



# Comprehensive Annual Financial Report

For the  
year ending  
August 31, 2005





# **Laredo Independent School District**

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

## **Comprehensive Annual Financial Report For the Year Ended August 31, 2005**

Issued by:  
Jesus J. Amezcua, Interim Superintendent  
Rosa Maria Torres, Interim CFO/Director of Financial Management



**LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR FISCAL YEAR ENDED AUGUST 31, 2005**

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1604 Houston St. • Laredo, Texas 78040 • 956 795-3410 • Fax 956 795-3405

## LETTER OF TRANSMITTAL

**Jesus J. Amezcua**  
Interim Superintendent of  
Schools

December 15, 2005

### Board of Education

**Dr. Dennis D. Cantu**  
President

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

**John Peter Montalvo**  
Vice President

Laredo, Texas 78040

**George M. Beckelhymmer**  
Secretary

Dear Board Members and Taxpayers:

**Jesus Justo Guerra**  
Parliamentarian

We are pleased to submit to you the Comprehensive Annual Financial Report for the Laredo Independent School District (the District) for the fiscal year ended August 31, 2005. The report was prepared by the District's Financial Management Department. The basic financial statements have been audited by the independent accounting firm of Padgett, Strateman, & CO., L.L.P., whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

### Members

**Guillermina Montes**

**Jorge L. Rodriguez**

**Jose A. Valdez**

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.

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

### *Organization of the Report*

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

### ***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. The District has one blended component unit.

Laredo Independent School District Public Facility Corporation (the "Corporation"), a non-profit corporation, is governed by a seven member Board of Directors composed of the members of the Board of Trustees of Laredo Independent School District. Although it is legally separate from the from the District, the Corporation is reported as if it were part of the primary government because its sole purpose is to assist in financing construction and furnishing the District's school facilities. To accomplish the financing of these facilities, the Corporation has issued lease revenue bond and entered into a lease with the option to purchase agreement with the District and pledged only the lease payments made by the District to the Corporation were eliminated in order not to duplicate payments which were debt service in nature.

Separate financial statements for the component unit can be obtained from Laredo Independent School District Public Facility Corporation website at [www.laredoisd.org/pfc/default.htm](http://www.laredoisd.org/pfc/default.htm) District officials must comply with state and federal laws and regulations, but the Board has complete authority, including adoption and setting of tax rates.

As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) and its component unit in conformity with GASB Statement No. 14, The Financial Reporting Entity, ("GASB Statement No.14").

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

The criteria used to determine whether an organization is a component unit of the District include financial accountability of the District for the component unit, appointment of a voting majority, ability to impose the District's will on the component unit, and whether there is a financial benefit or burden to the District.

For financial reporting purposes, the Laredo Independent School District Public Facility Corporation is included in the operations and activities of the District because of the fiscal dependency criteria outlined in GASB Statement No. 14.

### ***Services Provided***

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

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

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

### ***Enrollment***

Our enrollment for school year 2004-2005 was 27,141 students of which 6,114 students are projected to be enrolled at the high school level, 5,565 at the middle school level, and 15,462 at the elementary level.

Over 99% of our students are classified as economically disadvantaged; 65% as Bilingual/English as a Second Language education, 12% as Special Education, and 7% participate in gifted and talented courses. In addition, 27% of high school and middle school students take career and technology courses.

### ***Mission Statement***

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

### ***District Goals***

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

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

### ***Achievements***

The District received a third Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2004. The rating system was established during the 77<sup>th</sup> Legislative session. School districts received their first official rating by TEA in August 2003 for the fiscal year 2001-2002.

### ***Economic Condition and Outlook***

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

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

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

### ***Financial Information***

#### **The Accounting System and Budgetary Control**

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



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

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

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

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

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

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

### ***Cash Management***

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

As required, investment policies are reviewed annually and updated as rules and regulation change. The investment officers invest directly in securities issued by the Treasury of the United States, certain federal agencies, highly rated investment pools and highly rated commercial paper.

### ***Budget***

At August 31, 2005 the Districts had \$17,182,090 invested in agency notes and \$45,798,894 at investment pools. For discussion of the budget please refer to the MD&A section – "General Fund Budgetary Highlights".

### ***Risk Management***

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

Health Insurance and Workers' Compensations are described in detail in the notes to the financial states, please refer to that section for more information.

### **Life & AD&D**

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

### **Employee Assistance Program**

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

### **Property & Casualty**

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

### **Student Insurance**

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

### **IRS Section 125**

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

### **Rolling Owner Controlled Insurance Program**

The ROCIP insurance program was considered, reviewed, approved, and implemented as an alternative cost saving insurance program to be utilized as a result of the District's direction towards the planned high volume of construction. The program is an innovative method of providing the necessary and required insurance coverage (Workers' Compensation, Builder's Risk, General Liability, and Excess Liability) by the District so pertinent in order to expedite the construction process. Guaranteed minimum cost savings provisions built into the five (5) year

contract as well as obtaining and securing insurance premiums at pre-9/11 level, has made this visionary and aggressive financial strategic move by the District very cost effective. The plan administrator is Inscorp and McGriff, Siebels & Williams.

### **Tax Sheltered Annuities**

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

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

### **Other Information**

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

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Laredo Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2004. This was the eighth consecutive year that LISD has received this prestigious award. In order to be awarded this Certificate of Achievement, the District must publish an easy-to-read and efficiently organized comprehensive annual financial report. This report satisfied both the generally accepted accounting principles and legal requirements.

The Association of School Business Officials International (ASBO) presented the Certificate of Excellence in Financial Reporting to the Laredo Independent School District for its Comprehensive Annual Financial Report for the year ended August 31, 2004. This is the first time that the District submits and receives this prestigious award from ASBO.

GFOA also presented a Distinguished Budget Presentation Award to Laredo Independent School District for its Official Annual Budget book for the fiscal year ended August 31, 2005. This was the eighth consecutive year that LISD has received this prestigious award. The Budget Awards Program is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision-making and citizens.

The District also received the Meritorious Budget Award from ASBO for its Official Annual Budget book for the fiscal year ended August 31, 2005. This award recognizes school systems for achieving excellence in their school system budget presentation. This is the first time that the District submits and receives this prestigious award.

The Government Treasurers' Association of Texas (GTOT) presented a Certification of Investment Policy to the District for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by GTOT. This award is valid for a period of two years, ending October 31, 2007. This is the first year that the District submits its investment policy and receives this award.

The District submitted for the first time their Popular Annual Financial Report (PAFR) for the year ended August 31, 2004, to GFOA and was awarded the Popular Annual Financial Reporting award. The goal of the PAFR Program is to encourage governments to produce reports that make financial data more accessible to those who need less detailed information than what is traditionally found in CAFRs.

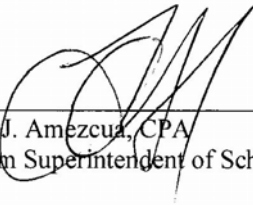
**Acknowledgments**

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

We would like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, Padgett, Stratemann, & 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 aspects of financial management. Their support is greatly appreciated.

Respectfully,



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Jesus J. Amezcua, CPA  
Interim Superintendent of Schools



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Rosa Maria Torres  
Interim Chief Financial Officer

DISTRICT OFFICIALS, STAFF & CONSULTANTS

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ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
Dr. Dennis D. Cantu President	15 Years	May 2006	Medical Doctor
John Peter Montalvo Vice-President	5 Years	May 2006	Aldo Tatangelo Farm Labor Housing Development
George M. Beckelhymer Secretary	3 Years	May 2007	Business Owner
Jesus Justo Guerra Parliamentarian	4 Years	May 2007	Retired Postal Employee
Guillermina Montes Trustee	2 Years	May 2006	Retired Educator
Jorge Luis Rodriguez Trustee	5 Years	May 2007	Automotive Sales Manager
Jose A. Valdez Trustee	8 Years	May 2007	Self Employed/Construction

ADMINISTRATIVE OFFICIALS

Name	Position	Length of Service
Jesus J. Amezcua, CPA	Interim Superintendent of Schools	Appointed 8/29/05 10 Years
Virginia Flores	Executive Principal - Tiger Team	28 Years
Blas Martinez	Executive Principal - Mustang Team	24 Years
Guadalupe M. Perez	Executive Principal - Toro Team	20 Years
Rosa Maria Torres	Interim Chief Financial Officer	8 Years
Gabriela Rogerio	Interim Executive Director for Human Resources	13 Years
Dr. Oscar Cartas	Executive Director for Plant Facilities & Support Services	10 Years
Veronica F. Guerra	Executive Director for Instructional Support Services	27 Years
Rosaura Rodriguez	Executive Director for Planning & Development	31 Years
Julio Mendez	Interim Director of Student Services	29 Years
Marco Alvarado	Director of Communications	5 Years

CONSULTANTS & ADVISORS

Financial Advisor.....Estrada-Hinojosa & Company, Inc.  
 .....Dallas and San Antonio, Texas  
 Bond Counsel.....Escamilla & Poneck, Inc.

.....San Antonio, Texas  
Certified Public Accountants.....Padgett, Stratemann & Co., L.L.P.  
.....San Antonio, Texas  
General Counsel.....Kazen, Meurer & Perez, Attorneys-at-Law  
.....Laredo, Texas

## SUPERINTENDENT OF SCHOOLS – BIOGRAPHY

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**Jesus J. Amezcua, CPA  
Interim Superintendent**

The Laredo Independent School District Board of Trustees unanimously named Jesus J. Amezcua, CPA interim superintendent of schools on August 29, 2005.

