</u>	Outstanding at	Outstanding at	Outstanding at
-------------------	----------------	----------------	----------------

	<u>August 31, 2002</u>	<u>August 31, 2001</u>	<u>August 31, 2000</u>
1986 School Building Bond	\$ -	\$ -	\$ 540,000
1991 Tax Refunding Bond	2,387,173	3,098,455	5,578,144
1993 Tax Refunding Bond	7,794,416	8,248,185	8,487,299
1999 School Building Bond	40,245,000	68,975,000	-
2001 Tax Refunding Bond	95,669,106	-	-
Total Outstanding	<u>\$ 146,095,695</u>	<u>\$ 80,321,640</u>	<u>\$ 14,605,443</u>

Cash Management

Cash temporarily idle during the year was invested in demand deposits and in discount notes ranging from 7 to 90 days of maturity. The district utilizes the TASB/Lone Star Pool (the Pool), LOGIC (Local Government Investment Cooperative) and MBIA Class A Mutual Fund Pools to invest overnight idle cash. Most of the district's cash was invested in the Lone Star Pool where the money was readily available for operations. The amount of funds invested in the pools is as follows:

<u>Investment Type</u>	<u>Amount</u>
FHLB Discount Note (construction funds)	\$ 22,129,106
FNMA Discount Note (operating funds)	3,000,000
Investment Pools	<u>117,917,338</u>
Total	\$143,046,444

The average yield earned on investments by all funds during the year were 3.11% and the amount of interest earned was **\$4,404,079**.

General Fixed Assets

The general fixed assets of the school district are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the enterprise funds. As of August 31, 2002 the general fixed assets of the school district amounted to **\$142,704,815**. This amount represents the original cost of the assets and is considerable less than current market or replacement value. Depreciation of fixed assets is not recognized in the school district's accounting system. For fiscal year 2002, the District engaged the firm, RCI Technologies to conduct and inventory and update the subsidiary files in preparation of the implementation of GASB 34.

Risk Management

In June 1996, the school district created the Risk Management Division. The school district purchases insurance for all risks. These include health insurance for all full time employees, worker's compensation for all employees, general liability and casualty insurance, school professional liability insurance for all its employees, and vehicle insurance for its drivers. The following is a summary of all premiums paid in fiscal year 2002 in comparison to the last four years.

Premiums	2002	2001	2000	1999	1998

Health Insurance	\$8,854,936	\$8,809,362	\$9,183,927	\$8,641,434	\$8,660,757
Worker's Comp	\$1,984,676	\$955,998	\$1,070,040	\$1,172,785	\$831,432
Property & Casualty & Vehicle	\$352,612	\$275,750	\$231,417	\$212,287	\$209,891
Total	\$11,192,224	\$10,041,110	\$10,485,384	\$10,026,506	\$9,702,080

Other Benefit Programs

The District offers other benefit programs through various insurance carriers. These include a disability plan, cancer/catastrophic coverage, an employee assistance program, and group term life insurance.

Section 125 Cafeteria Plan

The District provides employees a section 125 Plan for medical for group term life insurance. The plan is monitored by the Risk Management Department and our Plan Administrator, National Plan Administrators Inc. Election forms and all renovations are monitored closely by the Risk Management Department to assure compliance with the IRS Section 125.

Tax Sheltered Annuities

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

Safety and Accident Prevention Program

During the 1997-1998, the District was designated a Hazardous Employer by the Texas Worker's Commission. The Board of Trustees approved the implementation and the enforcement of an accident prevention plan for the district. The plan included a management component, an analysis component a record keeping component, a training component, an inspection and audit component, accident investigation component and a plan review component.

In 1999-2000, LISD was removed from the hazardous designation list by the Texas Worker's Commission as a result of the successful reduction of worker's compensation costs, claims and improving the safety program in the school system.

During fiscal year 2001-2002, the District incurred over \$740,758 in worker's compensation claim costs for 329 accidents during the year. These are 69 less claims than the year before or 17% less.

Out of the 329 claims, these are broken down as follows:

<u>Category</u>	<u>FY 02 Claims</u>	<u>FY 01 Claims</u>	<u>FY 00 Claims</u>	<u>Y 99 Claims</u>
Administration	20	2	12	23
Clerks	30	4	40	43
Teacher	74	26	94	105
Teacher aide	77	31	80	81
<u>Category</u>	<u>FY 02 Claims</u>	<u>FY 01 Claims</u>	<u>FY 00 Claims</u>	<u>Y 99 Claims</u>
Nurses	3	1	4	2
Custodial	52	10	74	76
Food services	21	7	26	35
Maintenance	21	10	38	33
Bus aide	12	3	5	2
Bus Driver	7	3	12	9
Other	28	8	9	9
Total	345	329	394	418

An aggressive accident prevention plan is being implemented to address this situation, and to remove the hazardous employer designation. The District will be inspected on December 1999, and it is anticipated to pass the inspection and remove the hazardous employer designation.

Other Information

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

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Division of Finance. We would like to express special appreciation to the Accounting Staff as follows:

Jesus J. Amezcua CPA, Chief Financial Officer
Rosa Maria Torres, Director of Accounting

Maylen Costilla, CPA Staff Accountant
Rosie Moncivais, Accounting Support Staff

Laura McCoy, Senior Accountant
Belinda Salazar, Senior Accountant
Alfredo Rocha, Staff Accountant
Melissa Rangel, Staff Accountant
Adelfa Kazen, Staff Accountant

Alicia Cardenas, Accounting Support Staff
Alma Cuellar, Accounting Support Staff
Diana Trevino, Accounting and Support Staff
Oralia Santana, Accounting and Support Staff

We would also thank other members of the Finance Department who were committed to the preparation and presentation of this report. We would like to acknowledge the thorough, professional and timely manner in which the audit was conducted by our independent auditors, Padgett, Strateman, & Co. L.L.P.

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

Jesus J. Amezcua, CPA
Chief Financial Officer

R. Jerry Barber, Ed.D.
Superintendent

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Laredo Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2002. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS,

- The District's total combined net assets were \$65,808,002 **at August 31, 2002.**
- During the year, the District's expenses were **\$46,411,052 less than the \$184,389,012** generated in taxes and other revenues for governmental activities and \$79,258,160 of other Finance Sources.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of **\$26,914,135.**
- The District issued approximately **\$108,481,550** in bonds during fiscal year ended August 31, 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

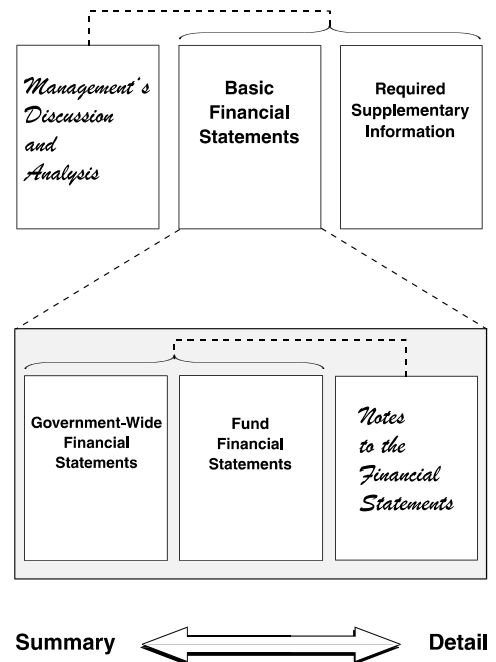


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District’s combined net assets were **\$65,808,002 at August 31, 2002.** (See Table A-1).

Table A-1
Laredo Independent School District’s Net Assets
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change <u>2002-2001</u>
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	
Current assets:							
Cash and cash equivalents	\$154,858.	(2)	(1)	(1)	\$157,303	(2)	(2)
Receivables	3,145.	(2)	(1)	(1)	2,756.	(2)	(2)
Due from other governments	14,090.	(2)	(1)	(1)	14,090.	(2)	(2)
Accrued Interest	213.	(2)	(1)	(1)	213.	(2)	(2)
Other receivables	74.	(2)	(1)	(1)	74.	(2)	(2)
Inventories – supplies and materials	944.	(2)	(1)	(1)	944.	(2)	(2)
Deferred Expenditures	104.	(2)	(1)	(1)	104.	(2)	(2)
Total current assets:	<u>\$173,428.</u>	(2)	<u>(1)</u>	(1)	<u>\$175,873</u>	(2)	(2)
Non-current assets:							
Bond Issuance Cost(net)	327.	(2)	(1)	(1)	327.	(2)	(2)
Land	8,172.	(2)	(1)	(1)	8,175.	(2)	(2)
Buildings and Improvement	21,413.	(2)	(1)	(1)	80,162.	(2)	(2)
Property under Capital Lease	1,264.	(2)	(1)	(1)	1,263.	(2)	(2)
Equipment	5,593.	(2)	(1)	(1)	13,611.	(2)	(2)
Construction in Progress	39,495.	(2)	(1)	(1)	39,495.	(2)	(2)
Total non-current assets	<u>76,264.</u>	(2)	<u>(1)</u>	(1)	<u>76,266.</u>	(2)	(2)
Total Assets	<u>\$249,692.</u>	(2)	<u>(1)</u>	(1)	<u>\$252,139</u>	(2)	(2)
Current liabilities:							
Accounts payable	8,065.	(2)	(1)	(1)	8,065.	(2)	(2)
Payroll deductions	153.	(2)	(1)	(1)	153.	(2)	(2)
Accrued wages payable	3,595.	(2)	(1)	(1)	3,595.	(2)	(2)
Due to other governments	14.	(2)	(1)	(1)	14.	(2)	(2)
Deferred revenue	753.	(2)	(1)	(1)	753.	(2)	(2)
Bonds payable	5,103.	(2)	(1)	(1)	5,103.	(2)	(2)
Loan payable	1,275.	(2)	(1)	(1)	1,275.	(2)	(2)
Total current liabilities	<u>\$18,958.</u>	(2)	<u>(1)</u>	(1)	<u>\$18,958</u>	(2)	(2)
Long-term liabilities:							
Bonds payable	144,571.	(2)	(1)	(1)	144,571.	(2)	(2)
Loan payable	20,355.	(2)	(1)	(1)	20,355.	(2)	(2)
Total Liabilities	<u>\$183,884.</u>	(2)	<u>(1)</u>	(1)	<u>\$183,884</u>	(2)	(2)
Net Assets:							
Invested in capital assets	40,115.	(2)	(1)	(1)	40,115.	(2)	(2)
Restricted for:							
Debt Service	8,697.	(2)	(1)	(1)	8,697.	(2)	(2)
Food Service	5,201.	(2)	(1)	(1)	5,201.	(2)	(2)
Unrestricted							
Total Net Assets	<u>11,795.</u>	(2)	<u>(1)</u>	(1)	<u>11,795.</u>	(2)	(2)
	<u>\$65,808.</u>	(2)	<u>(1)</u>	(1)	<u>\$65,808.</u>	(2)	(2)

(1) The District does not have any business activities for fiscal years 2001 and 2002.

(2) The District did not restate its 2001 financial statements in this first year of implementation of GASB 34. Comparative information will provided in future years.

Approximately **\$8.6 million** of the District's restricted net assets represent proceeds from **local taxes**. These proceeds when spent, are restricted for debt service. The **\$11.8 million** of unrestricted net asset represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$184,389,012. Only 10.5% of the District's revenue comes from taxes. (See Figure A-3.) 67.3% comes from state aid formula grants and other grants, 2.7% from interest earning and 19.5% from other miscellaneous revenues.

The total cost of all programs and services was \$168,374,978; 57.5% of these costs are instructional (function 11) and student (function 36) services.

Governmental Activities

- Property tax rates increased a fractional percent. This increase coupled with the increasing values enabled an increase of tax revenues to **\$241,418**.
- The District sold capital bonds of \$108,481,550. These bonds were authorized for use to continue with second phase of the Capital Improvement Plan.
- The District opened three new schools this year as well as began improvements to one high school campus.

Table A-2
Changes in Laredo Independent School District's Net Assets
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change <u>2002-2001</u>
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	
Program Revenues:							
Charges for Services	4,556.	(2)	0	(1)	4,556.	(2)	(2)
Operating Grants and Contributions	28,999.	(2)	0	(1)	28,999.	(2)	(2)
Capital Grants and Contributions	18,614.	(2)	0	(1)	18,614.	(2)	(2)
General Revenues							
Property Taxes	19,379.	(2)	0	(1)	19,379.	(2)	(2)
State Aid – Formula	105,480.	(2)	0	(1)	105,480.	(2)	(2)
Investment Earnings	5,085.	(2)	0	(1)	5,085.	(2)	(2)
Other	2,136.	(2)	0	(1)	2,136.	(2)	(2)
Total Revenues	<u>\$184,249.</u>	(2)	<u>0</u>	(1)	<u>\$184,249.</u>	(2)	(2)
Instruction	94,243.	(2)	0	(1)	94,243.	(2)	(2)
Instructional Resources and Media Services	3,953.	(2)	0	(1)	3,953.	(2)	(2)
Curriculum Dev. And Instructional Staff Dev.	2,068.	(2)	0	(1)	2,068.	(2)	(2)
Instructional Leadership	3,027.	(2)	0	(1)	3,027.	(2)	(2)
School Leadership	8,613.	(2)	0	(1)	8,613.	(2)	(2)
Guidance, Counseling and Evaluation Services	5,816.	(2)	0	(1)	5,816.	(2)	(2)
Social Work Services	1,208.	(2)	0	(1)	1,208.	(2)	(2)
Health Services	2,355.	(2)	0	(1)	2,355.	(2)	(2)
Student (Pupil) Transportation	1,771.	(2)	0	(1)	1,771.	(2)	(2)
Food Services	8,206.	(2)	0	(1)	8,206.	(2)	(2)
Curricular/Extracurricular Activities	2,614.	(2)	0	(1)	2,614.	(2)	(2)
General Administration	4,861.	(2)	0	(1)	4,861.	(2)	(2)
Plant Maintenance & Oper.	12,856.	(2)	0	(1)	12,856.	(2)	(2)
Security & Monitoring Svcs.	1,601.	(2)	0	(1)	1,601.	(2)	(2)

Data Processing Services	1,548.	(2)	0	(1)	1,548.	(2)	(2)
Community Services	694.	(2)	0	(1)	694.	(2)	(2)
Debt Service	10,731.	(2)	0	(1)	10,731.	(2)	(2)
Facilities Acquisition and Construction	1,939.	(2)	0	(1)	1,939.	(2)	(2)
Contracted Instr. Services Between Public Schools	7.	(2)	0	(1)	7.	(2)	(2)
Increment Costs Associated Payments to Fiscal Agent/ Payments to Juvenile Justice Alternative Ed. Program	263.	(2)	0	(1)	263.	(2)	(2)
Payments to Tax Increment							
Total Expenses	<u>\$168,374.</u>	(2)	<u>0</u>	(1)	<u>\$168,374.</u>	(2)	(2)
Excess (Deficiency) Before Other Resources, Uses & Transfers	15,875.	(2)	0	(1)	15,875.	(2)	(2)
Other Resources (Uses) Transfers In (Out)	0	(2)	0	(1)	0	(2)	(2)
Increase (Decrease) in Net Assets	<u>\$15,875.</u>	(2)	<u>0</u>	(1)	<u>\$15,875.</u>	(2)	(2)

- (1) The District did not have any business type of activities for Fiscal years 2001 and 2002.
(2) The District did not restate its 2001 financial statements in this first year of implementation of GASB 34. Comparative information will provided in future years.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$168,374,978.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$19,379,112 or 12%
- Some of the cost was paid by those who directly benefited from the programs \$4,555,675. or 20%
- By state aid formula grants and contributions \$134,480,201 or 73%

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2002	2001		2002	2001	
Instruction	\$94,243	(2)	0	\$77,402.	(2)	(2)
Plant Maintenance & Operations	12,856.	(2)	0	12,086.	(2)	(2)
School administration	8,613.	(2)	0	2,029.	(2)	(2)
Guidance and counseling	5,817.	(2)	0	5,038.	(2)	(2)
General Administration	4,861.	(2)	0	4,659.	(2)	(2)
Debt Service – Interest & Fiscal Charges	10,731	(2)	0	10,731.	(2)	(2)

- (1) The District did not have any business type of activities for Fiscal years 2001 and 2002.
(2) The District did not restate its 2001 financial statements in this first year of implementation of GASB 34. Comparative information will provided in future years.

Business-type Activities

The district did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$180,743,076... The increase in revenues is a result of increased enrollment, additional Chapter 41 contracts with property wealthy districts. Additionally student population growth

necessitates increased revenues to offset resulting increased local expenses. The increase in state revenues is a result of 1,553 increase in students in average daily attendance. The increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 16 times. Even with these adjustments, actual expenditures were \$9,269,288 below the final budget amounts. The most significant positive variance resulted from staffing and more specific in teacher vacancies. Staffing is budgeted for full employment throughout the full year. Budget amounts for vacant positions throughout the year are not eligible to budget revisions. Other variances were due to capital projects commencing after the end of the year resulting in unspent appropriations.

On the other hand, resources available were \$4,353,118 from the final budgeted amount. As noted earlier:

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2002, the District had invested \$75,940,620 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$46,193,717 or 45.5% percent over last year.