Mr. Amezcua has been the district's Chief Financial Officer for over 10 years and oversees the financial management, risk management, procurement, information technology, and tax departments. Under his leadership, the district recently secured over \$5 million in Weighted Average Daily Attendance (WADA) credit contracts and over \$5.8 million in E-RATE technology funding. Mr. Amezcua and his staff have been able to increase the general fund balance from \$25.6 million to \$35.2 million. Mr. Amezcua also coordinated the creation of a Public Facilities Corporation for the sale of \$68 million in funds for district construction projects and \$60 general

obligation bond issue. The Finance Department received an award for the Comprehensive Annual Financial Report and Annual Budget from the Association of School Business Officials (ASBO) International and the Government Financial Officers Organization (GFOA), and an award for the Popular Annual Financial Report from GFOA. The Government Treasurers' Association of Texas (GTOT) presented a Certification of Investment Policy to the District for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by GTOT.

After graduating from Martin High School, Mr. Amezcua attended Tarkio College in Missouri and earned three master's degrees, including an MBA from Texas A&M International University. Mr. Amezcua is a Certified Public Accountant and has taught since 1991 at Texas A&M International University. He is currently working on his doctorate in educational administration and human resources from Texas A&M University.

Previous to LISD, Mr. Amezcua worked for the City of Laredo. During his tenure with the city, he served as the assistant director of finance, revenue manager, internal auditor, and staff accountant.

Mr. Amezcua is Vice-President of the Daybreak Rotary Club and is actively involved in numerous community events and organizations. Mr. Amezcua and his wife, Ramona, have three children.

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BOARD OF TRUSTEES - BIOGRAPHIES

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Dr. Dennis D. Cantu, M.D.  
President

Dr. Dennis D. Cantu is currently serving his fifth term as the president of the LISD Board of Trustees. He is starting his 15th year as a Trustee and previously served as Secretary and Vice-President to the Board.

A J.W. Nixon High School graduate, Cantu majored in Biology at Baylor University. He received his Doctorate degree of Medicine from Baylor College of Medicine in Houston, Texas at the age of 23. He specialized in Internal Medicine at Los Angeles County U.S.C. Medical Center. He is a Board Certified internist who practices at Laredo Medical Center and Doctor's Hospital. Cantu was the founding physician of the

Laredo Fire Department EMS system and continues to serve as the Medical Director of the Laredo Fire Department Paramedics.

Most recently, Cantu was bestowed the honor of having the district's Health Science Magnet School renamed the Dr. Dennis D. Cantu Health Science Magnet School. Cantu plans to devote his spare time to helping students learn more about the medical profession.

Dr. Cantu and Elizabeth have five children: Jay, Christopher, Stephanie, Jonathan and Dennis.

Dr. Cantu is the school board representative for District 5, which includes Buenos Aires Elementary, Heights Elementary School, and Memorial Middle School.

---

John Peter Montalvo  
Vice President

John Peter Montalvo was elected to the Board of Trustees in May 2000. He is a retired employee of the U.S. Postal Service and former City of Laredo council member who has contributed much of his time and efforts to social causes. Montalvo spearheaded numerous capital improvements projects which included housing rehabilitation, street paving, and recreational parks. He also initiated many health-related programs for low-income citizens of his district.

"The only way people can break the poverty cycle is by getting an education, not only at the high school level, but going to college and learning a profession."

Montalvo and his wife, Consuelo, have four children: Melissa (Hernandez), John Peter, Jr., Rodolfo, and Geraldo. Montalvo is the District 3 representative for Bruni Elementary School, Tarver Elementary School, and J.C. Martin Elementary School.





George M.  
Beckelhymer  
Secretary

George Martin Beckelhymer was elected to the LISD School Board of Trustees in May 2002.

Part owner of L. Buffalo Pawn Shops in Laredo, Beckelhymer has his bachelor's degree in Radio, Television, and Film from the University of Texas at Austin. He is also an active member of the Citizens Environmental Advisory Committee with the City of Laredo.



Beckelhymer has two children, Daniela Ali and Martin Edward.

Beckelhymer is the school board trustee for District 4 which includes Sanchez/Ochoa Elementary School, Alma Pierce Elementary School, K. Tarver Elementary School and J.W. Nixon High School.

**Jesus J. Guerra  
Parliamentarian**

Jesus Justo Guerra has been a member of the Board of Trustees since 2001. He attended Laredo Junior College and later enrolled at Mount View College in Dallas and the University of Texas at Arlington. Guerra also served in the U.S. Air Force from 1961 through 1970. He received an honorable discharge.

Guerra is a retired U.S. Postal Service employee where he served as Assistant Superintendent of Operations and Postmaster in Zapata, Texas. His professional and community affiliations include: member of the City of Laredo Cable Commission, softball coach, and catechist at St. Vincent and Santo Niño churches. He was also given the Community Service Award by the Federal Bureau of Investigations (FBI); one of the first Hispanics to receive this honor.



Guerra is married to Estella Guerra, and they have six children and nine grandchildren.

Guerra represents District 7 which includes Santo Niño Elementary School, Kawas Elementary School, Zachry Elementary School, Ligarde Elementary School, Cigarroa Middle School, and Cigarroa High School.



**Jorge Luis Rodriguez  
Board Member**

Jorge Luis Rodriguez has been a member of the LISD School Board since May 2000. He is currently employed in automotive sales and construction management.

Rodriguez has four children: Stephanie, George, Jackie, and R.J.

Rodriguez is the school board trustee for District 2 which includes Dovalina Elementary School, Macdonell Elementary School, and Daiches Elementary School.



**Guillermina "Mina" Montes  
Board Member**

A former educator of more than 25 years, Guillermina "Mina" Montes was elected to the Laredo Independent School District Board of Trustees in May 2003. Montes attended Our Lady of the Lake and Trinity Universities before receiving her Bachelor's degree in General Business from Texas Women's University in Denton.

In 1975, Montes began her career with LISD where she worked as a visiting and migrant teacher. She retired in 2000 and became involved in educational organizations such as Texas State Teachers Association and the Texas Professional Educators Association.

As the newest member to the Board of Trustees, Montes believes reading is the key to excellence for our students.

As the District 6 representative, Montes represents Ryan Elementary School, D.D. Hachar Elementary School, Milton Elementary School, and Lamar Middle School.

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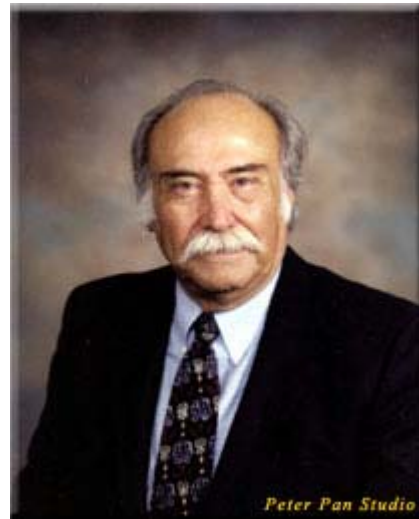
**Jose A. Valdez  
Board Member**

Jose A. Valdez has been a member of the Laredo ISD School Board since 1997. A former City Council Member, Valdez is an active member of the community.

Currently, he is the South Texas Coordinator of the RSVP (Retired Senior Volunteer Program). Valdez' work experience includes Executive Director of the Webb County Community Action Agency, Deputy Director of the Texas Migrant Council and Executive Director of the Minnesota Migrant Council.

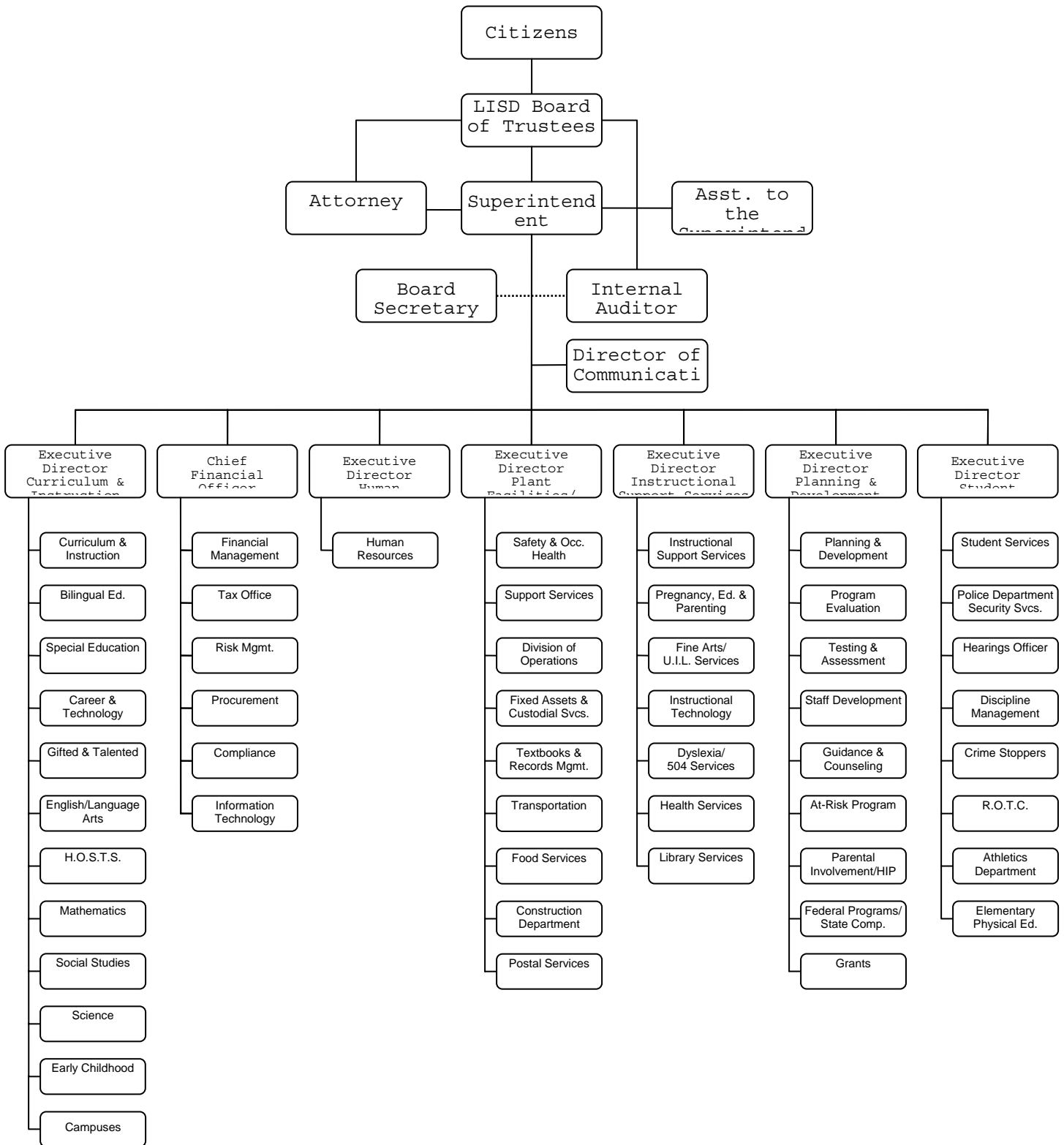
Valdez is married to the former Romana Castillo. They have four children and eight grandchildren.

As the school board representative for District 1, Valdez represents Farias Elementary School, Santa Maria Elementary School, Leyendecker Elementary School, Christen Middle School, and Martin High School.





# ORGANIZATIONAL CHART



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Laredo Independent  
School District, Texas

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

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



*Nancy L. Zielke*

President

*Jeffrey R. Emer*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**Laredo Independent School District**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended August 31, 2004

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

**CERTIFICATE OF BOARD**

---

Laredo Independent School District

Webb

240-901

\_\_\_\_\_  
Name of School District

\_\_\_\_\_  
County

\_\_\_\_\_  
County District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_ disapproved for the year ended August 31, 2005, at a meeting of the Board of Trustees of such school district on the 15th day of December, 2005.

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

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



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

Certified Public Accountants and Business Advisors

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District (the "District"), as of and for the year ended August 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and

100 N.E. Loop 410, Suite 1100, San Antonio, Texas 78216 • [www.padgett-cpa.com](http://www.padgett-cpa.com)  
Phone (210) 828-6281 • (800) 879-4966 • Fax (210) 826-8606

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grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Required Supplementary Information, Other Supplementary Information, the Schedule of Expenditures of Federal Awards, as required by OMB Circular A-133, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Required Supplementary Information, Other Supplementary Information (except for that portion marked unaudited), and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, Statistical Section, and Fund Balance and Cash Flow Calculation Worksheet (Unaudited) – General Fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Padgett, Strutzmann & Co., L.L.P.*

Certified Public Accountants  
December 7, 2005

# LAREDO INDEPENDENT SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS

(UNAUDITED)

This section of Laredo Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended August 31, 2005. Please read it in conjunction with the transmittal letter in page iii, the independent auditor’s report on pages 1 and 2 and the District basic financial statements beginning on page 11.

## FINANCIAL HIGHLIGHTS

- The District’s total combined net assets were \$92,771,514 at August 31, 2005.
- During the year, the District’s governmental expenditures were \$39,314,576 less than the \$229,756,766 generated in taxes and other revenues for governmental activities and \$133,805,835 of other Finance Sources.
- The District’s total revenues increased by \$8,220,952, mainly from new grants such as Texas Reading First, Technology Immersion Pilot and the E-Rate.
- The general fund reported a fund balance this year of \$28,784,978 which is \$ 6,442,914 less than the previous year end.
- The District issued a 2005 Unlimited Tax School Building Bond in the amount of \$59,855,846 for the purpose of new construction and renovation of school facilities.
- The District also issued \$54,144,784 of Unlimited Tax School Refunding Building Bonds in order to take advantage of the low interest rates.
- The Public Facility Corporation (PFC), a blended component unit of the Laredo ISD, issued \$68,135,000 of Lease Revenue Bond for the purpose of renovated and/ or building new school facilities.

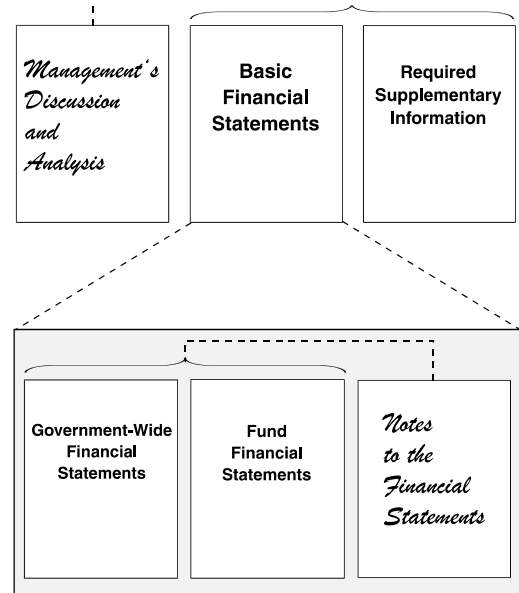
## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



Summary ↔ Detail

information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

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

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

### Government-wide Statements

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

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

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

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

### Fund Financial Statements

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

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

The District has the following kinds of funds:

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

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net assets were \$92,771,514 at August 31, 2005. (See Table A-1). Unrestricted net assets (those net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled \$25,089,348. The government-wide increase in net assets was \$ 425,713.

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

	Governmental Activities		Percentage Change
	2005	2004	
Current and other assets	\$ 100,001,246	\$ 118,771,784	-16%
Capital and Non- Current assets	307,696,648	156,322,650	97%
Total Assets	407,697,894	275,094,434	48%
Current Liabilities	40,934,499	30,117,654	36%
Non-Current Liabilities	273,991,881	152,630,979	80%
Total Liabilities	314,926,380	182,748,633	72%
Net assets:			
Investment in capital assets, net of related debt	55,002,128	53,428,494	3%
Restricted	12,680,038	10,755,527	18%
Unrestricted	25,089,348	28,161,780	-11%
Total Net Assets	\$ 92,771,514	\$ 92,345,801	0%

## Changes in Net Assets

The District's total revenues were \$229,466,081. Only 11.21% of the District's revenue comes from taxes and other local revenues. 51.95% comes from state aid formula grants and other grants, 30.16% from operating grants and contributions, 2.25% from investment earnings and 4.43% from miscellaneous sources.

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

	Governmental Activities		Percentage Change
	2005	2004	
Revenues:			
Program revenues:			
Charges for services	\$ 1,535,163	\$ 1,029,191	49%
Operating grants and contributions	69,202,608	61,466,594	13%
General revenues:			
Property taxes	24,185,893	22,349,613	8%
State aid	118,829,241	127,590,082	-7%
Grants and contributions - unrestricted	389,804	389,943	0%
Investment earnings	5,147,041	1,522,487	238%
Miscellaneous	10,176,331	6,897,219	48%
Total Revenues	<u>229,466,081</u>	<u>221,245,129</u>	<u>4%</u>
Expenses			
Instruction	122,230,466	115,680,810	6%
Instructional resources and media services	4,785,344	5,701,079	-16%
Curriculum and staff development	4,116,945	3,495,915	18%
Instructional leadership	4,057,212	3,481,745	17%
School leadership	10,234,352	9,888,715	3%
Guidance, counseling, and evaluation services	7,669,776	7,187,656	7%
Social work services	1,732,213	1,592,854	9%
Health services	2,710,696	2,735,815	-1%
Student transportation	3,242,862	2,253,072	44%
Food services	10,567,413	9,568,655	10%
Extracurricular activities	4,179,704	3,057,706	37%
General administration	6,060,603	5,240,709	16%
Plant maintenance and operations	18,032,667	14,941,942	21%
Security and monitoring services	2,590,090	1,400,411	85%
Data processing services	1,599,846	2,325,266	-31%
Community service	405,919	743,336	-45%
Interest on long-term debt	13,408,938	7,463,089	80%
Facilities acquisition and construction	11,208,722	3,903,541	187%
Payments related to shared services arrangements	6,000	6,675	-10%
Payments to Juvenile Justice Alternative Education Program	200,600	140,892	42%
Total Expenses	<u>229,040,368</u>	<u>200,809,883</u>	<u>14%</u>
Increase in net assets	425,713	20,435,246	-98%
Net assets at beginning of year	<u>92,345,801</u>	<u>80,596,927</u>	<u>15%</u>
Net assets at end of year	<u>\$92,771,514</u>	<u>\$ 101,032,173</u>	<u>-8%</u>

**Fund Balance Analysis**

Below is a comparison of the major funds of the district for the last two fiscal years:

August 31, 2005	August 31, 2004
General Fund	General Fund
PFC Bond Fund	IFA #1 Fund
2005 Bond Fund	IFA #2 Fund

The two major funds for the current year are Capital Projects Funds, which includes the Public Facilities Corporation (PFC) Bond Fund and the 2005 Bond Fund. During the fiscal year ended 2005, the PFC was created and is included as a blended component unit. The PFC sold bonds in 2005 in order to renovate and build new school facilities. The 2005 Bond Fund was created in order to finance the renovation and building of additional school facilities. Capital outlay in the PFC was \$9,856,836 during the current year. No proceeds had been spent from the 2005 Bond Fund at year end.