Table A-4
District's Capital Assets
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2002-2001
	2002	2001	2002	2001	2002	2001	
Land	\$8,172.	(2)	(1)	(1)	\$8,172.	(2)	(2)
Buildings and improvements	80,162.	(2)	(1)	(1)	80,162.	(2)	(2)
Property under capital lease	1,263.	(2)	(1)	(1)	1,263.	(2)	(2)
Equipment	13,611.	(2)			13,611.		(2)
Construction in Progress	<u>39,495.</u>	(2)	<u>(1)</u>	(1)	<u>39,495.</u>	(2)	(2)
Totals at historical cost	<u>142,707</u>	(2)	<u>(1)</u>	(1)	<u>142,707</u>	(2)	(2)
Total accumulated depreciation	<u>(66,767)</u>	(2)	<u>(1)</u>	(1)	<u>(66,767)</u>	(2)	(2)
Net capital assets	<u>\$75,936</u>	(2)	<u>(1)</u>	(1)	<u>\$75,936</u>	(2)	(2)

(1) The District did not have any business type of activities.

(2) District did not restate its 2001 financial statements in this first year of implementation of GASB 34. Comparative information will provided in future years.

The District's fiscal year 2003 capital budget totals to \$142,353,910 which will be used principally for the purchase of land for the construction of new schools. We will use bond proceeds from the bonds issued this year for this land. The general fund will be used to purchase 24 vehicles including 11 buses. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$171,303,853 in bonds and loans outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Bond Ratings

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

Table A-5
District's Long Term Debt
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2002-2001
	2002	2001	2002	2001	2002	2001	
Loans payable	\$21,630.	(2)	(1)	(1)	\$21,630.	(2)	(2)
Bond payable	149,674.	(2)	(1)	(1)	149,674.	(2)	(2)
Total bonds & notes payable	<u>\$171,304.</u>	(2)	<u>(1)</u>	(1)	<u>\$171,304.</u>	(2)	(2)

(1) The District did not have any business type of activities.

(2) District did not restate its 2001 financial statements in this first year of implementation of GASB 34. Comparative information will provided in future years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2003 budget preparation is up \$27,822,405, or 1% from last year. New construction for 2003 is up \$4 million to \$42 million.
- General operating fund spending per student increases in the 2003 budget from \$6,652 to \$6,717. This is a 1% increase.
- The District's 2003 refined average daily attendance is expected to be 23,048, up 1%.

These indicators were taken into account when adopting the general fund budget for 2003. Amounts available for appropriation in the general fund budget are \$143,283,270, an increase of 5% percent over the final 2002 budget of \$136,048,940. Property taxes will increase due to the increasing values even with a rate slight increase. State revenue will increase as the student population grows. The District will use these increases in revenues to finance programs we currently offer.

Expenditures are budgeted to rise nearly 5% percent to \$140,575,843. The largest increments are increased staffing, and teacher salary schedule adjustments. These competitive salary schedule adjustments allowed the District to open the 2003 school year with no teacher vacancies. The District has added no major new programs or initiatives to the 2003 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2003.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Management Department.

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, 2001

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



President

Executive Director



LAREDO INDEPENDENT SCHOOL DISTRICT

PRINCIPAL DISTRICT OFFICIALS

Board of Trustees

Dr. Dennis Cantu, President
John Peter Montalvo, Vice President
Viola M. Moore, Secretary
George M. Beckelhymer, Board Member
Jorge L. Rodriguez, Board Member
Jesus Justo Guerra, Board Member
Jose A. Valdez, Board Member

Finance/Audit Committee Members

Dr. Dennis Cantu, Board President
John Peter Montalvo, Vice President
Viola M. Moore, Secretary
Jesus Justo Guerra, Board Member

Independent Auditors' Report

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

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District as of and for the year ended August 31, 2002, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Laredo Independent School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District and the respective changes in financial position 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 reported dated December 6, 2002 consideration of Laredo Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As explained in Note A, the District has implemented a new financial reporting model, as required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of August 31, 2002.

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

Our audit was performed for the purpose of forming opinions on the financial statements, which collectively comprise the Laredo Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants
December 6, 2002

Laredo Independent School District

Statement of Net Assets

August 31, 2002

Exhibit A-1

Data Control Codes		Primary Government
		Governmental Activities
ASSETS		
Current Assets:		
1110	Cash and Investments	\$ 154,858,402
Receivables:		
1225	Property Taxes Receivable, net	3,144,744
1240	Due from Other Governments	14,089,896
1250	Accrued interest	212,777
1290	Other Receivables	74,425
1300	Inventories	944,119
1410	Deferred Expenditures	103,559
Noncurrent Assets:		
1420	Bond Issuance Cost	327,373
Capital Assets:		
1510	Land	8,172,169
1525	Buildings and improvements, net	21,413,368
1549	Equipment, net	5,592,833
1550	Property Under Capital Lease, net	1,263,962
1580	Construction in Progress	39,494,588
1000	Total Assets	<u>\$ 249,692,215</u>

The accompanying notes are an integral part of this statement.

Laredo Independent School District

Statement of Net Assets

August 31, 2002

Exhibit A-1
(Continued)

<u>Data Control Codes</u>	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
LIABILITIES	
Current Liabilities:	
2110	Accounts Payable \$ 8,065,522
2150	Payroll Deductions and Withholdings 153,066
2160	Accrued Wages Payable 3,594,538
2180	Due to other governments 13,995
2300	Deferred revenue 753,239
Current Portion:	
2121	Bonds payable (Note I) 5,102,868
2122	Loan payable (Note H) 1,275,000
Long -Term Portion:	
2510	Bonds payable (Note I) 144,570,985
2520	Loan payable (Note H) 20,355,000
2000	Total Liabilities <u>183,884,213</u>
NET ASSETS	
3200	Invested in Capital Assets, Net of Related Debt 40,115,453
3850	Restricted for Debt Service 8,696,790
3890	Restricted for Food Service 5,200,510
3900	Unrestricted 11,795,249
3000	Total Net Assets <u>\$ 65,808,002</u>

The accompanying notes are an integral part of this statement.

Laredo Independent School District

Statement of Activities

For the Year Ended

August 31, 2002

Exhibit B-1

Data Control	Codes	Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
				Charges for Services	Grants and Contributions	Primary Government		Total
						Governmental Activities	Business-type Activities	
		Primary government:						
		Governmental activities:						
11		Instruction	\$ 94,243,209	\$ 2,624,178	\$ 14,217,053	\$ (77,401,978)		\$ (77,401,978)
12		Instructional resources and media services	3,953,289	105,530	566,996	(3,280,763)		(3,280,763)
13		Curriculum and staff development	2,067,932	23,621	1,141,254	(903,057)		(903,057)
21		Instructional leadership	3,026,813	67,844	929,528	(2,029,441)		(2,029,441)
23		School leadership	8,613,562	276,212	92,832	(8,244,518)		(8,244,518)
31		Guidance, counseling, and evaluation services	5,816,409	169,427	608,759	(5,038,223)		(5,038,223)
32		Social work services	1,207,654	30,654	147,433	(1,029,567)		(1,029,567)
33		Health services	2,354,961	42,738	821,107	(1,491,116)		(1,491,116)
34		Student transportation	1,770,885	66,173	37,062	(1,667,650)		(1,667,650)
35		Food Services	8,206,161	211,153	9,188,857	1,193,849		1,193,849
36		Extracurricular activities	2,613,675	251,698	45,505	(2,316,472)		(2,316,472)
41		General administration	4,861,219	157,990	43,916	(4,659,313)		(4,659,313)
51		Plant maintenance and operations	12,856,097	410,997	359,014	(12,086,086)		(12,086,086)
52		Security and monitoring services	1,601,273	49,245	30,798	(1,521,230)		(1,521,230)
53		Data processing services	1,548,157	49,027	70,158	(1,428,972)		(1,428,972)
61		Community services	694,255	1,995	613,372	(78,888)		(78,888)
71		Interest on long-term debt	10,104,964	0	0	(10,104,964)		(10,104,964)
72		Bond Issuance Costs and Fees	626,186	0	0	(626,186)		(626,186)
81		Facilities Acquisition	1,938,734	8,731	76,803	(1,853,200)		(1,853,200)
93		Payments related to shared services arrangements	6,875	0	6,875	0		0
95		Payments to Juvenile Justice Alternative	262,668	8,462	2,352	(251,854)		(251,854)
		Education Programs				0		0
TG		Total governmental activities	<u>168,374,978</u>	<u>4,555,675</u>	<u>28,999,674</u>	<u>(134,819,629)</u>		<u>(134,819,629)</u>
TP		Total primary government	<u>\$ 168,374,978</u>	<u>\$ 4,555,675</u>	<u>\$ 28,999,674</u>	<u>(134,819,629)</u>	<u>0</u>	<u>(134,819,629)</u>
		General revenues:						
		Taxes:						
MT		Property taxes, levied for general purposes				17,962,585		17,962,585
DT		Property taxes, levied for debt service				1,416,112		1,416,112
SF		State aid-formula grants				105,480,527		105,480,527
GC		Grants and contributions not restricted to specific programs				18,614,033		18,614,033
IE		Investment earnings				5,085,365		5,085,365
MI		Miscellaneous				<u>2,135,895</u>		<u>2,135,895</u>
TR		Total general revenues, special items, and transfers				<u>150,694,517</u>	<u>0</u>	<u>150,694,517</u>
CN		Change in net assets				15,874,888	0	15,874,888
NB		Net assets—beginning				48,722,147		48,722,147
		Prior Period Adjustment				1,210,967		1,210,967
NE		Net assets—ending				<u>\$ 65,808,002</u>	<u>\$ -</u>	<u>\$ 65,808,002</u>

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
 BALANCE SHEET -GOVERNMENTAL FUNDS
 AUGUST 31, 2002

Exhibit C-1

Data Control Codes	199 General Fund	697 IFA #2 Fund	699 IFA #1 Fund	Other Governmental Funds	Total Governmental Funds	
ASSETS:						
1110	Cash and Temporary Investments, at cost	\$ 18,887,100	\$ 70,128,767	\$ 44,882,318	\$ 20,960,215	\$ 154,858,400
Receivables:						
1220	Property Taxes - Delinquent	3,088,486	0	0	431,220	3,519,706
1230	Allowance for Uncollectible Taxes	(339,733)	0	0	(47,435)	(387,168)
1240	Due From Other Governments	11,752,441	0	0	2,337,457	14,089,898
1250	Accrued Interest	24,031	40,952	13,294	134,499	212,776
1260	Due From Other Funds	3,873,527	65,722	2,753,655	634,457	7,327,361
1290	Other Receivables	171,239	0	1,188	(98,002)	74,425
1310	Inventories, at cost	944,119	0	0	0	944,119
1410	Deferred Expenditures	103,559	0	0	0	103,559
1000	Total Assets and Other Debits	\$ 38,504,769	\$ 70,235,441	\$ 47,650,455	\$ 24,352,411	\$ 180,743,076
LIABILITIES:						
2110	Accounts Payable	\$ 2,170,976	\$ 120,474	\$ 4,831,558	\$ 942,514	\$ 8,065,522
2150	Payroll Deductions and Withholdings	153,065	0	0	0	153,065
2160	Accrued Wages Payable	3,552,895	0	2,820	38,823	3,594,538
2170	Due to Other Funds	2,714,006	4,227,124	222,370	163,860	7,327,360
2180	Due to Other Governments	2,222	0	0	11,773	13,995
2190	Due to Student Groups	0	0	0	0	0
2300	Deferred Revenue	2,997,470	0	0	888,307	3,885,777
2000	Total Liabilities	11,590,634	4,347,598	5,056,748	2,045,277	23,040,257
FUND BALANCE:						
Reserved Fund Balances:						
3410	Investments in Inventory	741,505	0	0	0	741,505
3420	Retirement of Long-Term Debt	0	0	0	2,582,073	2,582,073
3450	Reserved for Food Service	4,775,955	0	0	0	4,775,955
Designated Fund Balances:						
3510	Construction	0	65,887,843	42,593,707	16,694,407	125,175,957
3590	Other Designated Fund Balance	8,423,861	0	0	0	8,423,861
3600	Unreserved, Undesignated Fund Balance	12,972,814	0	0	3,030,654	16,003,468
3000	Total Fund Balance	26,914,135	65,887,843	42,593,707	22,307,134	157,702,819
4000	Total Liabilities and Fund Equity, and Other Credits	\$ 38,504,769	\$ 70,235,441	\$ 47,650,455	\$ 24,352,411	\$ 180,743,076

The accompanying notes are an integral part of this statement

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

Exhibit C-1R

Total fund balances--governmental funds (Exhibit 3)		\$ 157,702,819
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		36,820,342
Record current asset additions and remove from fund statements		41,058,394
Record accumulated depreciation for the current year and remove expense from the fund statements		(1,941,815)
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred at the fund level.		3,144,743
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities at year-end consists of:		
Bonds Payable, not recorded in fund statements	80,321,639	
Bond Proceeds, remove from fund statements	69,984,842	
Loans Payable, not recorded in fund statements	20,670,000	(170,976,481)
Total net assets--governmental activities (Exhibit 5)		\$ 65,808,002

The accompanying notes are an integral part of this statement.

**LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2002**

Exhibit C-2

Data	199	697	699	Other	Total	
Control	General	IFA #2	IFA #1	Governmental	Governmental	
Codes	Fund	Fund	Fund	Funds	Funds	
REVENUES:						
5700	Total Local and Intermediate Sources	\$ 24,511,124	\$ 1,220,044	\$ 1,722,459	\$ 3,883,444	\$ 31,337,071
5800	State Program Revenues	111,050,747	0	0	16,057,043	127,107,790
5900	Federal Program Revenues	9,897,159	0	0	16,046,992	25,944,151
5020	Total Revenues	145,459,030	1,220,044	1,722,459	35,987,479	184,389,012
EXPENDITURES:						
Current:						
0011	Instruction	76,525,725	0	0	17,703,401	94,229,126
0012	Instructional Resources & Media Services	3,419,499	0	0	562,169	3,981,668
0013	Curriculum & Instructional Staff Development	717,392	0	0	1,350,323	2,067,715
0021	Instructional Leadership	2,105,602	0	0	919,985	3,025,587
0023	School Leadership	8,572,513	0	0	40,566	8,613,079
0031	Guidance, Counseling and Evaluation Services	5,258,364	0	0	571,836	5,830,200
0032	Social Work Services	951,362	0	0	255,913	1,207,275
0033	Health Services	1,326,385	0	0	1,028,436	2,354,821
0034	Student (Pupil) Transportation	2,385,362	0	0	115,764	2,501,126
0035	Food Services	7,939,134	0	0	405,297	8,344,431
0036	Cocurricular/Extracurricular Activities	2,899,141	0	0	30,079	2,929,220
0041	General Administration	4,967,619	0	0	0	4,967,619
0051	Plant Maintenance and Operations	12,918,018	0	0	104,985	13,023,003
0052	Security and Monitoring Services	1,537,979	0	0	62,979	1,600,958
0053	Data Processing Services	1,521,585	0	0	56,531	1,578,116
0061	Community Service	61,959	0	0	632,294	694,253
0071	Principal on Long-Term Debt	0	0	0	9,405,000	9,405,000
0171	Interest on Long-Term Debt	0	0	0	10,104,964	10,104,964
0072	Bond Issuance Cost and Fees	72,200	0	0	893,564	965,764
0081	Facilities Acquisition and Construction	270,993	7,332,201	31,420,282	519,176	39,542,652
0093	Payments to Fiscal Agent/Mem.	0	0	0	6,875	6,875
0095	Payments to Juvenile Justice Alternative Ed	262,668	0	0	0	262,668
6030	Total Expenditures	133,713,500	7,332,201	31,420,282	44,770,137	217,236,120
1100	Excess(Deficiency) of Revenues Over (Under)					
	Expenditures	11,745,530	(6,112,157)	(29,697,823)	(8,782,658)	(32,847,108)
Other Resources (Uses):						
7914	Bond Proceeds	0	72,000,000	0	0	72,000,000
7911	Loan Proceeds	3,680,000	0	0	0	3,680,000
7916	Bond Premium	0	0	0	3,578,158	3,578,158
7020	Operating Transfers In	683,479	0	0	6,636,617	7,320,096
8911	Operating Transfers Out	(7,316,616)	0	0	(3,478)	(7,320,094)
	Total Other Resources (Uses)	(2,953,137)	72,000,000	0	10,211,297	79,258,160
1200	Net Changes in Fund Balances	8,792,393	65,887,843	(29,697,823)	1,428,639	46,411,052
0100	Fund Balance - September 1 (Beginning)	17,814,246	0	72,291,530	19,975,024	110,080,800
	Prior Period Adjustment	307,496	0	0	903,471	1,210,967
3000	Fund Balance - August 31 (Ending)	\$ 26,914,135	\$ 65,887,843	\$ 42,593,707	\$ 22,307,134	\$ 157,702,819

The accompanying notes are an integral part of this statement.

**Laredo Independent School District
 Reconciliation of the Statement of Revenues, Expenditures,
 and changes in fund balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended August 31, 2002**

Exhibit C-3

Net change in fund balances--total governmental funds \$ 46,411,052

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$41,058,394) exceeded depreciation (\$1,941,815) in the current period.	39,116,579
Statement of activities reports an increase in revenues due to current activity in deferred revenues which is not reported at fund level.	126,932
Some expenses reported in the fund level financials are deferred in the government-wide financials.	(1,104,146)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(68,665,566)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(9,963)</u>
Change in net assets of governmental activities (Exhibit 5)	<u>\$ 15,874,888</u>

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSEST
 FIDUCIARY FUNDS
 AUGUST 31, 2002

Exhibit D-1

Data Control Codes		Private-purpose Trust Fund	Agency Fund
		829	865
		Trust	Student Activity
		Fund	Fund
ASSETS:			
1110	Cash and Temporary Investments, at cost	\$ 60,637	\$ 273,489
1000	Total Assets	\$ 60,637	\$ 273,489
LIABILITIES:			
	Current Liabilities:	\$ -	\$ -
2190	Due to Student Groups	0	273,489
2000	Total Liabilities	\$ -	\$ 273,489
NET ASSETS:			
3800	Held in Trust	\$ 60,637	\$ -
3000	Total Net Assets	\$ 60,637	\$ -

The accompanying notes are an integral part of this statement

LAREDO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSEST
 FIDUCIARY FUNDS
 FISCAL YEAR ENDING AUGUST 31, 2002

Exhibit D-2

	Private-purpose Trust Fund
	829
	Trust Fund
<hr/>	
ADDITIONS:	
Gifts and Bequests	\$ 15,500
Interest Earnings	524
Total Additions	<u>16,024</u>
DEDUCTIONS:	
Scholarships	14,500
Total Deductions	<u>14,500</u>
Change in Net Assets	1,524
Net Assets-Beginning of the Year	59,113
Net Assets-End of the Year	<u>\$ 60,637</u>

The accompanying notes are an integral part of this statement

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
August 31, 2002

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LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2002

A. Summary of Significant Accounting Policies

The basic financial statements of Laredo Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide* ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

For the fiscal year ended August 31, 2002, the District implemented the new reporting requirements of GASB Statements Nos. 33 and 34. As a result, an entirely new financial reporting model has been implemented.

1. Reporting Entity

The Board of School Trustees ("Board"), a five-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is appointed and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2002

A. Summary of Significant Accounting Policies (continued)

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

In addition, the District reports the following fund types:

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

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include Impact Aid received in lieu of property taxes, grants, entitlements, and donations. Revenue from Impact Aid received in lieu of property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Impact Aid revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Deposits

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2002

A. Summary of Significant Accounting Policies (continued)

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

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. A capitalization threshold of \$500 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	15-30
Furniture and Equipment	3-15
Vehicles	7-10

d. 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.

e. Compensated Absences

The payment of accrued sick leave will apply to those employees who retire under the Teacher Retirement System while they are employed by the District. Since payment of this sick leave is contingent on an employee's future service, this liability is not accrued. Compensation for any other type of absence does not accumulate, including vacations.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2002

A. Summary of Significant Accounting Policies (continued)

f. Interfund Activity

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

g. Use of Estimates

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

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:

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

A. Summary of Significant Accounting Policies (continued)

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

	<u>Original Budget</u>	<u>Increase</u>	<u>Amended Budget</u>
General Fund	\$ 133,539,497	\$ 9,443,291	\$ 142,982,788
General Fund - Food Service	8,004,500	1,526,082	9,530,582
Debt Service Fund	<u>10,136,115</u>	<u>6,938,245</u>	<u>17,074,360</u>
	<u>\$ 151,680,112</u>	<u>\$ 17,907,618</u>	<u>\$ 169,587,730</u>

j. Encumbrances

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

k. Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District had no arbitrage liability as of August 31, 2002.

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.

n. Fund Equity

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

A. Summary of Significant Accounting Policies (continued)

o. Comparative Data/Reclassifications

Comparative data for the prior year has not been presented due to the implementation of GASB Statement No. 34.

B. Compliance and Accountability

1. Financing-Related Legal and Contractual Provisions

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

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

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

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

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

C. Deposits and Investments

Cash Deposits:

At August 31, 2002, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$12,128,420 and the bank balance was \$14,278,949. The District also had \$2,700 in petty cash. The District's cash deposits at August 31, 2002 and during the year ended August 31, 2002, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: International Bank of Commerce
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$66,971,409_.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$57,520,261 and occurred during the month of June 2002.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$100,000.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2002

C. Deposits and Investments (continued)

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

Investments:

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

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

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

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

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

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2002

C. Deposits and Investments (continued)

The District's investments at August 31, 2002 are shown below. Those investments which are evidenced by securities that exist in physical or book entry form are categorized by the custodial risk categories described above.

Investment	Category			Reported Amount	Fair Value
	1	2	3		
Fannie Mae Discount Note	X			\$ 3,000,000	\$ 2,970,662
Federal Home Loan Discount Note	X			22,129,106	22,073,351
				25,129,106	25,044,013
Investments not subject to categorization:					
Investment Pools				117,917,338	118,017,395
Total investments				\$ 143,046,444	\$ 143,061,408

Investment Accounting Policy:

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

Public Funds Investment Pools:

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

D. Due From Other Governments

The District participates in a variety of federal, state, and local programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal, state, and local governments as of August 31, 2002 are summarized below and are reported on the government-wide statement of net assets as due from other governments:

	Federal Grants Passed Through TEA	State Grants Passed Through TEA	Other Federal Grants	Total
General Fund	\$ -	\$ 10,693,825	\$ 1,058,616	\$ 11,752,441
Special Revenue Funds	<u>415,404</u>	<u>1,770,310</u>	<u>151,741</u>	<u>2,337,455</u>
	<u>\$ 415,404</u>	<u>\$ 12,464,135</u>	<u>\$ 1,210,357</u>	<u>\$ 14,089,896</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2002 consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 3,873,527	\$ 2,714,006
Special Revenue Funds:		
ESEA Title I	-	287
IDEA Part B Formula	-	227
Summer Food Service Program	430,476	148,842
Dairy Max	-	7,244
Debt Service Fund	203,981	-
Capital Projects Fund	<u>2,819,377</u>	<u>4,456,755</u>
	<u>\$ 7,327,361</u>	<u>\$ 7,327,361</u>

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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2002

E. Interfund Balances and Activities (Continued)

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2002 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Debt Service	\$ 3,370,083	Transfer to cover for Interest and Principal Costs
General Fund	Capital Project	6,581	Transfer to cover construction expenditures
General Fund	Athletics	680,000	Transfer to cover Athletics cost for all schools.
General Fund	Technology Fund	3,259,954	Transfer the gain on sale of WADA for Technology Expenditures
UTSA Math/Science	General	3,478	Transfer to close of unexpended funds from prior years
Total		\$ <u>7,320,096</u>	

F. Capital Assets

Capital asset activity for the year ended August 31, 2002 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 5,359,973	\$ 2,812,196	\$ -	\$ 8,172,169
Construction in Progress	3,478,939	36,015,650	-	39,494,589
Total capital assets not being depreciated	8,838,912	38,827,846	-	47,666,758
Capital assets being depreciated:				
Buildings and improvements	80,162,474	-	-	80,162,474
Equipment	11,381,073	2,230,548	-	13,611,621
Capital Lease Equipment	1,263,962	-	-	1,263,962
Total capital assets being depreciated	92,807,509	2,230,548	-	95,038,057
Less accumulated depreciation	64,826,080	1,941,815	-	66,767,895
Total capital assets being depreciated, net	27,981,429	288,733	-	28,270,162
Governmental activities capital assets, net	\$ 36,820,341	\$ 39,116,579	\$ -	\$ 75,936,920

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2002

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

F. Capital Assets (Continued)

Depreciation was charged to functions as follows:

Instruction	\$ 153,694
Resource & Media Services	9,140
Staff Development	217
Instructional Leadership	1,224
School Leadership	477
Guidance & Counseling	1,648
Social Services	378
Health Services	139
Transportation	25,963
Food Service	10,498
Co-Curricular Activities	17,319
General Administration	10,576
Plant & Maintenance	12,628
Security & Monitoring Services	316
Data Processing	2,701
Facilities Acquisition & Construction	1,694,897
	<u>\$ 1,941,815</u>

G. Deferred Revenue

Deferred revenue at August 31, 2002 consisted of the following:

	<u>Totals</u>
Non-Educational Community Based Support	\$ 2,675
State Aid Grants	46,103
Food Service	202,614
Pregnancy, Education and Parenting Program CCMS	100,674
Pre-kindergarten Grant	386,834
Local Grants	14,339
	<u>\$ 753,239</u>

H. Loans

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

A loan of \$2,550,000 was issued on December 1, 1996 for the purchase of capital equipment as authorized by Texas Local Government Code Section 271. The loan has an interest rate of 4.25% and an original term of four years. The final principal and interest payment will be made in the fiscal year ending August 31, 2002.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

H. Loans (Continued)

A loan of \$2,800,000 was issued on April 1, 1998, for the purchase of capital equipment as authorized by Texas Local Government Code Section 271. The loan has an interest rate of 4.85% and an original term of four years. The final principal and interest payment will be made in the fiscal year ending August 31, 2002.

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

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

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

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

The following is a summary of loan transactions of the district for the year ending August 31, 2002:

Description	Balance Outstanding 9/1/2001	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2002	Amounts Due Within One Year
Loan - December 1, 1996	\$ 700,000	\$ -	\$ 700,000	\$ -	\$ -
Loan - April 1, 1998	760,000	-	760,000	-	-
Loan - September 2, 1998	3,210,000	-	390,000	2,820,000	410,000
Note - August 23, 2000	8,000,000	-	-	8,000,000	865,000
Note - August 30, 2001	8,000,000	-	-	8,000,000	-
Loan - December 1, 2001	-	3,680,000	870,000	2,810,000	-
	<u>\$ 20,670,000</u>	<u>\$ 3,680,000</u>	<u>\$ 2,720,000</u>	<u>\$ 21,630,000</u>	<u>\$ 1,275,000</u>

Interest paid during the year on loans was \$447,832. All loans are payable from the general fund.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

H. Loans (Continued)

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

Year Ending August 31, 2002	Principal	Interest	Total
2003	\$ 1,275,000	\$ 403,917	\$ 1,678,917
2004	1,340,000	352,264	1,692,264
2005	970,000	302,470	1,272,470
2006	1,010,000	261,475	1,271,475
2007	505,000	215,355	720,355
2008-2012	8,530,000	892,109	9,422,109
2013-2017	8,000,000	87,860	8,087,860
	\$ <u>21,630,000</u>	\$ <u>2,515,450</u>	\$ <u>24,145,450</u>

I. Long-Term Obligations

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

During fiscal year 2001-2002, the District issued bonds that were delivered on September 2001. The district issued and received \$72,000,000 in bond proceeds and refinanced \$24,090,000 of Unlimited Tax School Building Bonds, Series 1999. The total amount issued was \$98,509,910 of Unlimited Tax School Building and Refunding Bonds, Series 2001. This bond issue consists of: \$77,890,000 Serial Current Interest Bonds, \$18,200,000 Term Current Interest Bonds and \$2,509,910 Premium Capital Appreciation Bonds. These bonds were issued for the construction, renovation, and equipping of school buildings and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased and the liability has been removed from the general long-term debt account group. A present value gain of \$440,306 was the result of the leveling of the tax rate.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2002

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2002 are as follows:

	Interest Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:							
Unlimited Tax Refunding							
Bonds - Series 1991	5.70% - 6.60%	\$ 7,300,000	\$ 1,455,000	\$ -	\$ 1,455,000	\$ -	\$ -
Capital Appreciation	6.90%	815,000	1,643,455	743,718	-	2,387,173	662,868
Unlimited Tax Refunding							
Bonds - Series 1993	3.00% - 5.95%	7,859,391	5,530,000	-	615,000	4,915,000	665,000
Capital Appreciation	5.85%	1,188,644	1,912,786	113,459	-	2,026,245	-
Capital Appreciation	5.95%	496,558	805,398	47,773	-	853,171	-
Unlimited Tax Refunding							
Bonds - Series 1999	5.50% - 6.75%	72,000,000	68,975,000	-	28,730,000	40,245,000	1,580,000
Unlimited Tax Refunding							
Bonds - Series 2001	5.25% - 6.75%	b 77,890,000	-	77,890,000	3,130,000	74,760,000	2,195,000
Term Serial Bond	5.00%	18,200,000	-	18,200,000	-	18,200,000	-
Capital Appreciation	5.02%	2,509,910	-	2,709,106	-	2,709,106	-
Total governmental activities		\$ 188,259,503	\$ 80,321,639	\$ 99,704,056	\$ 33,930,000	\$ 146,095,695	\$ 5,102,868

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

Year Ending August 31, 2002	Principal	Interest	Total
2003	\$ 5,102,868	\$ 7,058,861	\$ 12,161,729
2004	7,534,305	6,809,569	14,343,874
2005	6,680,000	6,469,659	13,149,659
2006	6,431,834	6,210,993	12,642,827
2007	5,477,582	5,983,493	11,461,075
2008-2012	26,730,000	26,151,273	52,881,273
2013-2017	27,302,204	25,282,196	52,584,400
2018-2022	36,936,902	15,520,724	52,457,626
2023-2027	23,900,000	2,209,038	26,109,038
	\$ 146,095,695	\$ 101,695,806	\$ 247,791,501

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

J. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2002, was as follows:

Description	Balance Outstanding 9/1/2001	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2002	Amounts Due Within One Year
Loans	\$ 20,670,000	\$ 3,680,000	\$ 2,720,000	\$ 21,630,000	\$ 1,275,000
General Obligation Bonds	80,321,639	99,704,056	33,930,000	146,095,695	5,102,868
Premium on G.O. Bonds	-	3,578,158	-	3,578,158	-
	<u>\$ 100,991,639</u>	<u>\$ 106,962,214</u>	<u>\$ 36,650,000</u>	<u>\$ 171,303,853</u>	<u>\$ 6,377,868</u>

K. Revenues From Local and Intermediate Sources

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property taxes	\$ 17,416,858	\$ -	\$ 1,385,291	\$ -	\$ 18,802,149
Food sales	216,005	-	-	-	216,005
Investment income	839,556	10,026	877,911	3,357,872	5,085,365
Penalties, interest and other fees	639,772	-	75,887	-	715,659
Co-curricular activities	191,057	-	-	-	191,057
Sale of WADA	3,943,211	-	-	-	3,943,211
Dell Reimbursement	-	569,837	-	-	569,837
Miscellaneous	1,264,665	549,123	-	-	1,813,788
	<u>\$ 24,511,124</u>	<u>\$ 1,128,986</u>	<u>\$ 2,339,089</u>	<u>\$ 3,357,872</u>	<u>\$ 31,337,071</u>

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

L. General Fund Federal Source Revenues

Federal revenue included in the General Fund as of August 31, 2002 is as follows:

Program or Source	Federal CFDA Number	Amount	Total Grant or Entitlement
General Fund:			
PL81-874 (Impact Aid)	84.041	\$ 9,232	\$ 9,232
ROTC	12.999	123,225	123,225
School Health and Related Services	N/A	281,506	335,501
Medicaid	N/A	335,501	280,759
Indirect Cost:			
ESEA Title VII Emergency Immigrant Program	84.162	2,605	176,214
Safe and Drug Free	84.186A	2,171	125,986
ESEA Title II Dwight Eisenhower	84.281A	3,911	418,489
ESEA Title I Part A Disadvantaged Children	84.010A	153,602	11,365,847
ESEA Title I Part C Migrant	84.011	3,787	225,570
IDEA B-Formula	84.027	38,073	224,309
IDEA B-Preschool	84.173	496	64,962
IDEA B-Deaf	84.027	155	36,524
IDEA B-Preschool Deaf	84.027	83	5,882
ESEA Title VI Innovative Education	84.298	2,221	193,657
Vocational Education Applied Career & Technology	84.048A	6,105	538,236
Class Size Reduction	84.340A	25,971	2,742,135
Federal Bilingual	84.290U	8,348	461,710
Gear Up	84.334A	6,376	337,466
National Science Foundation	47.049	6,788	800,000
Total General Fund		<u>1,010,156</u>	<u>18,465,704</u>
Food Service Fund:			
National School Lunch Program	10.555	8,301,332	9,483,500
USDA Commodities	10.555	585,671	500,000
Total Food Service Fund		<u>8,887,003</u>	<u>9,983,500</u>
TOTAL		<u>\$ 9,897,159</u>	<u>\$ 28,449,204</u>

M. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors, and omissions, injuries to employees, and natural disasters. During fiscal year 2002, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2002

N. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the state of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701-2698 or by (800) 887-0123.

2. Funding Policy

State law provides for fiscal years 2002, 2001, and 2000 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances, the District is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined, but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of TRS during the fiscal year, and (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize the System's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions made to the System on behalf of the District's employees for the years ended August 31, 2002, 2001, and 2000 were \$5,445,715, \$5,262,434, and \$5,368,792, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ended August 31, 2002, 2001, and 2000 were \$1,287,708, \$1,037,320, and \$1,002,972, respectively, and were equal to the required contributions for each year. The amount contributed by the state on behalf of the District was \$5,445,715.

O. Health Care Coverage

During the year ended August 31, 2002, employees of the District were covered by a health insurance plan (the "Plan"). The District contributed \$225.00 per month, per employee to the Plan. Employees, at their opinion authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third-party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement.

P. 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

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2002

P. Commitments and Contingencies (Continued)

rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2002.