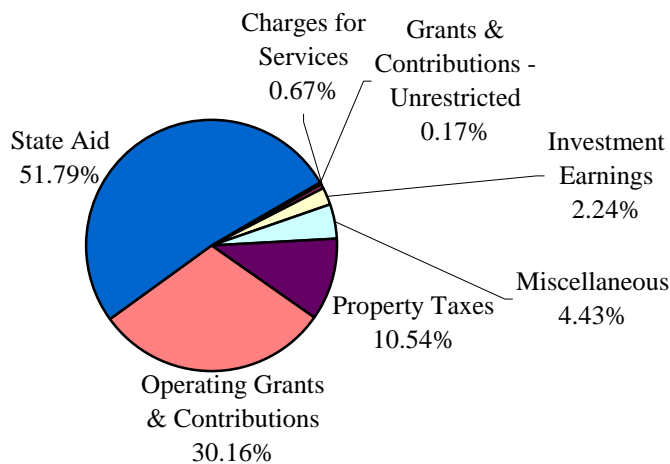
The fund balance for all governmental funds at August 31, 2004 was \$94,019,953 as compared to \$188,511,212 at the end of fiscal year 2005. The increase of \$94,491,259 is primarily due to the issuance of the 2005 Bond in the amount of \$60,000,000 and the issuance of the PFC Bond in the amount of \$58,598,097. Although the total District’s fund balance increased, the General Fund experienced a decrease of \$6,442,914, primarily due to supplemental contributions to the Capital Projects funds and a purchase of a warehouse.

**Governmental Activities**

- The District opened two new replacement schools this year:, Tarver Elementary, and Memorial Middle School. Other renovations began at several elementary and secondary schools.
- Additional revenues of \$6 million were received due to sale of WADA credits to other districts such as Plano ISD, Deer Park ISD, La Porte LISD, Eanes ISD, Spring Branch ISD, Sweeny ISD, and Texas City ISD.

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

Figure A-3 District's Total Revenues

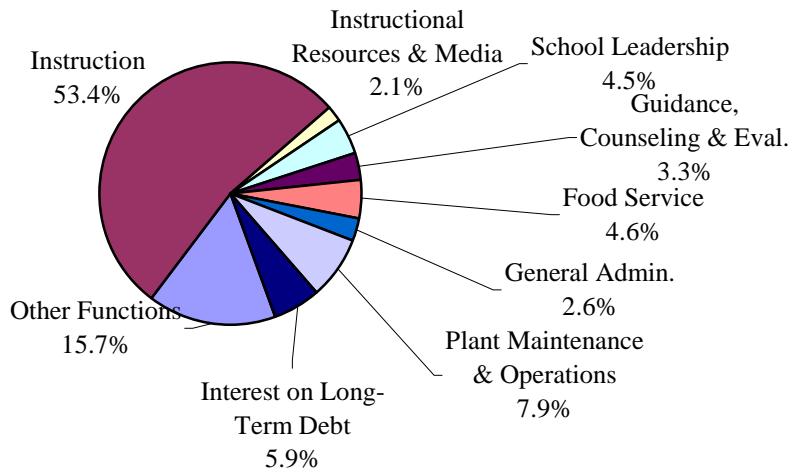


The next chart presents the cost of each of the District’s largest functions as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid).The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$229,040,368
- However, the amount that our taxpayers paid for these activities through property taxes was only \$24,185,893 or 10.55%

- Some of the cost was paid by those who directly benefited from the programs \$1,535,163 or 0.67%
- By state aid formula grants and contributions \$119,219,045 or 52.05%

Figure A-4 - District's Functional Expenditures



**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 \$229,756,766. The increase in revenues is a result of increased enrollment, additional Chapter 41 contracts with property wealthy districts and additional available funds to invest therefore increasing the interest earning. Additionally student population growth necessitates increased revenues to offset resulting increased local expenses. The increase in state revenues is a result of 147 increased in students in average daily attendance and additional tax collection effort. The increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget 33 times. Even with these adjustments, actual expenditures were \$20,132,883 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 fiscal 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 \$1,444,360 from the final budgeted amount. As noted earlier:

- Property tax collections were higher than anticipated.
- 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.

The major budget increases were reflected in the instructional, food service and the capital outlay line items. The instructional increase was due to vacant positions budgeted at mid point of the salary schedule but was able to hire at a lower salary. The food service increase was due to the renovation of the school cafeterias which were

not fully completed, yet budgeted, during this fiscal year. The capital outlay increase was mainly due to the supplemental budget in the General Fund for the construction projects.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2005, the District had invested \$182,895,890 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$32,224,196 or 14 percent over last year.

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

	2005	2004	Percentage Change
Land	\$ 10,009,242	\$ 8,618,503	16%
Buildings and improvements	142,345,968	141,072,185	1%
Property under capital lease	1,498,243	1,498,243	0%
Equipment	21,254,167	25,213,255	-16%
Construction in progress	86,793,217	53,274,455	63%
Totals at historical cost	<u>261,900,837</u>	<u>229,676,641</u>	<u>14%</u>
Total accumulated depreciation	79,004,947	73,353,991	8%
Net capital assets	<u>\$182,895,890</u>	<u>\$156,322,650</u>	<u>17%</u>

The District's fiscal year 2005 capital improvement budget totals to \$148,046,196 which will be used principally for the completion of the Capital Improvement Plan. The bonds issued in this year and previous years will be used to complete the bond program. The general fund has appropriated funds for construction in the amount of \$1,000,000, \$1,713,402 for the computer upgrade and workers compensation claims, \$1,193,829 for the purchase of fine arts uniforms, Special Education projects, equipment and furniture, \$1,000,000 for other district wide operating needs. 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 \$284,646,446 in outstanding bonds loans and compensated absences outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

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

	2005	2004	Percentage Change
Loans payable	\$ 20,480,000	\$ 22,225,000	-7.9%
Bonds payable	262,914,390	137,758,470	90.9%
Compensated Absences	1,252,056	1,197,517	4.6%
Total long term debt payable	<u>\$284,646,446</u>	<u>\$161,180,987</u>	<u>76.6%</u>

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

The loans payable decreased by 7.9% due to the \$1,745,000 payment made during the year on three of the outstanding loans. The bonds payable increased by 90.9% due to the issuance of the 2005 Unlimited Tax School Bond in the amount of \$59,855,846, and the Public Finance Corporation (PFC) Lease Revenue Bonds in the amount of \$68,135,000. The increase in the compensated absences is due to an increase number of employees meeting the



retirement qualifications. The District also refunded \$54,144,784 of Unlimited Tax School Building Bonds in order to take advantage of low interest rates.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's board members considered many factors when setting the fiscal year 2005-06 budget and tax rates. One of these factors was the district needs, the campus needs, appraised values and the Laredo economy. The following factors are the highlights of the budget:

- Appraised value used for the 2005-06 budget preparation is up \$91,357,257, or 5.43% from last year. This unprecedented increase is not projected for the next three years. The historical increase has been steadily at a 2% growth.
- The tax rate for 2005-06 increased by 8 cents to a total of \$1.5541 per \$100 valuation as compared to the tax rate for 2004-05 of \$1.4741.
- The District's fiscal year 2005-2006 refined average daily attendance is expected to be 22,500.

These indicators were taken into account when adopting the general fund budget for 2005-2006. Amounts available for appropriation in the general fund budget are \$174,120,716, a decrease of 7.66% percent over the final 2005 budget of \$188,568,041. Property taxes will increase due to the increasing values and the collection rate has increased to 96%. State revenues will also increase as the student population grows. The District allocated monies for the payment of the Lease Revenue Bonds issued by the Public Finance Corporation (PFC) which was financed in part by the District's maintenance and operating tax and state contribution.

Expenditures are budgeted to rise nearly 5% percent to \$151,082,858. The largest increments are the increased staffing including the new police department, and teacher salary schedule adjustments. These competitive salary schedule adjustments allowed the District to open the 2005-2006 school year with minimal teacher vacancies. The District has added no major new programs or initiatives to the 2005 budget.

Since the estimated revenues and the other financing sources were lower than the appropriation and the other financing uses by \$15,536,783 the District's fund balance is estimated to end up at \$12,109,287. This ending fund balance is 19.93% lower than last year ending balance of \$15,123,460. The decrease was mainly due to salary increases and additional operating needs.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Management Department attention of the Interim Chief Financial Officer at (956) 795-3250 or send an email message to [rtorres@laredoisd.org](mailto:rtorres@laredoisd.org).