Q. Construction Commitments

As of August 31, 2002, the District was obligated under the terms of an agreement for the construction of the following projects:

Project Name	Contract Amount	Paid to Date	Commitment Balance Remaining*	Retainage Payable Amount
New School Construction	\$ 60,592,700	\$ 24,143,389	\$ 36,449,311	\$ 1,161,702
Architects Services	9,324,026	5,039,242	4,284,784	-
Asbestos Abatement	250,290	78,867	171,423	-
Portables	3,253,268	1,695,259	1,558,009	25,348
ROCIIP Insurance	5,676,969	2,489,476	3,187,493	-
Geotechnical, Surveying & Other Related Service	2,072,743	1,133,973	938,770	28,432
Rentals	23,804	1,984	21,820	-
Improvement to Schools	162,000	132,673	29,327	4,715
	<u>\$ 69,916,726</u>	<u>\$ 29,182,631</u>	<u>\$ 40,734,095</u>	<u>\$ 1,220,197</u>

*The remaining balance includes the retainage amount payable at August 31, 2002.

R. Prior Period Adjustment

The General Fund beginning fund balance was adjusted by \$1,210,967 in order to reflect the final TEA funding for fiscal year 2000-2001.

S. Subsequent Event

On November 4, 2002, the District issued a \$4,244,050 Unlimited Tax Refunding Bond, Series 2002 for the construction, renovation, and equipping of school buildings.

LAREDO INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2002

T. Budget Overruns

The budget should not be exceeded in major functional expenditure category. However, the following budget overruns were noted:

	<u>Budget</u>	<u>Actual</u>	<u>Overrun</u>
General Fund:			
Student (Pupil) Transportation	\$ 2,208,903	\$ 2,385,362	\$ 176,459
Payments to Juvenile Justice Alternative Education Program	250,000	262,668	12,668

The above overruns are due to an underestimation of costs in the functional categories.

GENERAL FUND

The Laredo Independent School District accounts for financial resources used for general operations in this fund. It is a budgeted fund, and any fund balances are considered resources available for current operations.

**NON MAJOR GOVERNMENTAL FUND
DEBT SERVICE FUND**

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

NON MAJOR GOVERNMENTAL FUND FIDUCIARY FUNDS

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

Governmental Expendable Trust Funds

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

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

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

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

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

**LAREDO INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION
AUGUST 31, 2002**

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

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**General Governmental Expenditures
By Function (1)
Last Ten Fiscal Years**

**Laredo Independent School District
Table 1**

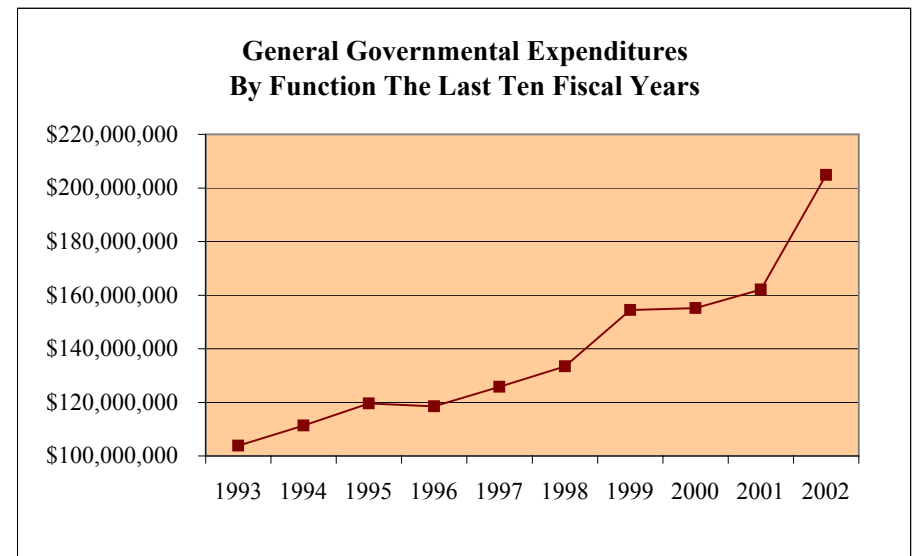
Function	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Instr & Related Services	\$61,046,032	\$66,106,144	\$72,314,612	\$77,202,717	\$78,449,877	\$83,383,699	\$88,855,667	\$93,565,598	\$93,506,287	\$93,217,799
Instr & School Leadership	8,280,988	8,728,776	9,727,721	7,897,626	10,252,438	10,978,086	10,916,864	10,461,998	10,729,229	11,161,311
Supp Serv - Student (2&4)	8,135,903	8,838,733	10,134,616	9,670,507	10,260,559	11,792,614	20,228,865	19,766,451	21,686,609	22,405,399
Admin. Supp Services	3,634,618	3,902,439	3,730,458	4,121,629	4,198,490	4,123,578	4,369,011	4,007,453	4,638,056	4,805,016
Supp Serv-Nonstudent	12,430,991	12,741,708	14,890,471	14,733,580	15,137,545	15,140,333	18,119,296	14,733,117	14,882,475	15,869,274
Ancillary Services	559,763	613,746	583,779	595,860	648,454	650,003	647,398	704,777	674,507	692,141
Debt Service	3,370,380	3,197,822	3,071,264	2,769,572	2,574,025	2,905,324	4,864,834	10,327,508	10,096,159	16,897,570
Capital Outlay	6,354,094	7,259,382	5,077,608	1,477,242	4,221,858	4,237,103	6,218,452	1,534,807	5,704,033	39,542,239
Intergover Charges (3)	0	0	0	0	59,311	201,108	208,405	45,591	152,257	269,543
TOTAL	\$103,812,769	\$111,388,750	\$119,530,529	\$118,468,733	\$125,802,557	\$133,411,848	\$154,428,792	\$155,147,300	\$162,069,612	\$204,860,291

NOTES

- (1) Expenditures of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Expendable Trust Funds.
- (2) Prior to fiscal year 1993, the Food Service Program was accounted for as a General Fund Type. Beginning in fiscal year 1993, the Food Service Program is accounted for as a Proprietary Fund.
- (3) The Intergovernmental charges category was established beginning in fiscal year 1997.
- (4) Beginning in year 1999, the Food Services Program will no longer be accounted for as a Proprietary Fund. The Food Services Program is now accounted for as a General Fund.

SOURCE:

L.I.S.D. Division of Finance



**General Governmental Revenues
By Source (1)
Last Ten Fiscal Years**

**Laredo Independent School District
Table 2**

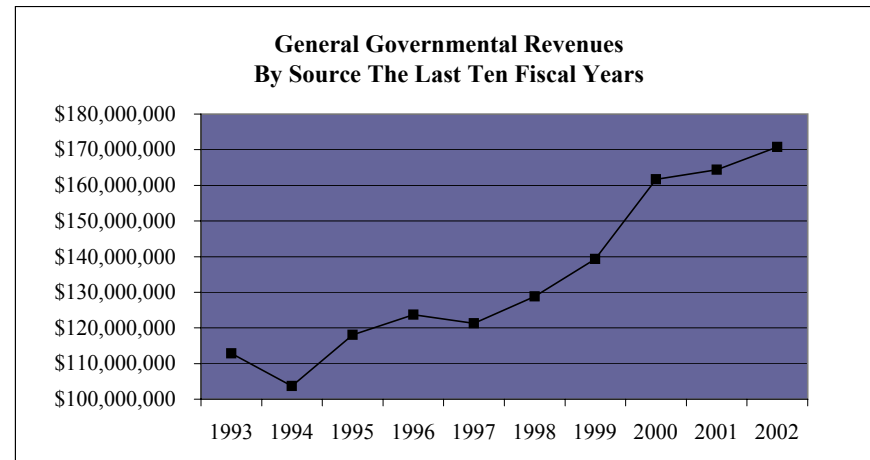
Source	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Revenue from Local, Intermediate, & Out of State Source:										
Local real & property taxes (2)	\$2,717,391	\$11,897,941	\$12,600,297	\$13,992,214	\$16,320,406	\$15,816,727	\$16,357,726	\$17,297,930	\$18,548,856	\$19,517,834
Local revenue	39,589	33,275	0	12,630	30,778	0	0	0	0	0
Co-curricular, enterprising serv	132,026	114,126	151,498	155,404	118,858	178,087	360,188	415,807	377,096	407,063
Other revenue from local sources (5)	1,218,089	1,146,436	11,481,301	3,163,625	2,518,806	5,806,738	4,007,969	9,003,038	9,911,092	10,961,923
Revenue from intermediate sources	10,021,164	1,971,282	1,288,617	899,385	685,422	730,673	472,296	456,857	576,448	388,245
Total	\$14,128,259	\$15,163,060	\$25,521,713	\$18,223,258	\$19,674,270	\$22,532,225	\$21,198,179	\$27,173,632	\$29,413,492	\$31,275,065
Revenue From State Sources:										
Per capita and foundation	\$86,872,195	\$76,313,395	\$80,046,750	\$87,117,974	\$83,017,220	\$87,168,383	\$91,312,106	\$96,323,829	\$97,023,045	\$101,286,334
Instructional Facilities Allotment	0	0	0	0	0	0	0	0	6,246,279	10,736,826
Teacher Retirement System on Behalf (3)	0	0	0	4,566,046	4,619,863	5,025,706	5,246,079	5,368,792	5,262,434	0
Other state programs	1,160,171	633,618	534,422	1,917,303	2,633,978	2,430,440	1,099,783	7,391,859	1,147,188	1,572,566
Other governmental agencies	69,200	579,091	63,727	76,349	95,978	30,807	74,308	446,945	1,313,909	98,154
Total	\$88,101,566	\$77,526,104	\$80,644,899	\$93,677,672	\$90,367,039	\$94,655,336	\$97,732,276	\$109,531,425	\$110,992,855	\$113,693,881
Revenue From Federal Sources:										
Federally distributed	\$304,614	\$305,580	\$335,910	\$399,330	\$1,724,270	\$834,725	\$2,134,419	\$1,806,383	\$2,267,996	\$2,510,816
Elementary and Secondary Education Act	8,958,085	8,988,446	9,258,749	9,658,785	8,358,632	9,279,077	9,793,851	13,292,758	10,931,789	11,464,674
Individuals w/Disabilities Education Act	625,254	877,809	841,897	881,814	810,060	1,063,163	1,268,969	1,902,892	1,914,291	2,036,389
Vocational Education - non foundation	313,058	384,162	349,554	362,280	343,575	442,241	474,270	403,053	355,866	449,627
Other state distributed federal prog (4&6)	437,726	410,810	1,121,414	458,202	5,227	24,081	6,738,087	7,592,391	8,468,727	9,326,711
Total	\$10,638,737	\$10,966,807	\$11,907,524	\$11,760,411	\$11,241,764	\$11,643,287	\$20,409,596	\$24,997,477	\$23,938,669	\$25,788,217
TOTAL	\$112,868,562	\$103,655,971	\$118,074,136	\$123,661,341	\$121,283,073	\$128,830,848	\$139,340,051	\$161,702,534	\$164,345,016	\$170,757,163

NOTES

- Revenues for all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Expendable Trust Funds.
- In 1992 and 1993, the Webb County Education District, of which Laredo Independent School District was a member, levied a portion of the local tax assessment. In those year, revenue received is recorded as revenue from intermediate sources.
- Beginning in 1996, the District is required to record revenue from "On-Behalf" payments of matching teacher retirement paid for active members of the District in accordance with GASB Statement No. 24.
- Prior to fiscal year 1993, the Food Service Program was accounted for as a General Fund Type. Beginning in fiscal year 1993, the Food Service Program is accounted for as a Proprietary Funds.
- Includes Chapter 41 Partnerships as follows: Highland Park ISD, FY 95 & FY 96.
- Beginning in 1999, the Food Service Program will no longer be accounted for as a Proprietary Fund. The Food Service Program is now accounted for as a General Fund.
- Beginning in FY 1998, LISD contracts with Deepark ISD for Ch 41 Agreement.
- Beginning in FY 2002, LISD contracts with La Porte ISD and Texas City, Plano ISD for Ch 41 Agreement.

SOURCE:

L.I.S.D. Division of Finance



**General Governmental Expenditures
By Function (1)-Per Average Daily Attendance
Last Ten Fiscal Years**

**Laredo Independent School District
Table 3**

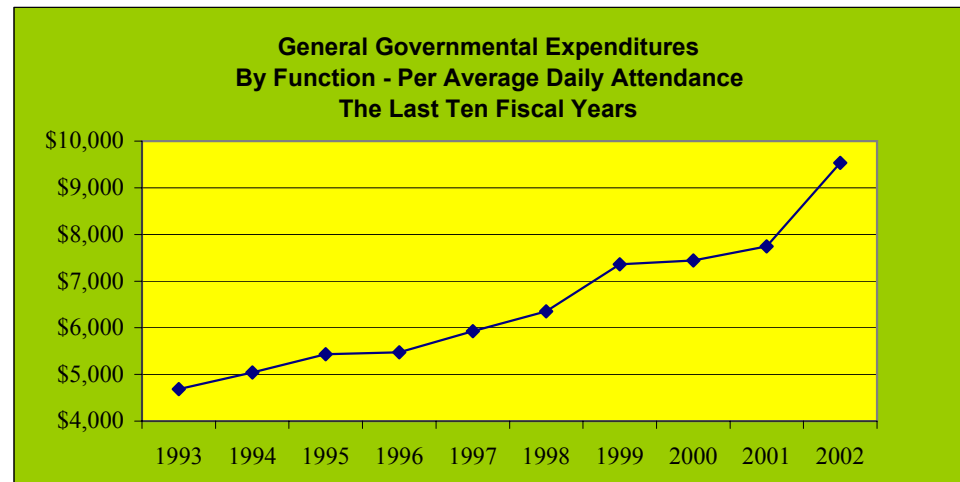
Function	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Average Daily Attendance	22,145	22,101	21,995	21,648	21,229	21,005	20,975	20,853	20,929	21,495
Instr & Related Services	\$2,757	\$2,991	\$3,288	\$3,566	\$3,695	\$3,970	\$4,236	\$4,487	\$4,468	\$4,337
Instr & School Leadership	374	395	442	365	483	523	520	502	513	519
Supp Serv - Student (2&4)	367	400	461	447	483	561	964	948	1,036	1,042
Admin. Supp Services	164	177	170	190	198	196	208	192	222	224
Supp Serv-Nonstudent	561	577	677	681	713	721	864	707	711	738
Ancillary Services	25	28	27	28	31	31	31	34	32	32
Debt Service	152	145	140	128	121	138	232	495	482	786
Capital Outlay	287	328	231	68	199	202	296	74	273	1,840
Intergover Charges (3)	0	0	0	0	3	10	10	2	7	13
TOTAL	\$4,688	\$5,040	\$5,434	\$5,473	\$5,926	\$6,351	\$7,363	\$7,440	\$7,744	\$9,531

NOTES

- (1) Expenditures of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Expendable Trust Funds.
- (2) Prior to fiscal year 1993, the Food Service Program was accounted for as a General Fund Type. Beginning in fiscal year 1993, the Food Service Program is accounted for as a Proprietary Fund.
- (3) The Intergovernmental charges category was established beginning in fiscal year 1997.
- (4) Beginning in year 1999, the Food Services Program will no longer be accounted for as a Proprietary Fund. The Food Services Program is now accounted for as a General Fund.

SOURCE:

L.I.S.D. Division of Finance



**General Governmental Revenues
By Source - Per Average Daily Attendance
Last Ten Fiscal Years**

**Laredo Independent School District
Table 4**

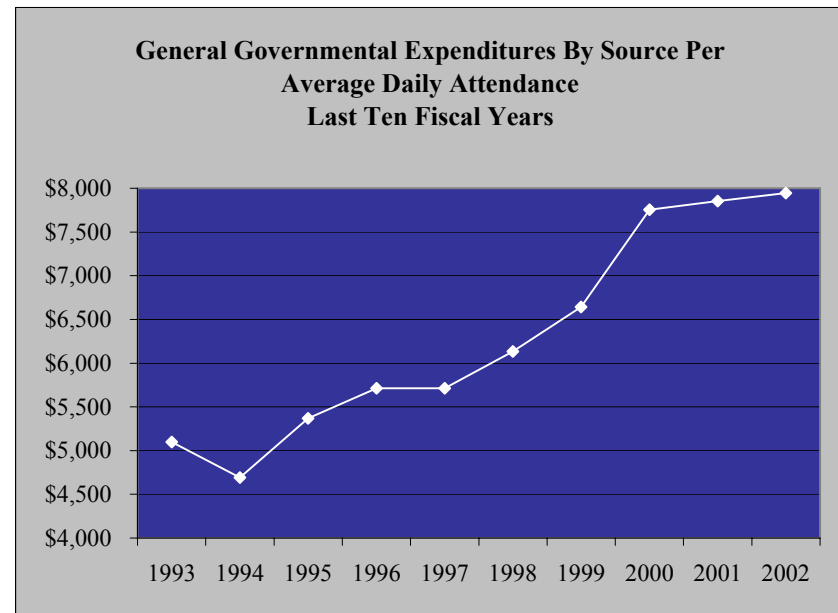
Source	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Average Daily Attendance (1)	22,145	22,101	21,995	21,648	21,229	21,005	20,975	20,853	20,929	21,495
Local real & property taxes (2)	\$123	\$538	\$573	\$646	\$769	\$753	\$780	\$830	\$886	\$908
Other local revenue	515	148	587	195	158	320	231	474	519	547
Total Revenue from Local, Intermediate, & Out of State Source	\$638	\$686	\$1,160	\$842	\$927	\$1,073	\$1,011	\$1,303	\$1,405	\$1,455
Per capita and foundation	\$3,923	\$3,453	\$3,639	\$4,024	\$3,911	\$4,150	\$4,353	\$4,619	\$4,636	\$4,712
Teacher Retirement System on Behalf (3)	0	0	0	211	218	239	250	257	251	0
Other state programs	56	55	27	92	129	117	56	376	416	577
Total Revenue From State Sources (4&5)	\$3,978	\$3,508	\$3,667	\$4,327	\$4,257	\$4,506	\$4,659	\$5,253	\$5,303	\$5,289
Federal Sources	\$480	\$496	\$541	\$543	\$530	\$554	\$973	\$1,199	\$1,144	\$1,200
TOTAL	\$5,097	\$4,690	\$5,368	\$5,712	\$5,713	\$6,133	\$6,643	\$7,754	\$7,853	\$7,944

NOTES

- (1) Revenues for all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Expendable Trust Funds.
- (2) In 1992 and 1993, the Webb County Education District, of which Laredo Independent School District was a member, levied a portion of the local tax assessment. In those years, revenue received is recorded as revenue from intermediate sources.
- (3) Beginning in 1996, the District is required to record revenue from "On-Behalf" payments of matching teacher retirement paid for active members of the District in accordance with GASB Statement No. 24.
- (4) Prior to fiscal year 1993, the Food Service Program was accounted for as a General Fund Type. Beginning in fiscal year 1993, the Food Service Program is accounted for as a Proprietary Fund.
- (5) Beginning in 1999, the Food Service Program will no longer be accounted for as a Proprietary Fund. The Food Service Program is now accounted for as a General Fund.

SOURCE:

L.I.S.D. Division of Finance



**Appraisal Roll and Property Value Table
Last Ten Years**

**Laredo Independent School District
Table 5**

		Real Property				Personal Property			
Tax Year (1)	Fiscal Year	Appraised & Assessed Value (2)	Exemptions (3)	CAP LOSS (6)	Taxable Value	Appraised & Assessed Value	Exemptions (3)	CAP LOSS (6)	Taxable Value
1993	1993-1994	\$1,199,152,414	\$245,586,001	N/A	\$953,566,413	\$211,461,000	0	N/A	\$211,461,000
1994	1994-1995	1,334,123,915	343,705,005	N/A	990,418,910	212,981,519	0	N/A	212,981,519
1995	1995-1996	1,426,728,455	351,683,195	N/A	1,075,045,260	208,340,636	0	N/A	208,340,636
1996	1996-1997	1,515,992,302	360,060,123	N/A	1,155,932,179	211,848,890	0	N/A	211,848,890
1997 (5)	1997-1998	1,542,060,098	488,768,529	N/A	1,053,291,569	215,709,566	0	N/A	215,709,566
1998	1998-1999	1,599,017,395	504,850,409	\$278,180	1,094,166,986	219,186,158	0	0	219,186,158
1999	1999-2000	1,665,964,331	561,939,788	330,150	1,104,024,543	228,116,930	0	0	228,116,930
2000	2000-2001	1,681,814,695	568,566,923	36,006	1,113,211,766	247,828,421	0	0	247,828,421
2001	2001-2002	1,723,343,398	592,479,666	73,521	1,130,790,211	256,727,464	0	0	256,727,464
2002	2002-2003	\$2,055,489,803	\$624,693,945	\$104,106	\$1,430,691,752	\$258,875,299	0	0	\$258,875,299

		Webb County Appraisal District Certified Control Total Values				Webb County Appraisal District Certified Exemption Values			
Tax Year (1)	Fiscal Year	Appraised & Assessed Value (2)	Exemptions (3)	CAP LOSS (6)	Taxable Value	Partial Exemptions	Agricultural Value Lost	CAP LOSS (6)	Totally exempt Values
1993	1993-1994	\$1,410,613,414	\$245,586,001	N/A	\$1,165,027,413	\$102,526,903	\$2,535,558	N/A	\$140,523,540
1994	1994-1995	1,547,105,434	343,705,005	N/A	1,203,400,429	105,200,870	2,489,820	N/A	236,014,315
1995	1995-1996	1,635,069,091	351,683,195	N/A	1,283,385,896	107,395,990	2,445,810	N/A	241,841,395
1996	1996-1997	1,727,841,192	360,060,123	N/A	1,367,781,069	112,274,575	2,621,420	N/A	245,164,128
1997 (5)	1997-1998	1,757,769,664	488,768,529	N/A	1,269,001,135	222,012,461	2,619,930	N/A	264,136,138
1998	1998-1999	1,818,203,553	504,572,229	\$278,180	1,313,353,144	228,974,591	2,840,790	\$278,180	272,756,848
1999	1999-2000	1,891,246,886	561,609,638	330,150	1,329,307,098	230,843,843	2,839,470	330,150	327,926,325
2000 (7)	2000-2001	1,928,133,696	568,566,923	36,006	1,359,530,767	234,640,748	2,869,060	36,006	331,057,115
2001	2001-2001	1,983,673,302	592,479,666	73,521	1,391,120,115	232,622,874	2,868,530	73,521	356,988,262
2002	2002-2003	\$2,055,489,803	\$624,693,945	\$104,106	\$1,430,691,752	\$231,629,792	\$2,957,340	\$104,106	\$393,168,259

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

**Property Tax Rates and Tax Levies Table
Last Ten Years**

**Laredo Independent School District
Table 6**

Property Tax Rates:

Tax Year	Fiscal Year	Laredo Independent School District	United Independent School District	Laredo Community College	City of Laredo	Webb Cty and Road/Bridge
1993	93/94	1.10020	1.38760	0.16910	0.51010	0.327890
1994	94/95	1.10020	1.38280	0.16479	0.55160	0.349500
1995	95/96	1.16520	1.38280	0.15986	0.55160	0.349500
1996	96/97	1.21500	1.38280	0.15290	0.52677	0.366378
1997	97/98	1.18500	1.37909	0.15660	0.53993	0.389952
1998	98/99	1.22500	1.41409	0.15800	0.53993	0.389952
1999	99/00	1.32600	1.43848	0.16420	0.56922	0.535531
2000	00/01	1.38600	1.42687	0.17000	0.57636	0.454952
2001	01/02	1.42600	1.42687	0.21665	0.57636	0.445223
2002	02/03	1.50271	1.47687	0.22650	0.63053	0.457923

Original Tax Levies:

Tax Year	Fiscal Year	Laredo Independent School District	United Independent School District	Laredo Community College	City of Laredo	Webb Cty and Road/Bridge
1993	93/94	\$12,253,142	\$31,816,450	\$4,723,221	\$12,447,151	\$12,024,558
1994	94/95	12,600,941	34,533,211	5,047,103	14,007,583	12,348,149
1995	95/96	14,134,734	38,000,660	5,328,054	16,464,305	15,816,123
1996	96/97	15,597,657	39,451,743	5,676,550	19,090,616	17,015,633
1997	97/98	14,295,066	41,025,925	6,085,735	20,550,142	19,133,916
1998	98/99	15,224,088	44,271,136	6,568,987	21,995,250	20,194,005
1999	99/00	16,697,681	47,253,707	7,329,145	24,784,224	22,862,130
2000	00/01	17,854,904	51,042,026	8,185,875	27,165,182	26,098,416
2001	01/02	18,828,677	57,959,460	11,215,837	29,221,694	28,877,392
2002	02/03	\$20,378,959	\$66,951,115	\$12,892,422	\$35,010,831	\$33,424,545

Notes

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

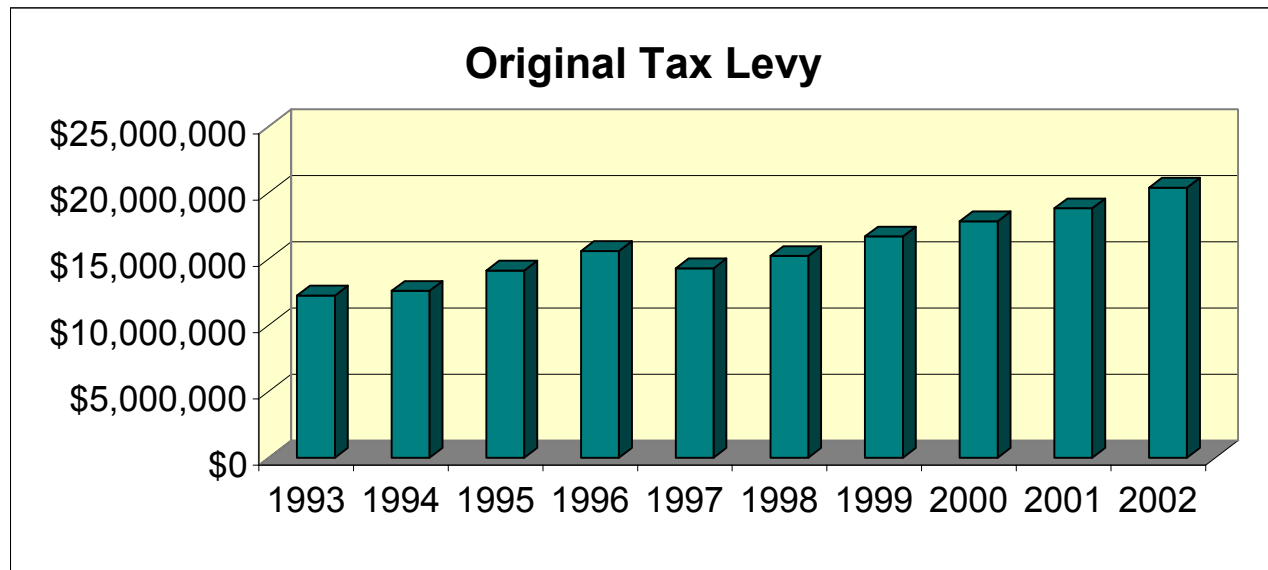
**Property Tax Rates and Tax Levies Table
Last Ten Years**

**Laredo Independent School District
Table 7**

Tax Year	Fiscal Year	Tax Rate [1]	Original Tax Levy	Early Payment Discounts	Net Supplement & Adjustments To Tax Levy	Adjusted Total Tax Levy [2]	Current Year Tax Collections [3]	Percent of Current Taxes Collected
1993	93-94	1.1002	\$12,253,142	#####	(\$194,864)	\$11,869,314	\$10,798,318	90.98%
1994	94-95	1.1002	12,600,941	(205,812)	(77,241)	12,317,888	11,280,756	91.58%
1995	95-96	1.1652	14,134,734	(226,384)	(106,879)	13,801,471	12,455,873	90.25%
1996	96-97	1.215	15,597,657	(240,764)	(33,551)	15,323,342	14,270,245	93.13%
1997	97-98	1.185	14,295,066	0	(128,997)	14,166,069	13,559,076	95.72%
1998	98-99	1.22500	15,224,088	0	(80,970)	15,143,118	14,312,047	94.51%
1999	99-00	1.32600	16,697,681	0	(145,622)	16,552,059	15,677,007	94.71%
2000	00-01	1.38600	17,854,904	0	(16,234)	17,854,904	16,985,143	95.13%
2001	01-02	1.42600	18,828,677	0	(68,010)	18,760,667	17,997,443	96.00%
2002	02-03	1.502714	#####	\$0.00	(\$25,285.00)	#####	\$1,926,979.00	9.47%

Notes:

1. Tax rates are at 100% of assessed value.
2. Tax Levy has been adjusted to account for supplements, adjustments and for discounts.
3. 2002 Current year tax collections are for the period of October 1, 2002 to October 31, 2002.



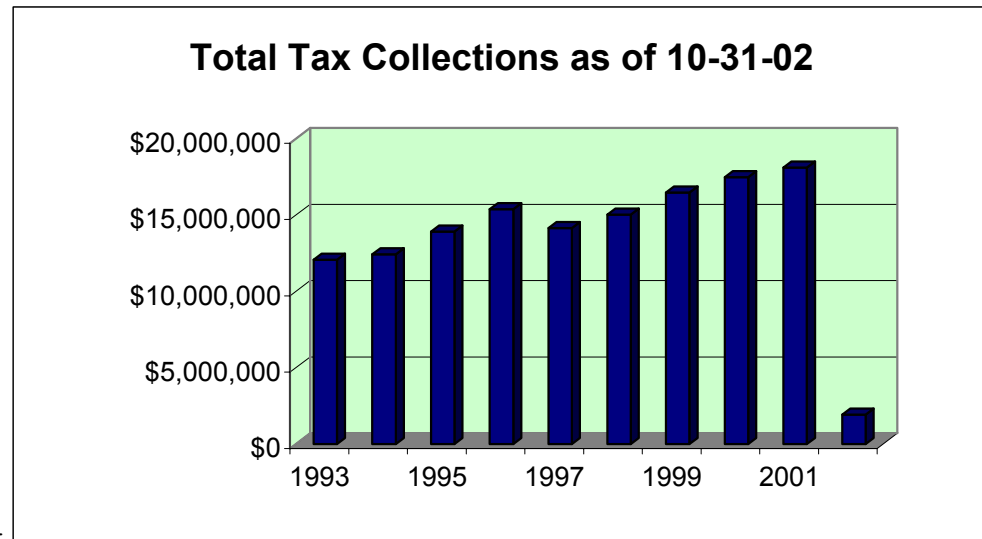
**Property Tax Levies and Collections
Last Ten Years**

**Laredo Independent School District
Table 8**

Tax Year	Fiscal Year	Tax Rate (1)	Original Tax Levy (2)	Total Tax Collections as of 10-31-02	Percent of Total Tax Collections To Tax Levy	Levy Bal. As of as of 10-31-02
1993	93-94	1.100200	\$12,253,142	\$12,067,907	98.49%	\$185,235
1994	94-95	1.100200	12,600,941	12,428,751	98.63%	172,190
1995	95-96	1.165200	14,134,734	13,913,110	98.43%	221,624
1996	96-97	1.215000	15,597,657	15,376,859	98.58%	220,798
1997	97-98	1.185000	14,295,066	14,135,756	98.89%	159,310
1998	98-99	1.225000	15,224,088	15,028,158	98.71%	195,930
1999	99-00	1.326050	16,697,681	16,462,312	98.59%	235,369
2000	00-01	1.386000	17,854,904	17,471,935	97.86%	382,969
2001	01-02	1.426000	18,828,677	18,093,187	96.26%	700,983
2002	02-03	1.502714	\$20,378,959	\$1,926,979	9.63%	\$18,449,072

Notes:

1. Tax rates are at 100% of assessed value.
2. Original tax levy has not been adjusted for supplements, adjustments nor discounts.
3. 2002, Current year tax collections are for the period of October 1, 2002 to October 31, 2002.



**Computation Of Legal Debt Margin
Year Ended August 31, 2002**

**Laredo Independent School District
Table 9**

Assessed Valuation of 2001 Tax Roll		\$1,391,120,115
Debt Limit - 10 Percent of Assessed Valuation		139,112,012
General Obligation Bonds Outstanding at Aug 31, 2002	\$5,630,000	
Less Amount Available in Debt Service Fund Bal. at Aug 31, 2002	<u>(2,577,436)</u>	
Applicable Debt		<u>(3,052,564)</u>
Legal Debt Margin at August 31, 2002		<u><u>\$136,059,448</u></u>

SOURCE:

L.I.S.D. Division of Finance

**Ratio of Annual Debt Service
Expenditures for General Bonded Debt
To Total General Expenditures (1)**

**Laredo Independent School District
Table 10**

Year Ended August 31	Debt Service Expenditures			Total General Expenditures	Ratio of Debt Service To General Expenditures
	Principal	Interest (2)	Total		
1992	\$900,000	\$1,495,284.00	\$2,395,284.00	\$99,305,041.00	2.41%
1993 (3)	8,835,000	1,214,950	10,049,950	103,812,769	9.68%
1994 (3)	3,595,000	1,041,190	4,636,190	111,388,750	4.16%
1995	1,365,000	979,783	2,344,783	119,530,529	1.96%
1996	1,450,000	902,900	2,352,900	118,468,733	1.99%
1997	1,497,937	858,651	2,356,588	125,802,557	1.87%
1998	1,585,000	779,623	2,364,623	133,411,848	1.77%
1999	1,710,000	682,143	2,392,143	154,428,792	1.55%
2000	3,445,000	4,426,108	7,871,108	155,067,308	5.08%
2001	3,340,000	4,546,057	7,886,057	162,044,272	4.87%
2002	\$9,405,000	\$7,414,360	\$16,819,360	\$204,860,291	8.21%

NOTES

- (1) Expenditures of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund, & Expendable Trust Funds.
- (2) Interest amounts shown above do not include fiscal agent or other debt service related fees.
- (3) In 1993, the District issued the Unlimited Tax Refunding Bond, Series 1993, refunding \$8,060,000 of principal for the 1986 Unlimited Tax Schoolhouse Bond issue. In 1994, the District issued the Unlimited Tax Refunding Bond, Series 1994, refunding \$1,850,000 of principal for the 1979 Unlimited Tax Schoolhouse Bond issue.