Laredo Independent School District  
Statement of Net Assets  
August 31, 2005

Data Control Codes		Primary Government
		Governmental Activities
	<b>ASSETS</b>	
	Current Assets:	
1110	Cash and Investments	\$ 69,310,657
	Receivables:	
1220	Delinquent property taxes (net of estimated uncollectible taxes of \$462,078 - General Fund, \$67,689 - Debt Service Fund	2,784,555 363,314
1240	Due from Other Governments	21,297,752
1250	Accrued interest	663,397
1290	Other Receivables	841,184
1300	Inventories	910,178
	Prepaid Items	157,093
	Noncurrent Assets:	
1490	Bond Issuance Cost (Net)	3,673,116
	Capital Assets:	
1510	Land	10,009,242
1520	Buildings and improvements, net	83,295,601
1530	Furniture and Equipment	2,797,829
1580	Construction in Progress	86,793,217
	Total Capital Assets	182,895,889
1910	Long-Term Investments	124,800,759
1000	Total Assets	407,697,894
	<b>LIABILITIES</b>	
	Current Liabilities:	
2100	Bank Overdraft	3,504,342
2110	Accounts Payable	9,748,614
2140	Interest Payable	810,127
2150	Payroll Deductions and Withholdings	365,943
2160	Accrued Wages Payable	7,520,613
2180	Due to other governments	7,389,449
2300	Unearned revenue	940,846
	Non Current Liabilities - Due within one year:	
2121	Bonds payable	8,730,000
2122	Loan payable	1,805,000
2123	Compensated Absences	119,565
	Non-Current Liabilities - Due in more then one year:	
2510	Bonds payable	254,184,390
2520	Loan payable	18,675,000
2590	Compensated Absences	1,132,491
2000	Total Liabilities	314,926,380
	<b>NET ASSETS</b>	
	Restricted	
	Federal and State Grants	3,252,423
	Debt Service	9,427,615
3200	Invested in Capital Assets, Net of Related Debt	55,002,128
3900	Unrestricted	25,089,348
3000	Total Net Assets	\$ 92,771,514

Laredo Independent School District  
Statement of Activities  
For the Year Ended August 31, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
11 Instruction	\$ 122,230,466	\$ 1,043,355	\$ 30,604,462	\$ (90,582,649)
12 Instructional resources and media services	4,785,344	-	847,049	(3,938,295)
13 Curriculum and staff development	4,116,945	108,159	2,922,768	(1,086,018)
21 Instructional leadership	4,057,212	-	1,642,186	(2,415,026)
23 School leadership	10,234,352	-	553,683	(9,680,669)
31 Guidance, counseling, and evaluation services	7,669,776	20,329	1,518,345	(6,131,102)
32 Social work services	1,732,213	889	378,797	(1,352,527)
33 Health services	2,710,696	86,840	1,152,001	(1,471,855)
34 Student transportation	3,242,862	-	695,895	(2,546,967)
35 Food Services	10,567,413	275,521	11,376,444	1,084,552
36 Extracurricular activities	4,179,704	-	323,979	(3,855,725)
41 General administration	6,060,603	-	249,894	(5,810,709)
51 Plant maintenance and operations	18,032,667	-	652,817	(17,379,850)
52 Security and monitoring services	2,590,090	70	151,369	(2,438,651)
53 Data processing services	1,599,846	-	748,127	(851,719)
61 Community services	405,919	-	324,543	(81,376)
71 Interest on long-term debt	13,408,938	-	14,673,848	1,264,910
81 Facilities Acquisition	11,208,722	-	380,401	(10,828,321)
93 Payments related to shared services arrangements	6,000	-	6,000	-
95 Payments to Juvenile Justice Alternative	200,600	-	-	(200,600)
Total governmental activities	<u>\$ 229,040,368</u>	<u>\$ 1,535,163</u>	<u>\$ 69,202,608</u>	<u>\$ (158,302,597)</u>
General revenues:				
Taxes:				
				21,699,472
				2,486,421
				118,829,241
				389,804
				5,147,041
				10,176,331
				<u>158,728,310</u>
				425,713
				<u>92,345,801</u>
				<u>\$ 92,771,514</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 AUGUST 31, 2005

Data Control Codes	199 General Fund	627 PFC Bond Fund	695 2005 Bond Fund	Other Governmental Funds	Total		
					2005 Governmental Funds	2004 Governmental Funds	
<b>ASSETS:</b>							
1110	Cash and Temporary Investments, at cost	\$ 31,627,466	\$ 11,847,526	\$ -	\$ 25,835,665	\$ 69,310,657	\$ 96,884,927
Receivables:							
1220	Property Taxes - Delinquent	3,080,524	-	-	451,258	3,531,782	3,708,078
1230	Allowance for Uncollectible Taxes	(462,078)	-	-	(67,689)	(529,767)	(442,691)
1240	Due From Other Governments	17,755,574	-	-	3,542,178	21,297,752	16,115,446
1250	Accrued Interest	-	569,882	-	93,515	663,397	26,746
1260	Due From Other Funds	1,679,576	-	781,837	2,335,959	4,797,372	1,628,993
1290	Other Receivables	81,526	-	-	759,658	841,184	845,219
1310	Inventories, at cost	910,178	-	-	-	910,178	1,183,339
1410	Deferred Expenditures	157,093	-	-	-	157,093	-
1910	Long Term Investments	-	48,284,421	59,218,163	17,298,175	124,800,759	-
1000	Total Assets and Other Debits	<u>54,829,859</u>	<u>60,701,829</u>	<u>60,000,000</u>	<u>50,248,719</u>	<u>225,780,407</u>	<u>119,950,057</u>
<b>LIABILITIES:</b>							
2100	Bank Overdraft	88,651	-	-	3,415,691	3,504,342	2,508,811
2110	Accounts Payable	3,748,424	1,894,189	-	4,106,001	9,748,614	8,896,124
2150	Payroll Deductions and Withholdings	365,943	-	-	-	365,943	1,027,827
2160	Accrued Wages Payable	7,273,682	-	-	246,931	7,520,613	6,607,890
2170	Due to Other Funds	4,208,219	209,543	-	379,610	4,797,372	1,628,993
2180	Due to Other Governments	7,385,817	-	-	3,632	7,389,449	1,104,710
2300	Unearned Revenue	2,974,145	-	-	968,717	3,942,862	4,155,749
2000	Total Liabilities	<u>26,044,881</u>	<u>2,103,732</u>	<u>-</u>	<u>9,120,582</u>	<u>37,269,195</u>	<u>25,930,104</u>
<b>FUND BALANCE:</b>							
Reserved Fund Balances:							
3410	Investments in Inventory	910,178	-	-	-	910,178	828,089
3420	Retirement of Long-Term Debt-Debt Service Fund	-	-	-	9,427,615	9,427,615	6,760,286
3440	Reserved for Encumbrances	3,736,472	-	-	-	3,736,472	-
3450	Reserved for Child Nutrition	4,378,344	-	-	-	4,378,344	3,995,241
Unreserved Fund Balances:							
3510	Designated for Construction-Capital Project Funds	-	58,598,097	60,000,000	28,448,099	147,046,196	49,668,348
3590	Designated for Child Nutrition/Equipment/ Building Improvements	2,697,057	-	-	-	2,697,057	15,313,568
	General Fund/Equipment/ Building Improvements	4,907,231	-	-	-	4,907,231	-
3600	Undesignated Fund Balance	12,155,696	-	-	-	12,155,696	15,090,994
3600	Undesignated reported in non-major: Special Revenue Funds	-	-	-	3,252,423	3,252,423	2,363,427
3000	Total Fund Balance	<u>28,784,978</u>	<u>58,598,097</u>	<u>60,000,000</u>	<u>41,128,137</u>	<u>188,511,212</u>	<u>94,019,953</u>
4000	Total Liabilities and Fund Equity, and Other Credits	<u>\$ 54,829,859</u>	<u>\$ 60,701,829</u>	<u>\$ 60,000,000</u>	<u>\$ 50,248,719</u>	<u>\$ 225,780,407</u>	<u>\$ 119,950,057</u>
Fund Balance:							
	General Fund	\$ 21,097,847					
	Child Nutrition	4,990,074					
	Child Nutri- PPF	2,697,057					
		<u>\$ 28,784,978</u>					