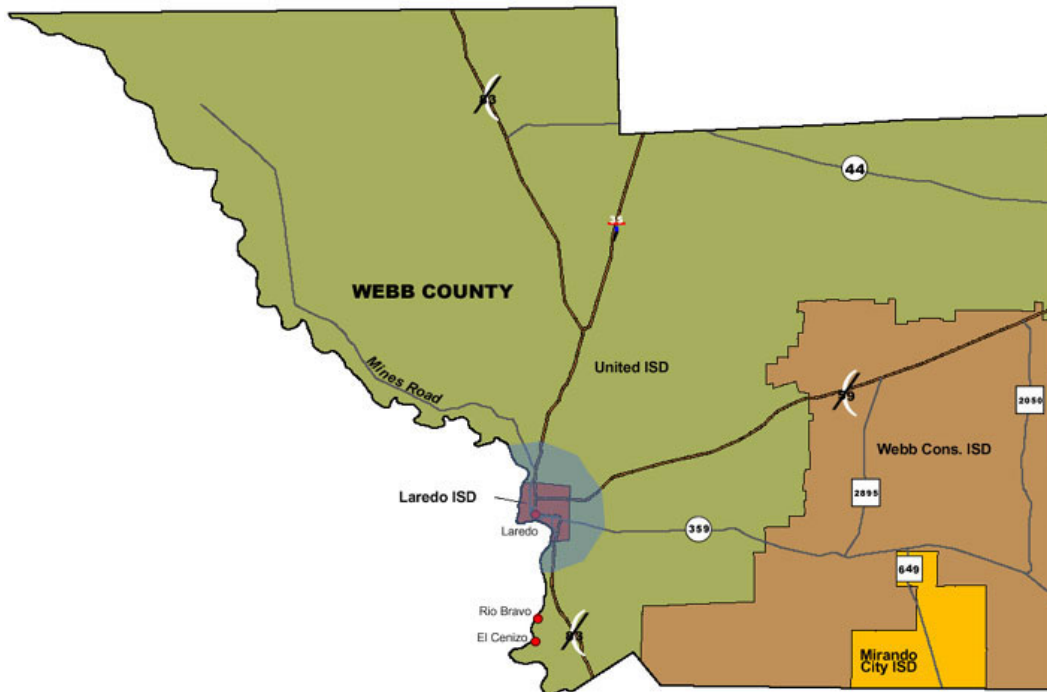
SOURCE:

L.I.S.D. Division of Finance

**Ratio of Annual Debt Service
Expenditures for General Bonded Debt
To Total General Expenditures**

**Laredo Independent School District
Table 11**

TAXING JURISDICTION	GROSS DEBT	PERCENT APPLICABLE	OVERLAPPING FUNDED DEBT
City of Laredo	\$153,675,000	18.13%	\$64,543,500
County of Webb	\$40,780,000	42.00%	17,127,600
Laredo Community College	\$16,508,000	22.78%	3,760,522
Total			\$85,431,622
Laredo Independent School District	\$288,735,520	100.00%	<u>\$288,735,520</u>
Total Direct and Overlapping Debt			<u><u>\$374,167,142</u></u>



**Ratio of Net General Bonded Debt
To Net Bonded Debt Per Average Daily Attendance
Last Ten Fiscal Years**

**Laredo Independent School District
Table 12**

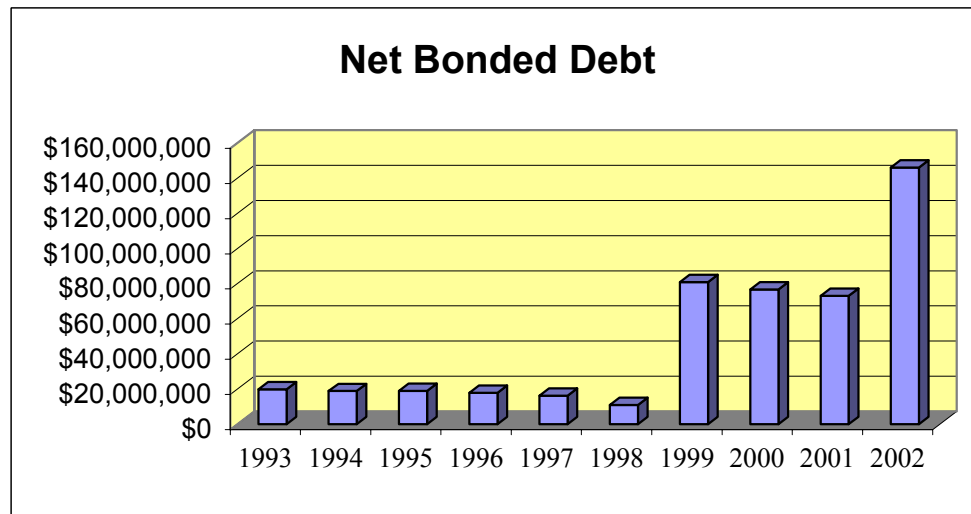
Year Ended August 31	Average Daily Attendance	Assesd Value For Operations & Debt Service (1)	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Average Daily Attendance
1993	22,145	\$1,165,027,413	\$22,095,801	\$2,239,436	\$19,856,365	1.70%	\$897
1994	22,101	1,203,400,429	21,152,708	2,370,521	18,782,187	1.56%	850
1995	21,995	1,283,385,896	19,989,303	1,128,125	18,861,178	1.47%	858
1996	21,648	1,346,689,990	18,752,941	903,074	17,849,867	1.33%	825
1997	21,229	1,269,001,135	17,457,105	1,254,382	16,202,723	1.28%	763
1998	21,005	1,313,353,144	12,455,000	1,549,994	10,905,006	0.83%	519
1999	20,975	1,329,307,098	82,745,000	1,969,806	80,775,194	6.08%	3,851
2000	20,853	1,359,509,407	79,300,000	2,693,244	76,606,756	5.63%	3,674
2001	20,954	1,391,120,115	75,960,000	2,956,865	73,003,135	5.25%	3,484
2002	21,495	\$1,418,942,517	\$148,568,392	\$2,582,073	\$145,986,320	10.29%	\$6,791.64

NOTE

(1) Assessed valuation after adjustments to tax levy.

SOURCE:

L.I.S.D. Division of Finance



**Demographics - Census Data
Last Three Census**

**Laredo Independent School District
Table 13**

	1970 Census	1980 Census	1990 Census
Total Population By Race:			
White	68,837	82,997	87,048
Black	343	89	144
Other	240	8,363	35,707
Spanish Percentage	79.12%	93.03%	93.86%
Total Households	16,594	23,903	33,998
Household Population	68,141	90,613	122,899
Average Household size	4.02	3.79	3.61
Total Population by Age:			
0-5	9,525	11,583	17,081
6-13	13,931	16,239	20,316
14-17	6,199	8,258	10,093
18-24	8,945	12,059	17,987
25-34	7,437	13,060	20,316
34-44	7,131	8,525	14,752
44-54	5,718	7,733	9,964
54-64	4,980	6,108	8,541
65+	5,557	7,884	10,223
Median Age Total Population	22.0	23.6	24.7
Median Age Adult Population	39.9	38.0	36.8
Household Income:			
\$ 0 - \$ 7,499	\$12,066	\$8,925	\$7,639
\$ 7,500 - \$ 9,999	2,140	2,497	3,074
\$ 10,000 - \$ 14,999	1,701	4,036	4,169
\$ 15,000 - \$ 24,999	739	4,997	5,600
\$ 25,000 - \$ 34,999	173	2,068	3,865
\$ 35,000 - \$ 49,999	62	903	3,226
\$ 50,000 - \$ 74,999	75	341	1,765
\$ 75,000 -		163	1,096
Median Household Income	4,917	10,761	15,610
Average Household Income	6,338	13,998	N/A
Median Family Income	N/A	11,985	17,532
Aggregate Household Income \$(000)	\$107,470	\$334,980	\$708,920

NOTE

(1) Census information is for the City of Laredo where the Laredo Independent School District is located.

SOURCE:

City of Laredo, Texas
Laredo Chamber of Commerce

Demographics - Growth Indicators
August 31, 2002

Laredo Independent School District
Table 13
(Continued)

Fiscal Year	Growth Indicators (1)					Postal Receipts (2)
	Electric	Gas	Telephone	Water	Sewer	
1992	44,729	21,602	56,761	32,345	30,170	\$5,247,347
1993	46,740	21,853	60,245	33,296	31,820	5,427,607
1994	49,290	22,155	63,447	35,083	33,929	5,878,719
1995	49,734	22,283	67,672	35,930	34,018	6,400,000
1996	50,118	22,348	71,364	36,633	35,595	6,600,000
1997	50,624	22,438	72,636	38,140	38,477	6,858,000
1998	53,568	22,993	83,231	39,500	39,700	7,238,886
1999	56,207	23,227	59,605	43,774	42,604	7,667,601
2000	58,882	23,402	93,189	44,685	43,839	8,270,103
2001	59,471	23,347	94,121	37,000	35,595	8,795,255
2002	60,066	23,603	95,062	49,342	47,208	\$8,350,750

NOTES

(1) Amount represents number of active customer accounts.

(2) Represents total revenue collected.

SOURCE:

LISD Finance Department of Respective Entities

Demographics - Market Labor Report
August 31, 2002

Laredo Independent School District
Table 13
(Continued)

Fiscal Years	Civilian Labor Force	Unemployment	Unemployment Rate	Employment
1993	59,914	5,844	9.75%	54,070
1994	64,449	5,287	8.20%	59,162
1995	65,441	10,296	15.73%	55,145
1996	63,114	7,206	11.42%	55,908
1997	64,673	6,104	9.44%	58,569
1998	67,124	5,836	8.69%	61,288
1999	67,521	5,161	7.64%	62,360
2000	68,598	4,252	6.20%	64,346
2001	70,976	4,458	6.28%	66,518
2002	72,532	4,717	6.50%	67,815

SOURCE:

Texas Workforce Commission - Laredo, Texas

www.twc.state.us

**Property Value and Construction
Last Ten Fiscal Periods**

**Laredo Independent School District
Table 14**

Fiscal Periods	Commercial Construction (A)		Residential Construction (A)		Bank Deposits (B)	Property Values (A)			
	Number Of Units	Value	Number Of Units	Value		Personal Property Assessed Value	Real Property Assessed Value	Exemptions (1)	Total Assessed Value
1993	402	\$73,363,051	2,671	\$77,947,392	N/A	\$305,301,255.00	\$2,246,662,136.00	\$111,824,045.00	\$2,440,139,346.00
1994	408	64,921,340	2,212	79,639,141	\$2,469,233,000	341,374,498	2,571,212,941	167,261,292	2,745,326,147
1995	93	59,472,840	992	48,025,832	2,378,874,000	370,075,550	2,825,543,214	180,849,404	3,014,769,360
1996	124	42,394,754	1,375	57,373,240	2,568,470,000	459,476,794	3,053,349,790	230,381,621	3,282,444,963
1997	110	65,049,913	1,198	61,787,875	2,726,218,000	507,719,560	3,364,750,495	247,072,879	3,625,397,176
1998	136	51,684,355	1,369	74,891,810	3,108,234,000	536,133,110	3,431,864,302	291,281,333	3,806,075,234
1999	94	40,112,188	1,309	63,116,085	3,337,234,000	646,284,869	3,656,234,140	228,796,548	4,073,722,461
2000	87	68,818,362	1,407	89,886,823	5,313,356,000	708,441,411	4,502,897,540	418,707,728	4,354,083,033
2001	143	122,363,686	1,293	90,029,908	5,596,945,000	715,525,825	4,547,926,515	422,894,805	4,397,623,863
2002	144	\$94,357,621	2,275	\$131,479,321	\$4,357,612,111	\$718,975,425	\$4,550,965,123	\$425,975,123	\$4,441,600,102

NOTE

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

SOURCE:

(A) City of Laredo, Texas

(B) Commerce Bank, N.A.

Falcon National Bank

International Bank of Commerce

Laredo National Bank

NBC Bank

South Texas National Bank

Principal Taxpayers

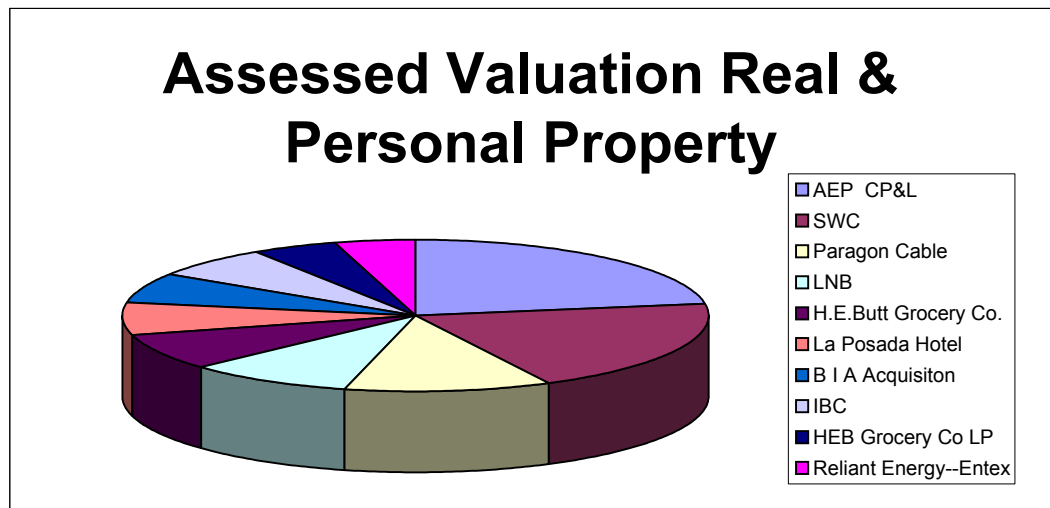
Laredo Independent School District

Table 15

TAXPAYER	TYPE OF BUSINESS	2002 ASSESSED VALUATION REAL & PERSONAL PROPERTY	PERCENTAGE OF TOTAL ASSESSED VALUATION
AEP Central Power & Light Co.	Electric Utility	\$24,457,340	1.19%
Southwestern Bell Telephone Co.	Telephone Co.	21,671,850	1.05%
Paragon Cable	Telecommunications	12,237,690	0.59%
The Laredo National Bank	Bank	10,136,200	0.49%
H.E.Butt Grocery Co.	Grocery Store	8,524,260	0.41%
La Posada Hotel	Hotel	7,349,470	0.36%
B I A Acquisiton	Hotel/Joint Venture	7,112,960	0.35%
International Bk of Commerce	Bank	6,962,730	0.34%
HEB Grocery Company LP	Grocery Store	5,343,900	0.26%
Reliant Energy--Entex	Utility_(Gas)	4,740,180	0.23%
		\$108,536,580	5.27%

Total Assessed Value within LISD's Jurisdiction:

\$2,058,551,249



**Principal Employers
August 31, 2002**

**Laredo Independent School District
Table 16**

Employer	Product or Service	Number of Employees
United Independent School District	Education	3,893
Laredo Independent School District	Education	3,349
City of Laredo	City	2,080
Mercy Hospital of Laredo	Medical Services	2,000
Webb County	County	1,270
H.E.B Grocery Store	Grocery Store	1,184
U.S. Border Patrol	Immigration	1,129
McDonald's Restaurant	Fast Food	1,113
Laredo Community College	Education	991
Texas A&M International University	Education	696
Doctor's Hospital	Medical Services	672
APC Homemaker Service	Medical Services	652
The Laredo National Bank	Financial Services	555
Wal-Mart	Retail	520
International Bank of Commerce	Financial Services	500
Laredo Medical Group	Medical Services	485
U.S. Department of Treasury	Government	446
Border Region MHMR	Health Center	325
Miracle Candle Co.	Candles	243

SOURCE:

Laredo Development Foundation

Laredo Independent School District is located within the City limits of the City of Laredo. The following statistics will provide the reader with an outlook of the district and the environment surrounding the district with regards to transportation, public safety, public works, education, recreation and civic organization.

General

Form of Government: Board/Superintendent

Terms of Office: President - 1 yr term (2 terms maximum)
Board Members - 3 yr staggered terms
Superintendent - Appointed by Board of Trustees

The Board, at a public meeting held on Sept. 16, 1999 passed a resolution converting the method of electing school trustees from "At Large" to "Single Member Trustees Districts" and ordered that this change become effective for the May, 2000, trustee election.

Date Founded: 1889

of District Employees as of 8/31/01: 3,442

of Campuses as of 8/31/01: 28 plus two Magnet School & 1 Alternative School

Elections

Number of Registered Voters: 48,337

of Votes cast in Last Board Election: 1,837

% of Registered Voters voting in Last
Board Election: 13.27%

NOTE:

(1) In the Last Board Election, two Laredo I.S.D. jurisdictions were up for election on May 5, 2002. There are 13,846 registered voters in Trustee Districts that were up for elections.