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

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

Total fund balances--governmental funds (Exhibit C-1)	\$188,511,212
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in government activities are not reported in the funds.	229,676,641
Accumulated depreciation used in governmental activities are not reported in the funds.	(73,353,992)
Payables for bond principal which are not due in the current period are not recorded in the funds.	(159,591,195)
Bond issuance costs used in government activities are not reported in the funds.	
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	3,292,701
Record current asset additions and reverse capital outlay expenditures not recorded in the funds.	39,413,840
Record current year depreciation expense not recorded in the funds.	(5,650,956)
Record disposal of capital assets not reported in the funds	(7,189,644)
Reverse principal payments recorded in the funds.	10,940,000
Record accrued interest payable not recorded in the funds.	(810,127)
Record bond issuance amortization expense for PPFCO 2001.	(11,400)
Record bond issuance amortization expense for Series 2001.	(11,208)
Record bond issuance amortization expense for Series 2002.	(17,764)
Record bond issuance amortization expense for PPFCO 2003.	(27,264)
Record bond issuance amortization expense for PFC BOND.	(74,652)
Record bond issuance amortization expense for Series 2005.	(2,286)
Record bond issuance amortization expense for Series 2005 Refunding.	(32,904)
To remove Bond proceeds used in governmental activities that are reported in the funds.	(127,990,630)
To remove bond premium reported in the funds.	(5,815,205)
Record amortization of bond premium on IFA #2.	25,267
Record amortization of bond premium on IFA #1.	143,124
Record amortization of loan premium on PPFCO Series 2003.	11,928
Record amortization of bond premium on PFC.	46,104
Record amortization of bond premium on PFC.	12,566
Record amortization of bond premium on Series 2005.	41,372
Reverse bond issuance cost for Refunding Series 2005.	592,240
Reverse bond issuance cost for Series 2005.	685,722
Reverse bond issuance cost for PFC (Series A-F).	2,180,357
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.	(213,229)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.	87,243
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.	(36,645)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.	9,985
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	(40,811)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	(9,819)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	58,445
Record capital appreciation bond principal not due in the current year are not reported in the funds.	(825,446)
Record compensated absences not included in the funds.	(1,252,056)
Total net assets--governmental activities (Exhibit B-1)	<u><u>\$92,771,514</u></u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	199 General Fund	627 PFC Bond Fund	695 2005 Bond Fund	Other Governmental Funds	Total	
					2005 Governmental Funds	2004 Governmental Funds
<b>REVENUES:</b>						
5700 Total Local and Intermediate Sources	\$ 33,638,530	\$ 1,324,801	\$ -	\$ 6,038,056	\$ 41,001,387	\$ 31,101,422
5800 State Program Revenues	125,706,128	-	-	21,955,780	147,661,908	153,458,314
5900 Federal Program Revenues	11,713,525	-	-	29,379,946	41,093,471	36,526,871
5020 Total Revenues	<u>171,058,183</u>	<u>1,324,801</u>	<u>-</u>	<u>57,373,782</u>	<u>229,756,766</u>	<u>221,086,607</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
0011 Instruction	89,411,350	-	-	32,025,372	121,436,722	115,051,643
0012 Instructional Resources & Media Services	4,027,172	-	-	695,176	4,722,348	5,591,014
0013 Curriculum & Instructional Staff Development	1,109,259	-	-	3,003,243	4,112,502	3,482,596
0021 Instructional Leadership	2,460,455	-	-	1,535,450	3,995,905	3,677,251
0023 School Leadership	10,124,390	-	-	75,140	10,199,530	10,213,257
0031 Guidance, Counseling and Evaluation Services	6,399,361	-	-	1,256,538	7,655,899	7,117,540
0032 Social Work Services	1,411,695	-	-	313,959	1,725,654	1,584,124
0033 Health Services	1,532,338	-	-	1,170,824	2,703,162	2,717,525
0034 Student (Pupil) Transportation	3,424,662	-	-	132,743	3,557,405	3,353,357
0035 Food Services	10,464,463	-	-	647,574	11,112,037	10,488,447
0036 Cocurricular/Extracurricular Activities	4,094,265	-	-	27,693	4,121,958	3,335,203
0041 General Administration	5,963,258	-	-	49,809	6,013,067	5,902,123
0051 Plant Maintenance and Operations	17,693,071	-	-	197,747	17,890,818	15,823,595
0052 Security and Monitoring Services	2,517,823	-	-	43,060	2,560,883	2,589,363
0053 Data Processing Services	2,897,546	-	-	653,301	3,550,847	2,724,200
0061 Community Service	85,396	-	-	320,488	405,884	743,051
<b>Debt Service:</b>						
0071 Principal on Long-Term Debt	851,520	2,220,359	685,721	23,163,611	26,921,211	15,497,714
<b>Capital Outlay:</b>						
0081 Facilities Acquisition and Construction	3,766,534	9,856,836	-	22,555,540	36,178,910	34,035,840
<b>Intergovernmental:</b>						
0093 Payments to Fiscal Agent/Mem.	-	-	-	6,000	6,000	6,675
0095 Payments to Juvenile Justice Alternative Ed.	200,600	-	-	-	200,600	140,892
6030 Total Expenditures	<u>168,435,158</u>	<u>12,077,195</u>	<u>685,721</u>	<u>87,873,268</u>	<u>269,071,342</u>	<u>244,075,410</u>
<b>Excess(Deficiency) of Revenues Over (Under)</b>						
1100 Expenditures	2,623,025	(10,752,394)	(685,721)	(30,499,486)	(39,314,576)	(22,988,803)
<b>OTHER FINANCING SOURCES (USES):</b>						
7914 Issuance of Loans	-	-	-	-	-	4,000,000
7911 Issuance of Bonds	-	68,135,000	59,855,846	54,144,784	182,135,630	-
7916 Premium Issuance of Bond	-	1,215,491	829,875	3,769,839	5,815,205	80,430
7949 Premium Issuance of Loans	-	-	-	-	-	36,695
8949 Redemption of Refunded Bonds	-	-	-	(54,145,000)	(54,145,000)	-
8949 Payment to Refunded Bonds Escrow Agents	-	-	-	-	-	-
7020 Transfers In	680,000	-	-	9,065,939	9,745,939	8,282,912
8911 Transfers Out	(9,745,939)	-	-	-	(9,745,939)	(8,282,912)
Total Other Financing Sources (Uses)	<u>(9,065,939)</u>	<u>69,350,491</u>	<u>60,685,721</u>	<u>12,835,562</u>	<u>133,805,835</u>	<u>4,117,125</u>
1200 Net Changes in Fund Balances	(6,442,914)	58,598,097	60,000,000	(17,663,924)	94,491,259	(18,871,678)
0100 Fund Balance - September 1 (Beginning)	35,227,892	-	-	58,792,061	94,019,953	112,897,012
Adjustment to Fund Balance	-	-	-	-	-	(5,381)
3000 Fund Balance - August 31 (Ending)	<u>\$ 28,784,978</u>	<u>\$ 58,598,097</u>	<u>\$ 60,000,000</u>	<u>\$ 41,128,137</u>	<u>\$ 188,511,212</u>	<u>\$ 94,019,953</u>

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, 2005

Net change in fund balances--total governmental funds (Exhibit C-2) \$ 94,491,259

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

Prior Period Adjustment	
Record current asset additions and reverse capital outlay expenditures not recorded in the funds.	39,413,840
Record current year depreciation expense not recorded in the funds.	(5,650,956)
Record disposal of capital assets not reported in the funds	(7,189,644)
Reverse bond and loan principal payments recorded in the funds.	10,940,000
Record accrued interest payable not recorded in the funds.	(250,892)
Record bond issuance amortization expense for PPFCO 2001.	(11,400)
Record bond issuance amortization expense for Series 2001.	(11,208)
Record bond issuance amortization expense for Series 2002.	(17,764)
Record bond issuance amortization expense for PPFCO 2003.	(27,264)
Record bond issuance amortization expense for PFC (Series A-F).	(74,652)
Record bond issuance amortization expense for Series 2005 Refunding	(32,904)
Record bond issuance amortization expense for Series 2005.	(2,286)
To remove Bond proceeds used in governmental activities that are reported in the funds.	(127,990,630)
To remove Bond premium reported in the funds.	(5,815,205)
Record amortization of bond premium on IFA #2.	25,267
Record amortization of bond premium on IFA #1.	143,124
Record amortization of bond premium on PPFCO 2003.	11,928
Record amortization of bond premium on PFC.	46,104
Record amortization of bond premium on Series 2005 Refunding	12,566
Record amortization of bond premium on Series 2005.	41,372
Reverse bond issuance cost for Refunding Series 2005.	592,240
Reverse bond issuance cost for Series 2005.	685,722
Reverse bond issuance cost for PFC (Series A-F).	2,180,357
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.	(213,229)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the general fund.	87,243
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.	(36,645)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the successor-in-interest fund.	9,985
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	(40,811)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	(9,819)
Record capital appreciation bond principal not due in the current year are not reported in the funds.	(825,446)
Record compensated absences not included in the funds.	(54,539)
	\$ 425,713
Change in net assets of governmental activities (Exhibit B-1)	\$ 425,713

LAREDO INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Budgeted Amounts		2005 Actual	Variance with Final Budget	2004 Actual	
	Original	Final		(Negative)		
<b>REVENUES:</b>						
5700	Local and Intermediate Sources	\$27,589,173	\$28,255,953	\$33,638,530	\$ 5,382,577	\$26,848,091
5800	State Program Revenues	128,973,341	129,999,870	125,706,128	(4,293,742)	134,457,955
5900	Federal Program Revenues	11,358,000	11,358,000	11,713,525	355,525	11,299,140
5020	Total Revenues	<u>167,920,514</u>	<u>169,613,823</u>	<u>171,058,183</u>	<u>1,444,360</u>	<u>172,605,186</u>
<b>EXPENDITURES:</b>						
Current:						
0011	Instruction	90,350,631	95,165,636	89,411,350	5,754,286	87,134,320
0012	Instructional Resources and Media Services	4,067,798	5,448,299	4,027,172	1,421,127	4,478,815
0013	Curriculum Dev. & Instructional Staff Dev.	1,706,445	1,674,121	1,109,259	564,862	979,830
0021	Instructional Leadership	2,463,866	2,514,532	2,460,455	54,077	2,187,831
0023	School Leadership	10,454,914	10,507,975	10,124,390	383,585	10,087,561
0031	Guidance, Counseling and Evaluation Services	6,629,806	6,864,724	6,399,361	465,363	6,085,138
0032	Social Services	1,525,607	1,524,852	1,411,695	113,157	1,341,305
0033	Health Services	1,616,384	1,623,078	1,532,338	90,740	1,542,056
0034	Student (Pupil) Transportation	3,451,380	3,978,144	3,424,662	553,482	3,239,446
0035	Food Service	10,310,500	14,560,500	10,464,463	4,096,037	9,993,354
0036	Curricular/Extracurricular Activities	3,328,827	4,307,084	4,094,265	212,819	3,298,319
0041	General Administration	6,322,843	6,473,892	5,963,258	510,634	5,818,376
0051	Plant Maintenance and Operations	16,823,063	19,163,991	17,693,071	1,470,920	15,565,082
0052	Security and Monitoring Services	2,433,504	2,957,173	2,517,823	439,350	1,454,606
0053	Data Processing Services	2,544,346	3,603,652	2,897,546	706,106	2,560,946
0061	Community Services	30,347	151,849	85,396	66,453	95,230
Debt Service:						
0071	Debt Service	850,000	959,968	851,520	108,448	949,425
Capital Outlay:						
0081	Facilities Acquisition and Construction	-	6,862,824	3,766,534	3,096,290	2,509,956
Intergovernmental Charges:						
0095	Payment to Juvenile Justice Alternative Education	200,000	225,747	200,600	25,147	140,892
6030	Total Expenditures	<u>165,110,261</u>	<u>188,568,041</u>	<u>168,435,158</u>	<u>20,132,883</u>	<u>159,462,488</u>
Excess(Deficiency) of Revenues Over (Under)						
1100	Expenditures	2,810,253	(18,954,218)	2,623,025	(18,688,523)	13,142,698
<b>OTHER FINANCING SOURCES (USES):</b>						
7911	Issuance of Loans	-	-	-	-	4,036,695
7915	Operating Transfers In	4,874,295	4,874,295	680,000	(4,194,295)	647,082
8911	Operating Transfers Out	(8,058,328)	(13,185,135)	(9,745,939)	3,439,196	(8,197,912)
7080	Total Other Financing Sources (Uses)	<u>(3,184,033)</u>	<u>(8,310,840)</u>	<u>(9,065,939)</u>	<u>(755,099)</u>	<u>(3,514,135)</u>
1200	Net Changes in Fund Balances	(373,780)	(27,265,058)	(6,442,914)	20,822,144	9,628,563
0100	Fund Balance - September 1 (Beginning)	35,227,892	35,227,892	35,227,892	-	25,599,329
3000	Fund Balance - August 31 (Ending)	<u>\$34,854,112</u>	<u>\$ 7,962,834</u>	<u>\$28,784,978</u>	<u>\$20,822,144</u>	<u>\$35,227,892</u>



LAREDO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2005

Data Control Codes		Private-Purpose Trust Fund	Agency Fund
		829	865
		Trust	Student Activity
		Fund	Fund
<hr/>			
	ASSETS:		
1110	Cash and Temporary Investments, at cost	\$ 101,449	\$ 301,425
1000	Total Assets	<u>101,449</u>	<u>301,425</u>
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	2,000	-
2190	Due To Student Groups	<u>-</u>	<u>301,425</u>
2000	Total Liabilities	<u>2,000</u>	<u>301,425</u>
	NET ASSETS:		
3800	Held in Trust	<u>99,449</u>	<u>-</u>
3000	Total Net Assets	<u>\$ 99,449</u>	<u>\$ -</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FISCAL YEAR ENDING AUGUST, 31, 2005

	Private-purpose Trust Fund
	829
	Trust Fund
ADDITIONS:	
Gifts and Bequests	\$ 4,500
Interest Earnings	2,891
Total Additions	7,391
DEDUCTIONS:	
Materials and Supplies	2,463
Capital Outlay	2,747
Scholarships	48,947
Total Deductions	54,157
Change in Net Assets	(46,766)
Net Assets-Beginning of the Year	146,215
Net Assets-End of the Year	\$ 99,449



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**LAREDO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2005**

**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, 2005, the District implemented the new reporting requirements of GASB Statements No. 40.

1. Reporting Entity

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

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

Separate financial statements for the component unit can be obtained from Laredo Independent School District Public Facility Corporation website at [www.laredoisd.org/pfc/default.htm](http://www.laredoisd.org/pfc/default.htm)

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

**A. Summary of Significant Accounting Policies (continued)**

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.
- PFC Bond and 2005 Bond – Capital Projects Funds: The District accounts for proceeds from long-term debt financing (including the sale of bonds) and revenues and expenditures related to authorized construction and other capital asset acquisitions in these funds. The Board approves project budgets, not annual appropriated budgets.

In addition, the District reports the following fund types:

- Private-Purpose Trust Funds: These funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.
- Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds have no measurement focus.

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

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

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

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

**3. Financial Statement Amounts**

**a. Deposits**

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

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation insurance.

**A. Summary of Significant Accounting Policies (continued)**

b. Inventories and Prepaid Items

Inventories of supplies on the Statement of Net Assets are carried at cost, which is determined principally by the average cost method, while investments of food commodities are recorded at market values supplied by the United States Department of Agriculture (USDA). Inventories are considered expenditures or expenses as they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the USDA and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are changed, and revenue is recognized for an equal amount.

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

c. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are \$462,078 and \$67,689 for the Debt Service Fund which are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. A capitalization threshold of \$500 is used.

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

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

e. Receivable and Payable Balances

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

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

f. Inter-fund Activity

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are not subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate

**A. Summary of Significant Accounting Policies (continued)**

benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

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

h. Data Control Codes

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

i. Budgets

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

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

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

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

	Original Budget	Increase	Amended Budget
General Fund	\$ 153,807,761	\$ 23,207,780	\$ 177,015,541
General Fund - Child Nutrition	11,302,500	250,000	11,552,500
Debt Service Fund	14,929,751	3,780,854	18,710,605
PFC Debt Service Fund	-	4,737,354	4,737,354
	<u>\$ 180,040,012</u>	<u>\$ 31,975,988</u>	<u>\$ 212,016,000</u>

**A. Summary of Significant Accounting Policies (continued)**

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, 2005.

l. Unearned Revenues

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

m. Long-term Obligations

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

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

n. Investment Policy:

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value.

The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase.

The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. As of August 31<sup>st</sup>, the District invested part of its money with Lone Star and MBIA, which hold a AAA rating from Moody's.



**A. Summary of Significant Accounting Policies (continued)**

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one, which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

o. Fund Equity

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

**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**

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

Deposits and investments at August 31, 2005 are as follows:

Cash in bank or on hand - primary government	\$ 18,902,403	
Cash equivalents		
Investment Pool accounts:		
MBIA	23,214,290	
Lonestar	11,867,571	
PFC - Texas Daily	10,205,223	
Money Market accounts:		
PFC - Wells Fargo	<u>1,643,222</u>	
Total Cash and Cash Equivalents		\$ 65,832,709
Letter of Credit		373,478
Investments		<u>124,800,759</u>
Total deposits and investments - primary government		<u><u>\$191,006,946</u></u>

**C. Deposits and Investments (continued)**

Deposits:

At August 31, 2005, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$20,542,625 and the bank balance was \$22,571,174. The District also had \$3,000 in petty cash. The District's cash deposits at August 31, 2005 and during the year ended August 31, 2005, 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 \$143,106,196.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$101,912,605 and occurred during the month of August 2005.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$100,000.

Investments:

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit, (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 in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of the shares in each pool; the market value of a share should approximately equal the book value of a share.

MBIA Municipal Investors Service Corp. (MBIA-MISC), SEC-registered investment advisor, provides investment management services to the public and not-for-profit sectors. Its principal products are liquid cash management, longer-term investment programs and short-term pooled local government cash management programs for school districts and municipalities. Many of MBIA's local government investment pools are marketed under the name CLASS, the Cooperative Liquid Assets Securities System. CLASS enables local governments to pool funds with other units of government, giving them the opportunity to obtain safety of principal, daily liquidity, competitive rates, and superior service on their short-term investments.

The Lone Star Investment Pool offers three diverse funds (Liquidity, Liquidity Plus, and Liquidity Corporate) that give investors the opportunity to tailor their portfolio to their particular liquidity requirements and risk tolerance. Account managers assist in selecting the mix that will help school districts meet short-and long-term goals. The Liquidity Corporate Fund is used by Laredo ISD and is designed with similar objectives as that of the Liquidity Fund: safety of principal, daily liquidity, and the highest possible rate of return. The Liquidity Corporate Fund will have slightly longer maturities than the Liquidity Fund. This Fund can participate in any investment authorized under the Public Funds Investment Act.

**C. Deposits and Investments (continued)**

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

*Credit Risk.* In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1,P-1, or have an equivalent rating, and obligations of states, agencies, counties, and cities must be rated at least A or its equivalent. As of August 31, 2005, MBIA was rated AAA/v1+ by Fitch Ratings, Lonestar Investment Pool was rated AAAf-s/t by Standard and Poor's (S&P), and Texas Daily was rated AAAm by Standard and Poor's (S&P). The District's investments in municipal bonds were rated AAA by S&P and AAA by Fitch Ratings; the District did not have any investments in commercial paper as of August 31, 2005. All of the District's investments in bonds of Federal Farm credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Company (FHLMC), and Federal National Mortgage Company (FNMA) are rated AAA by S&P, AAA by Fitch, or AA by Moody's. The FHLMC discount notes are rated F1+ by Fitch and A-1+ by S&P.

*Concentration of Credit Risk.* The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and yield. In addition, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. More than 50% of the District's investments are in FHLB (13%),FNMA (9%), FHLMC (8%), FHDN(10%), FMCDN (20%), FFCB (4%), MBIA (12%), Lonestar (6%), Texas Daily (5%), and Wells Fargo Money Market (0.8%).

*Interest Rate Risk.* In accordance with state law and the District's investment policy, the District does not purchase any investments with maturities greater than five (5) years for its Operating Funds.

The investment maturities in the following table reflect the maturity date of the investments in each category. Some investments are callable (redeemable) by the issuer on specified dates prior to the stated maturity date. The District uses its investments in the investment pools to further mitigate interest rate risk.