Transportation

Airports

Number of Airplanes	1
Name of Airport:	Laredo International Airport - Flights daily to and from San Antonio, Houston, Dallas, and Mexico City
Schedule Airplane Flights:	16 during weekdays
* Per Day Departing:	10 during weekends
* Per Day Arriving :	10 during weekends
Passengers Enplaning:	70,234 per year
Passengers Deplaned:	66,281 per year

Bridges

Number of Bridges:	4
Names of Bridges:	International Bridge #1, Juarez-Lincoln International Bridge #2 International Solidarity/Laredo/Colombia Bridge, World Trade Bridge
Bridge Crossings:	
Commercial:	361,112
Non-Commercial:	6,587,150
Passenger:	14,442,356
Pedestrian:	3,374,321
Tons of Frieght:	13,947,966

Railroads

Number of Railroads:	2
Names of Railroads:	Texas-Mexican Railroad & Union Pacific Railroad

Highways

Number of Highways:	6
Names of Major Highways:	IH 35, US HWY 59, US HWY 81, US HWY 83, TX HWY 359, BOB Bullock Loop

Bus Lines

Name of Interstate Bus Lines:	Greyhound Lines & Autobuses Latinos de Greyhound, El Conejo, Valley Transit, and Sendor
Name of Local Bus Lines:	Laredo Municipal Transit System, El Aguilar Rural Transit

Miscellaneous Statistics
August 31, 2002

Laredo Independent School District
Table 17
(Continued)

Bus Lines (cont...)

Number of Adult Passengers:	2,546,750
# of Elderly & Handicaped Paid:	334,000
# of Elderly & Handicaped Free:	501,000
Number of Students:	167,000
Number of Children Paid:	334,000
Number of Children Free:	208,750
Number of Charter Passengers:	12,950
Number of Service Miles:	1,365,000
Number of Charter Miles:	5,550
Number of Employees:	12.5 (Amin) 121 (Oper) 37 (Maint)

Public Safety

Police Protection

Number of Stations:	1
# of Neighborhood Policing Stations:	9
Number of Sworn Officers:	236
Number of Vehicular Patrol Units:	60
Employees per 1,000 Population:	1.5
Number of Law Violations:	13,752
Number of Physical Arrests:	7,386
Number of Traffic Violations:	40,288

Fire Protection

Number of Stations:	12
Number of Hydrants:	7,000
Number of Fire Pumps:	12
Number of Aerial Trucks:	2
Number of Ambulances:	7
Number of Crash Trucks:	1
Number of Haz-Mat Trucks:	1
Number of Firefighters:	278
Number of EMS Paramedics:	156
Employees per 1,000 population:	1.428

Public Works

WaterWorks System

Miles of Water Mains:	1,400
Daily Average Consumption:	31 MGD
Plant Capacity:	64 MGD
Source of Water:	Rio Grande
# of Service Connections:	37,000
# of Garbage Consumers:	32,854

Sewer System

Miles of Sanitary Sewer:	1,200
Number of Lift Stations:	82
Daily Average Treatment:	13.6 MGD
Treatment Plane Capacity:	18 MGD
Number of Disposal Plants:	5
Number of Service Connections:	35,595

Streets

Number of Paved Streets:	6,794 Blocks
Number of Unpaved Streets:	16 Blocks
Miles of Paved Streets:	503 Miles
Miles of Unpaved Streets:	1 Mile

Educational

Laredo Ind. School District

Number of Senior High Schools:	3
Number of Classrooms:	300
# of Administrative Personnel:	20
Number of Teachers:	392
Number of Students:	5,097
Annual Budget:	\$59,185,940
Number of Middle Schools:	4
Number of Classrooms:	253
# of Administrative Personnel:	17

Miscellaneous Statistics
August 31, 2002

Laredo Independent School District
Table 17
(Continued)

Laredo Independent School District (cont)

Number of Teachers:	222
Number of Students:	4,759
Annual Budget:	\$22,982,080
Number of Elementary Schools:	20
Number of Classrooms:	696
Number of Administrative Personnel:	42
Number of Teachers:	697
Number of Students:	12,958
Annual Budget:	\$57,582,743

United Independent School District

Number of Senior High Schools:	4
Number of Classrooms:	329
Number of Administrative Personnel:	52
Number of Teachers:	493
Number of Students:	7,043
Annual Budget:	\$33,811,329
Number of Middle Schools:	7
Number of Classrooms:	359
Number of Administrative Personnel:	42
Number of Teachers:	395
Number of Students:	5,875
Annual Budget:	\$24,872,864
Number of Elementary Schools:	21
Number of Classrooms:	1088
Number of Administrative Personnel:	92
Number of Teachers:	951
Number of Students:	15,981
Annual Budget:	\$53,920,948

Private Schools

Number of Schools:	6
Number of Non-Parochial Schools:	13
Vocational Training Centers:	7

Texas A&M International University

Date Established:	Established in 1970 as a division of Texas A&I and as a university in 1977 as a division of the University System of South Texas. The University became a member of the Texas A&M System on September 1, 1989.
Programs Offered:	Undergraduate & Graduate degrees offered by the Colleges of Business Administration, Education, Arts & Humanities, and Science & Technology.
Population Served:	Undergraduate & Graduate level college students seeking liberal arts/education/psychology, business/international trade, and science & technology degrees.
Region Served:	South Texas Region
Number of Classrooms/Labs:	66
Number of Administrators:	72
Number of Full-Time Faculty:	164
Number of Part-Time Faculty:	81
Number of Full-Time Students:	1,800
Number of Part-Time Students:	1,572
Annual Budget:	\$36,640,381

Laredo Community College

Date Founded:	1947
Programs Offered:	Two years of Pre-Professional courses in Engineering, Education, medicine, dentistry, nursing, law, business administration, computer science, and vocations leading to Associate of Arts Diploma
Number of Classrooms/Labs:	211
Total Gross Square Footage:	750,000 Sq. Ft.
Number of Administrators:	99
Number of Full-Time Faculty:	192
Number of Part-Time Faculty:	132
Number of Classified Staff:	219
Number of Full-Time Students:	2,980
Number of Part-Time Students:	4,527
Population Served:	210,580
Counties Served:	Webb, Jim Hogg, and Zapata
Annual Budget:	\$26,950,000

Miscellaneous

Medical Facilities

Number of Hospitals:	2
Number of Clinics:	16
Number of Nursing Homes:	3

Miscellaneous Statistics
August 31, 2002

Laredo Independent School District
Table 17
(Continued)

<u>Parks</u>	<u>Lodging/Meeting Facilities</u>
Number of Blocks Maintained: 6	Number of Motels: 30
Number of Parks: 24	Meeting Facilities: 14
Number of Plazas: 4	
Baseball & Softball Fields: 31	<u>Major Attractions</u>
Number of Swimming Pools: 5	Number of Rodeo Arenas: 1
Number of Soccer Fields: 4	Number of Museums: 3
# of Tennis Court Facilities: 4	Number of Golf Courses: 2
Number of Raquetball Facilities: 2	Number of Tennis Courts: 22
<u>Libraries</u>	Number of Malls: 2
Number of Public Libraries: 1	Number of Bowling Alleys: 1
Number of Volumes: 124,256	# of Indoor Movie Screens: 28
Circulation Transactions: 160,718	Number of Country Clubs: 1
Circulation per Capita: 94	Annual Festivities: <u>Washington Birthday Celebration</u>
Library Cards in Force: 24,852	in February, Border Olympics &
Number of Subscriptions: 260	Life International Fair and Expo.
Number of Titles: 110,000	in March, Expomex of Nuevo
Number of Library Visits: 253,008	Laredo in Sept., Octoberfest
Number of Materials Used: 67,856	<u>Civic Center</u>
# of Attending Library Programs: 16,033	Auditoriums: 1, with 1,979 Seats
Bookmobiles: 1	Banquet and Exhibit Hall: 20,440 Sq. Ft. (1,635 seats)
Branches and Outlets: 2	Meeting Rooms: 4 Meeting Rooms with capacity
<u>Communications</u>	of 60-80 persons per room, or a
Number of Newspapers: 1	single with 277 person capacity
Number of Radio Stations: 10	(4,140 sq. ft.)
# of Cable TV Companies: 1	<u>Churches</u>
Number of TV Stations: 3	Catholic Churches: 18, including 2 Missions
<u>Cemetary</u>	Synagogues: 1
City: 1	Other Churches: 43
Catholic: 1	
Private: 1	
Burials Served: 576*	
Cemetary Lots Sold: 87 **	

* Catholic Cemetary (09/01-08/02)

** City (10/1/96-6/25/96)

Insurance In Force
August 31, 2002

Laredo Independent School District
Table 18

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

	Insurance Company	Amount of Insurance	Deductible	Policy Term	Annual Premium
Health Insurance	Pacificare			10/01/01 to 09/01/02	Est. \$8,862,463.00
PPO 70/50 - Low Option		\$2,000,000	\$500		
PPO 80/60 - High Option		\$2,000,000	\$500		
PPO 90/70 - State Comparable		\$2,000,000	\$250		
Property & Casualty Package:					
Property	Coregis/Royal			03/03/02 to 03/03/03	\$402,224
<i>Total Insurable Values:</i>		\$204,215,312	\$25,000		
Extra Expense		\$250,000	\$25,000		
Business Income		\$250,000	\$25,000		
Flood		\$1,000,000	\$50,000		
Earth Quake		\$1,000,000	\$50,000		
90% Co-Insurance					
Replacement Cost					
Inland Marine	Coregis			03/03/02 to 03/03/03	Included
Mobile Equipment		\$100,000	\$25,000		
EDP Equipment		\$16,806,332	\$1,000		
Musical Equipment		\$3,989,158	\$1,000		
AV Equipment		\$2,633,526	\$1,000		
Replacement Cost					
Crime	Coregis			03/03/02 to 03/03/03	Included
Form B - Forgery or Alteration		\$50,000	\$3,000		
Form C - Theft, Disappearance & Destruction		\$50,000	\$3,000		
Form D - Robbery and Safe Burglary		\$50,000	\$3,000		
Form O - Public Employee Dishonesty-Per Loss		\$25,000	\$3,000		
Form P - Public Employee Dishonesty-Per Emp.		\$210,000	\$3,000		
General Liability	Coregis			03/03/02 to 03/03/03	Included
General Aggregate		\$1,000,000	\$3,000		
Personal & Advertising Injury		\$1,000,000	\$3,000		
Employee Benefits		\$1,000,000	\$3,000		
Each Occurrence		\$1,000,000	\$3,000		
Fire Damage Legal		\$100,000	\$3,000		
Medical Expense		\$5,000			
Educator Legal Liability	Coregis			03/03/02 to 03/03/03	Included
Per Occurrence		\$1,000,000	\$15,000		
General Aggregate		\$1,000,000	\$15,000		
Pay on Behalf Form					
Boiler & Machinery	Coregis/Hartford			03/03/02 to 03/03/03	Included
Policy Limit		\$204,215,367	\$25,000		
Business Automobile Policy	Coregis	\$100,000 Bodily Injury ea. Person \$300,000 BI ea. Accident \$100,000 Prop. Damage ea. Accident	\$500 Comp \$500 Collision \$2,500 Liability	03/03/02 to 03/03/03	Included
Excess Workers' Comp. & Employers Liab.	Texas Educational Entity Coop. TPA: Innovative Risk Management	\$100,000 Bodily Injury by accident ea. Accident \$500,000 Bodily Injury by disease policy limit \$100,000 Bodily Injury by disease ea. Employee	\$0	09/01/01 to 09/01/02	Est. \$1,067,579 to \$1,571,579
Student Activities/Athletic Blanket/Acc. Ins.				08/01/02 to 08/01/03	
Maximum Lifetime Benefit	Columbian Life Insurance	\$25,000	\$0		\$97,412
Catastrophic Student Accident	Cigna	\$2,000,000	\$25,000		\$5,198
Catastrophic Monthly Cash Benefit	TPA: Student Assurance	\$1,500	\$0		\$0
Notary Bond					
Noemi C. Vidaurri	Western Surety	\$2,500	\$0	08/19/00 to 08/19/04	\$71
Rodolfo Sanchez	Western Surety	\$2,500	\$0	03/30/00 to 03/30/04	\$71
Isabel Lamar	Western Surety	\$2,500	\$0	05/26/00 to 05/26/04	\$71
Christina G. Gamez	Western Surety	\$2,500	\$0	05/26/00 to 05/26/04	\$71
Other					
Employee Dishonesty Bond/Crime Stoppers (Form A)	Fidelity & Deposit	\$36,500	\$365	10/31/01 to 10/31/02	\$250

If you have any questions, please contact the Risk Management Department at 795-4112 or fax information to 795-4117

	CORPUS CHRISTI	LAREDO	UNITED	SOCORRO	EDINBURG CONS	HARLANDALE	EDGEWOOD	EAGLE PASS	SOUTH SAN ANTONIO	GALENA PARK
STUDENTS										
1 Accreditation Status	AA	AA	AA	RE	AA	RE	RE	RE	RE	RE
2 Total No. of Schools	64	30	33	23	32	26	28	22	18	21
3 No. of Regular High Schools	6	3	4	3	2	2	2	1	2	2
4 Total Students	39,618	22,547	25,627	25,305	21,113	14,675	12,982	12,436	1,007	18,506
5 % African American	6	0	0	1	0	1	2	0	2	21
6 % Hispanic	70	99	96	91	96	94	97	97	94	58
7 % White	23	1	3	8	4	6	2	2	4	18
8 % Other	2	0	1	1	0	0	0	1	0	2
9 % Economically Disadvantage	56.3	91.1	73.5	67.6	83.4	91.7	94.6	88.9	88.6	62.1
10 % Special Education	16	13	12	11	9	15	14	7	14	11
11 % Bilingual/ESL Education	7	58	45	25	32	14	19	37	14	20
12 % Career & Technology Ed	15	15	14	16	17	18	12	19	16	21
13 % Gifted & Talented	4	8	5	7	8	6	8	12	9	5
14 Attendance Rate	94.8	96.7	95.7	95.7	94.6	94.3	93.4	94.8	95.3	95.3
15 Annual Dropout Rate (99-00)	1.7	1.1	0.6	1.3	1.8	1.7	3.5	1.1	2.2	1.5
16 No. of Graduates (Class of '00)	2,139	1,076	1,111	1,136	1,003	706	503	598	566	983
TAAS										
17 All Tests Taken	77.2	71.3	71.3	75.5	74.4	74.9	74.5	78.4	75.7	81.4
18 Reading	86.3	80.2	79.9	84.2	81.8	84.1	83.5	84.6	85.5	88.9
19 Writing	88.9	80.1	85	88.1	83.9	86.7	83.6	89.6	87.8	88.2
20 Mathematics	84.8	84.9	80.6	85.2	85	85	85.1	88.1	84.8	89.2
21 African American	69.5	66.7	77.3	76.8	100	76.2	76.1	LTS	69.6	81.1
22 Hispanic	73.7	71.1	70.6	74.3	73.7	74.4	74.2	78.4	75.6	78.5
23 White	88.4	82.4	85.7	88.7	89.3	84.4	90.5	88.1	80	88.6
24 Other	89.4	90	92.3	82.5	85.7	83.3	83.3	68.1	100	94.5
25 Economically Disadvantaged	70.7	70.2	65.7	71.2	71.1	74.6	74.3	77.3	74.8	77.7
COLLEGE ADMISSIONS TESTS (Class of '99)										
26 Percent Tested	61.2	29.8	44	54.5	59.1	51.4	61.4	51.4	53.2	43.5
27 Percent at or above Criterion	26.2	5	11.4	10.5	9.2	4.7	4.7	5.8	5.2	11.1
28 SAT Mean Score	989	860	890	887	922	827	784	830	817	908
29 ACT Mean Composite Score	19.4	17.6	18.9	19.8	17.2	17.1	16.9	18.4	17.5	17.8
STAFF										
30 Total Staff FTE	4,961	3,108	3,475	2,854	3,103	2,190	2,172	1,636	1,479	2,273
31 Total Teacher FTE	2,456	1,283	1,598	1,505	1,406	990	953	737	726	1,199
32 % Central Administration	1	0	1	1	0	1	0	0	1	0
33 % Campus Administration	3	2	3	2	2	3	3	3	3	2
34 % Professional Support Staff	8	8	7	8	8	8	10	5	8	7
35 % Teachers	49	41	46	53	45	45	44	45	49	53
36 % Educational Aides	10	12	12	7	13	10	12	16	14	6
37 % Auxillary Staff	29	36	31	29	32	33	31	32	26	31
38 Avg. Central Admin. Salary	74,439	74,387	60,140	72,908	82,228	78,568	65,120	78,196	69,746	89,000

Snapshots, 2001
2000 - 2001 School District Profiles

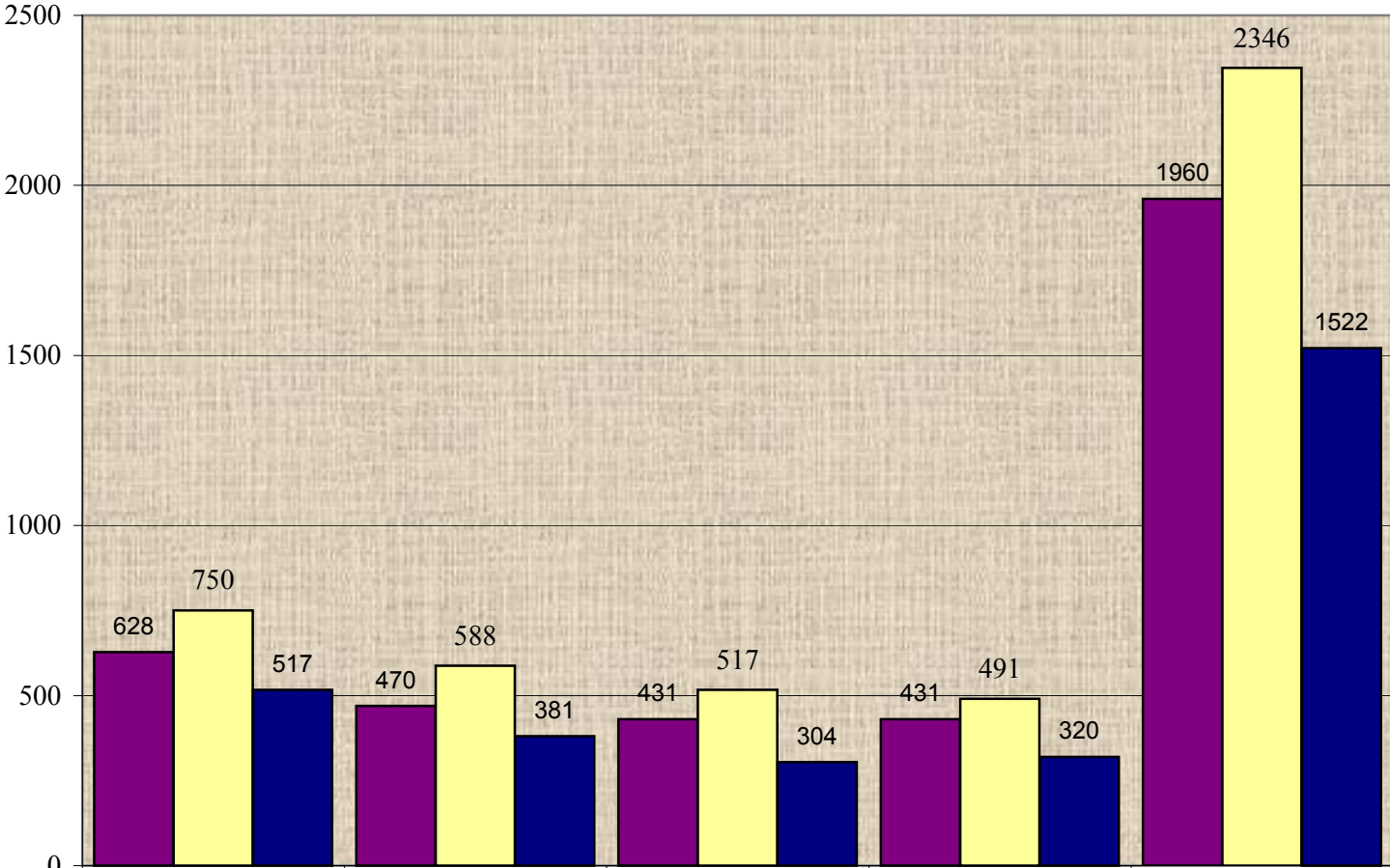
Laredo Independent School District
Table 19

	CORPUS		UNITED	SOCORRO	EDINBURG			EDGEWOOD	EAGLE	SOUTH	GALENA
	CHRISTI	LAREDO			CONS	HARLANDALE	PASS		SAN ANTONIO	PARK	
39 Avg. Campus Admin. Salary	55,686	60,958	54,843	60,627	60,847	63,238	51,908	53,967	57,838	57,797	
40 Avg. Professional Admin. Salary	46,244	46,946	41,620	47,688	46,707	49,956	44,124	47,145	49,606	50,234	
41 Avg. Teacher Salary	38,917	39,765	35,297	36,270	38,174	39,506	37,747	37,745	41,840	37,580	
42 % Minority	62	94	92	71	91	59	76	89	71	41	
43 No. of Students per Teacher	16.1	17.6	16	16.8	15	14.8	13.6	16.9	13.8	15.4	
TEACHERS											
44 Avg. years of Experience	13.4	13.9	8.6	10.4	11.5	11.2	11.6	11.7	12.6	9	
45 % With Advanced Degrees	45	18.2	14	22.8	12.7	28.6	21.5	18	32.5	24.6	
46 Teacher Turnover Rate	11.7	16.6	13.2	13.1	12.9	12.4	16.5	11.6	8.4	19.9	
47 % African American	3	0	0	2	0	3	7	0	3	19	
48 % Hispanic	44	92	86	57	87	51	57	85	52	14	
49 % White	52	7	13	40	12	43	35	14	44	65	
50 % Other	1	0	1	1	0	2	1	1	1	2	
51 % Regular Education	76	78	63	64	55	69	82	43	52	67	
52 % Special Education	12	7	7	9	8	13	7	7	10	9	
53 % Compensatory Education	2	0	0	1	4	1	5	2	5	2	
54 % Bilingual/ESL Education	0	3	21	17	22	12	1	40	19	12	
55 % Career & Technology Ed	4	4	5	5	5	4	3	4	5	4	
56 % Other Ed. (Includes G & T)	5	8	4	4	7	2	1	3	10	7	
TAXES AND REVENUES											
57 Taxable Value per Pupil	154,658	57,520	129,763	87,213	87,889	44,238	35,929	59,052	51,982	153,403	
58 Equalized Total Tax Rate	1.494	1.386	1.377	1.465	1.53	1.601	1.534	1.142	1.609	1.524	
59 Total Revenue	237,745,400	137,120,992	139,586,654	143,545,767	135,829,685	95,749,795	87,441,850	66,024,197	67,767,318	112,927,744	
60 Total Revenue per Pupil	6,001	6,082	5,447	5,673	6,433	6,525	6,736	5,309	6,772	6,102	
61 % State	54	77	59	72	72	80	81	78	78	52	
62 % Local and Other	42	17	36	24	22	14	11	14	15	45	
63 % Federal	4	6	5	4	6	6	7	8	6	4	
FUND BALANCES											
64 Fund Balance (End of 99-00)	30,241,596	8,066,608	11,405,023	7,191,962	9,255,683	10,901,595	7,931,310	4,659,540	14,499,588	6,747,841	
65 % Fund Balance (of 00-01 Budget)	14	6	9	6	7	11	9	7	50	7	
EXPENDITURES											
66 Total Expenditures	238,652,608	136,899,038	144,716,706	143,455,144	143,863,737	109,217,742	88,505,665	67,877,295	78,739,966	112,882,471	
67 % Instructional	54	54	50	51	49	46	51	55	51	52	
68 % Central Administrative	6	6	5	5	5	6	5	5	6	6	
69 % Campus Administrative	6	6	7	5	4	7	6	6	5	5	
70 % Plant Services	10	10	11	11	10	11	11	11	9	12	
71 % Other Operating	15	16	15	16	19	17	19	17	17	16	
72 % Non-Operating	9	8	13	12	13	13	7	5	12	8	
73 Total Operating Expenditures	216,233,934	125,638,883	126,553,173	125,753,089	125,774,542	95,040,147	82,507,449	64,158,995	69,386,743	103,731,695	
74 Total Operating Exp. per Pupil	5,458	5,572	4,938	4,969	5,957	6,476	6,356	5,159	6,934	5,605	

	CORPUS CHRISTI	LAREDO	UNITED	SOCORRO	EDINBURG CONS	HARLANDALE	EDGEWOOD	EAGLE PASS	SOUTH SAN ANTONIO	GALENA PARK
INSTRUCTIONAL EXPENDITURES										
75 Total Instructional Expenditures	129,114,479	74,066,379	71,700,674	73,237,326	70,647,518	50,349,467	45,296,994	37,474,986	40,079,285	58,410,249
76 Total Instructional Exp. per Pupil	3,259	3,285	2,798	2,894	3,346	3,431	3,489	3,013	4,005	3,156
77 % Regular Education	80	68	75	64	55	65	65	76	58	78
78 % Special Education	12	13	7	13	9	15	14	9	12	9
79 % Compensatory Education	4	12	10	8	10	8	15	7	9	7
80 % Bilingual/ESL Education	0	3	3	10	20	8	1	2	14	1
81 % Career & Technology Ed.	4	4	4	5	5	4	4	4	4	5
82 % Gifted & Talented Ed.	0	0	1	0	1	1	1	2	3	1

"LT5" indicates that more than zero, but less than five students were in this category; therefore, results are masked to protect the students' anonymity.

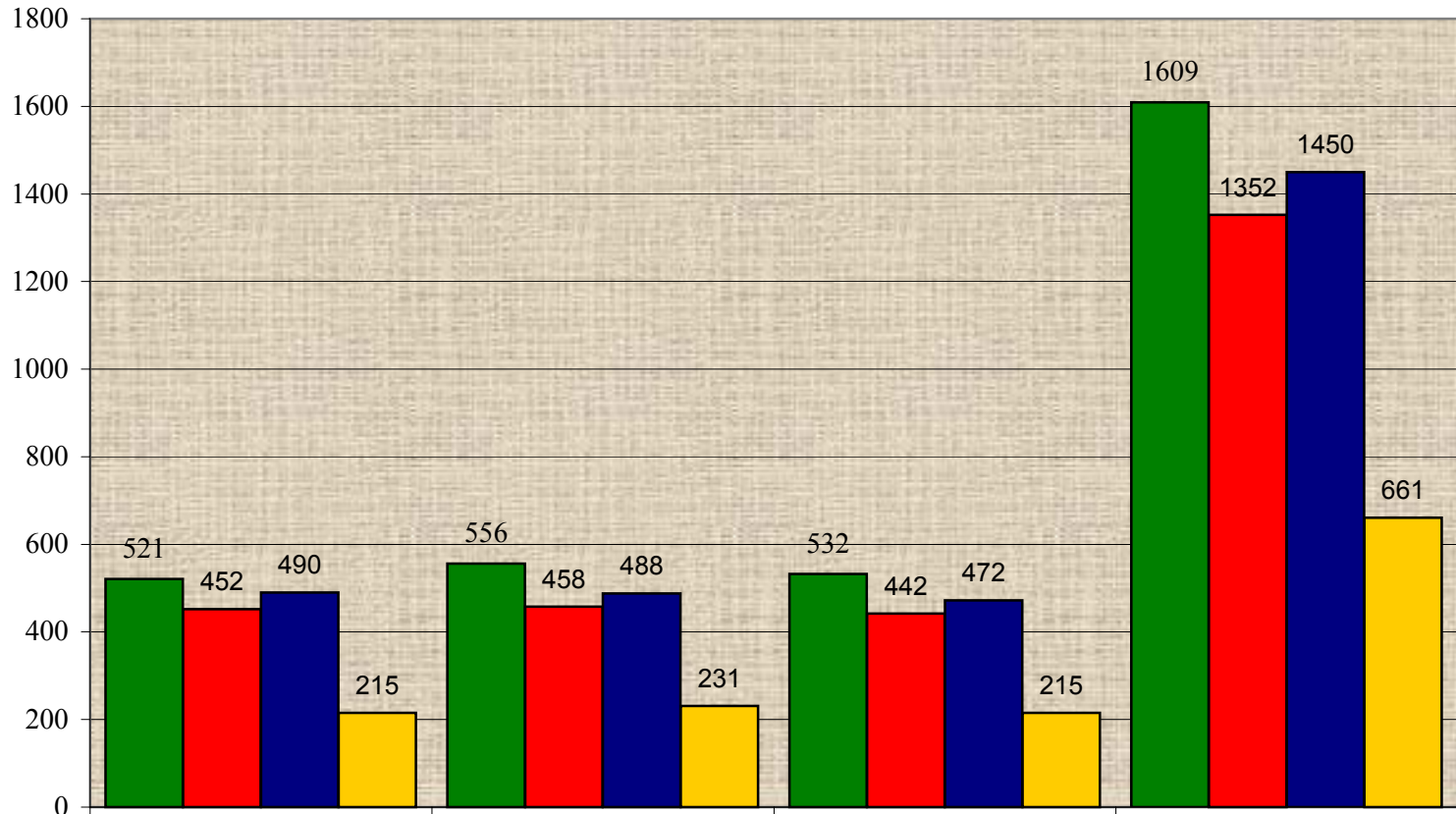
LISD Current High School Enrollment Figures



	9th	10th	11th	12th	Total
■ Martin High School	628	470	431	431	1960
■ Nixon High School	750	588	517	491	2346
■ Cigarroa High School	517	381	304	320	1522

High School / Grade Level

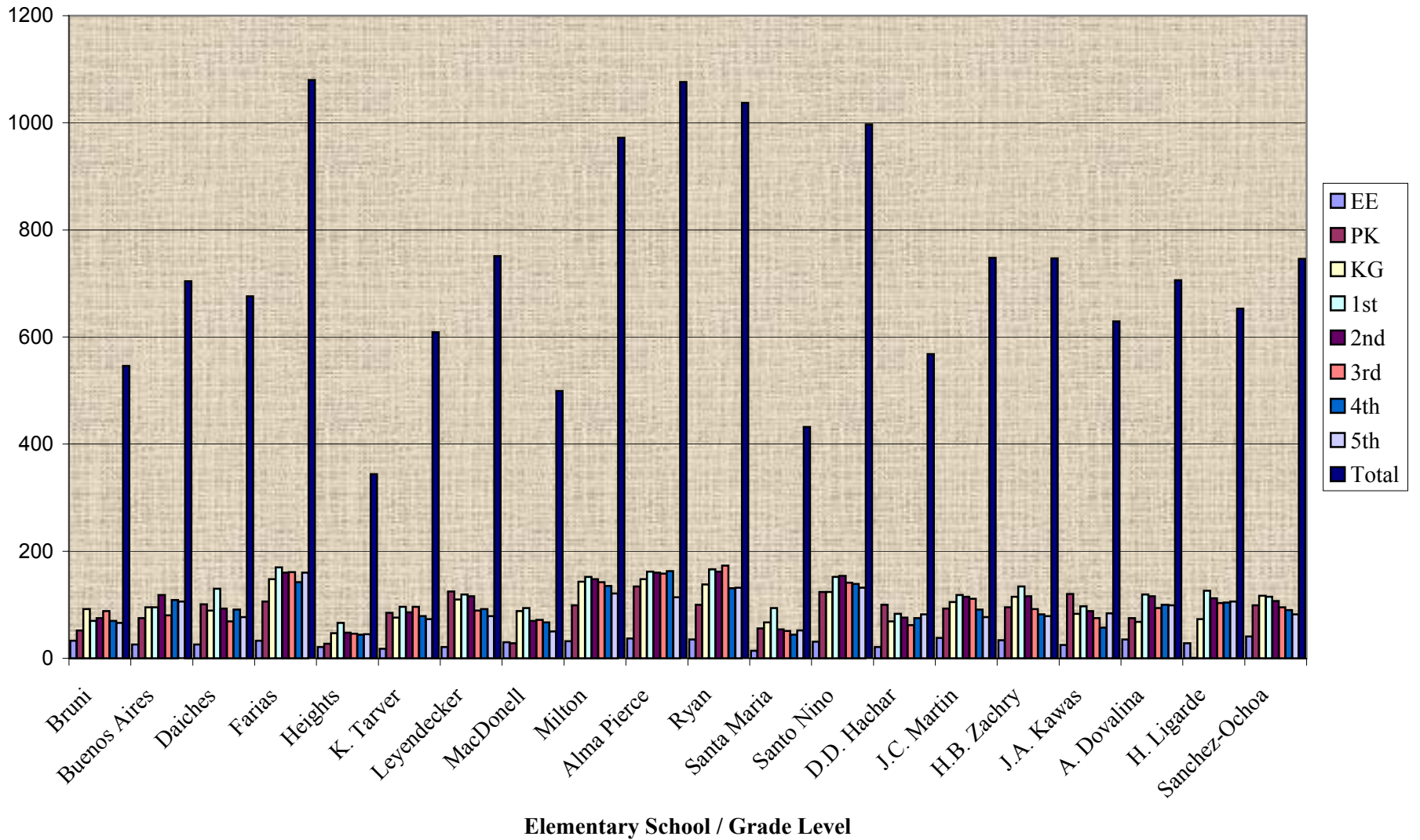
LISD Current Middle School Enrollment



■ LJ Christen Middle School	521	556	532	1609
■ Lamar Middle School	452	458	442	1352
■ Cigarroa Middle School	490	488	472	1450
■ Memorial Middle School	215	231	215	661

Middle School / Grade Level

LISD Current Elementary School Enrollment



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

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

Members of the Board of Trustees:

We have audited the basic financial statements of Laredo Independent School District as of and for the year ended August 31, 2002, and have issued our report thereon dated _____, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

We also noted other matters involving the internal control over financial reporting that we have reported to management of Laredo Independent School District in a separate letter dated _____, 2002.

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

Certified Public Accountants
_____, 2002

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

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

Members of the Board of Trustees:

Compliance

We have audited the compliance of Laredo Independent School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2002. Laredo Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Laredo Independent School District's management. Our responsibility is to express an opinion on Laredo Independent School District's compliance based on our audit.

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

In our opinion, Laredo Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2002.

Internal Control Over Compliance

The management of Laredo Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Laredo Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We

noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Certified Public Accountants
_____, 2002

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2002

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A – Improving Basic Programs

Dollar threshold used to distinguish between Type A and type B programs: \$759,814

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LAREDO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2002

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

LAREDO INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

YEAR ENDED AUGUST 31, 2002

Program

Corrective Action Plan

None

No current year findings