The District's investments at August 31, 2005 are shown below:

Investment	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 2	2 to 3
<i>Agency Bonds and Discount Notes</i>				
FHLB Note	\$ 24,876,465	\$ 23,176,890	\$ 999,750	\$ 699,825
FNMA Note	17,984,181	17,984,181	-	-
FHLMC Note	14,917,231	13,317,631	1,599,600	-
FH Discount Note	19,998,741	19,998,741	-	-
FMC Discount Note	39,219,422	39,219,422	-	-
FFCB	7,804,719	-	7,804,719	-
Sub Total	124,800,759	113,696,865	10,404,069	699,825
<i>Investment Pools</i>				
MBIA	23,214,291	23,214,291	-	-
Lonestar	11,867,571	11,867,571	-	-
PFC - Texas Daily	10,205,223	10,205,223	-	-
Sub Total	45,287,085	45,287,085	-	-
<i>Money Market Investments</i>				
PFC - Wells Fargo	1,643,222	1,643,222	-	-
<i>Letter of Credit</i>				
IBC - Commerce	373,478	373,478	-	-
Total Fair Value	<u>\$ 172,104,544</u>	<u>\$ 161,000,650</u>	<u>\$ 10,404,069</u>	<u>\$ 699,825</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2005

**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, 2005 are summarized below and are reported on the government-wide statement of net assets as due from other governments:

	Federal Grants Passed Through TEA	State Grants Passed Through TEA	Other Local Grants	Total
General Fund	\$ -	\$ 14,208,103	\$ 3,547,471	\$ 17,755,574
Special Revenue Funds	2,788,395	558,691	195,092	3,542,178
	<u>\$ 2,788,395</u>	<u>\$ 14,766,794</u>	<u>\$ 3,742,563</u>	<u>\$ 21,297,752</u>

**E. Inter-fund Balances and Activities**

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2005 consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,679,576	\$ 4,208,219
Special Revenue Funds:		
Summer Food Service Program	559,427	291,616
LEP	225	-
Debt Service Fund	1,674,035	396
Capital Projects Fund	884,109	297,141
	<u>\$ 4,797,372</u>	<u>\$ 4,797,372</u>

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2005 consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Technology	\$ 3,967,972	Transfer the gain of sale of WADA for Technology Expenditures.
General Fund	Debt Service	2,770,652	Transfer to cover for interest and principals costs for loans.
General Fund	E-Rate	835,012	Transfer to cover local share of grant.
General Fund	Athletics	680,000	Transfer to cover Athletics cost for all schools.
General Fund	PFC Debt Service	805,354	Transfer to cover for int. & principal cost for the PFC debt.
General Fund	TIP 2	646,885	Transfer to cover local share of grant.
General Fund	TRS Supplement	40,064	Transfer to cover employee benefits
Total		<u>\$ 9,745,939</u>	

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**F. Capital Assets**

Capital asset activity for the year ended August 31, 2005 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 8,618,503	\$ 1,390,739	\$ -	\$ 10,009,242
Construction in Progress	53,274,455	34,091,337	572,575	86,793,217
Total capital assets not being depreciated	<u>61,892,958</u>	<u>35,482,076</u>	<u>572,575</u>	<u>96,802,459</u>
Capital assets being depreciated:				
Buildings and Improvements	141,072,185	1,273,783	-	142,345,968
Equipment	25,213,255	3,230,556	7,189,644	21,254,167
Capital Lease Equipment	1,498,243	-	-	1,498,243
Total capital assets being depreciated	<u>167,783,683</u>	<u>4,504,339</u>	<u>7,189,644</u>	<u>165,098,378</u>
Less accumulated depreciation:				
Building and Improvements	54,705,548	4,344,818	-	59,050,366
Equipment	17,899,443	1,306,138	-	19,205,581
Capital Lease Equipment	749,000	-	-	749,000
Total accumulated depreciation	<u>73,353,991</u>	<u>5,650,956</u>	<u>-</u>	<u>79,004,947</u>
Total capital assets being depreciated, net	<u>94,429,692</u>	<u>(1,146,617)</u>	<u>7,189,644</u>	<u>86,093,431</u>
Governmental activities capital assets, net	<u>\$156,322,650</u>	<u>\$ 34,335,459</u>	<u>\$ 7,762,219</u>	<u>\$182,895,890</u>

Depreciation was charged to functions as follows:

	<u>Totals</u>
Instruction	\$ 401,184
Resource & Media Services	27,149
Staff Development	1,846
Instructional Leadership	33,054
School Leadership	13,518
Guidance & Counseling	5,042
Social Services	2,638
Health Services	3,059
Transportation	39,204
Food Service	130,803
Co-Curricular Activities	75,987
General Administration	20,165
Plant & Maintenance	129,805
Security & Monitoring Services	12,444
Data Processing	128,935
Facilities Acquisition & Construction	4,626,124
Total Depreciation	<u>\$ 5,650,956</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2005

**G. Unearned Revenue**

Unearned revenue at August 31, 2005 consisted of the following:

	<u>Totals</u>
Child Nutrition	\$ 248,473
General Operating Fund - Escrow Refunds	107,226
Advanced Placement	10,000
Pre-Kinder Expansion Grant	561,568
Regional Day School for the Deaf	13,579
	<u>\$ 940,846</u>

**H. Loans**

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

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

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

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

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

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

The following is a summary of loan transactions of the district for the year ending August 31, 2005:

Description	Balance Outstanding 9/1/2004	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2005	Amounts Due Within One Year
Loan - September 2, 1998	\$ 1,975,000	\$ -	\$ 460,000	\$ 1,515,000	\$ 480,000
Note - August 23, 2000	8,000,000	-	-	8,000,000	-
Note - August 30, 2001	8,000,000	-	-	8,000,000	-
Loan - December 1, 2001	1,040,000	-	510,000	530,000	530,000
Loan - December 18, 2003	3,210,000	-	775,000	2,435,000	795,000
	<u>\$22,225,000</u>	<u>\$ -</u>	<u>\$1,745,000</u>	<u>\$20,480,000</u>	<u>\$ 1,805,000</u>

Interest paid during the year on loans was \$378,990. All loans are payable from the operating funds which include the Food Service and General Fund.

LAREDO INDEPENDENT SCHOOL DISTRICT  
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**H. Loans (continued)**

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

Year Ending August 31, 2005	Principal	Interest	Total
2006	\$ 1,805,000	\$ 322,495	\$ 2,127,495
2007	1,315,000	258,885	1,573,885
2008	1,360,000	214,069	1,574,069
2009	-	175,760	175,760
2010	-	175,760	175,760
2010-2013	16,000,000	439,280	16,439,280
	<u>\$ 20,480,000</u>	<u>\$ 1,586,249</u>	<u>\$ 22,066,249</u>

**I. Long-Term Obligations**

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

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

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2005 are as follows:

Description	Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Unlimited Tax Refunding Bonds:</i>							
Capital Appreciation	5.85%	\$ 1,188,644	\$ 2,273,751	\$ 134,870	\$ -	\$ 2,408,621	\$ 1,751,894
Capital Appreciation	5.95%	496,558	957,386	56,788	-	1,014,174	723,106
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	5.50%-6.75%	72,000,000	36,985,000	-	28,625,000	8,360,000	1,900,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	5.25%-6.75%	77,890,000	70,290,000	-	13,605,000	56,685,000	2,505,000
Current Interest	5.00%	18,200,000	18,200,000	-	16,200,000	2,000,000	-
Capital Appreciation	5.02%	2,509,910	3,295,345	339,102	-	3,634,447	-
<i>Unlimited Tax Refunding Bonds Bonds:</i>							
Current Interest	3.00%-3.75%	4,240,000	2,410,000	-	2,410,000	-	-
<i>Lease Revenue Bonds</i>							
Series A	4-5%	30,105,000	-	30,105,000	1,050,000	29,055,000	730,000
Series B	3.6-4.25%	6,345,000	-	6,345,000	225,000	6,120,000	160,000
Series C	3-5%	23,715,000	-	23,715,000	820,000	22,895,000	565,000
Series D	2.05-3.5%	2,140,000	-	2,140,000	80,000	2,060,000	50,000
Series E	2.05-3.5%	1,215,000	-	1,215,000	45,000	1,170,000	30,000
<i>Lease Revenue Bonds</i>							
Series F	3.4-4%	4,615,000	-	4,615,000	185,000	4,430,000	115,000
<i>Unlimited Tax Refunding Bonds Bonds:</i>							
Current Interest	3-5%	51,120,000	-	51,120,000	95,000	51,025,000	200,000
Capital Appreciation	4%	3,024,784	-	3,319,470	-	3,319,470	-
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest		17,370,000	-	17,370,000	-	17,370,000	-
Capital Appreciation	3.39-5.18%	42,485,846	-	42,485,846	-	42,485,846	-
TOTALS		<u>\$ 358,660,742</u>	<u>\$ 134,411,482</u>	<u>\$ 182,961,076</u>	<u>\$ 63,340,000</u>	<u>\$ 254,032,558</u>	<u>\$ 8,730,000</u>

Interest paid on bonded indebtedness during the current year was \$8,472,757.

LAREDO INDEPENDENT SCHOOL DISTRICT  
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**I. Long-Term Obligations (continued)**

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

Year Ending August 31, 2005	Principal	Interest	Total
2006	\$ 7,818,822	\$ 10,636,338	\$ 18,455,160
2007	9,573,972	10,500,745	20,074,717
2008	10,223,177	9,507,097	19,730,274
2009	10,393,982	9,325,260	19,719,242
2010	10,589,518	9,126,478	19,715,996
2011-2015	54,105,252	56,445,681	110,550,933
2016-2020	52,168,589	47,000,406	99,168,995
2021-2025	64,994,528	27,815,072	92,809,600
2026-2030	34,164,718	7,510,632	41,675,350
	<u>\$ 254,032,558</u>	<u>\$ 187,867,709</u>	<u>\$ 441,900,267</u>

**J. Accumulated State Personal and Sick Leave Benefits**

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

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

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

As of August 31, 2005, the balance for the State Personal and Sick Leave is \$1,252,056. The estimated amount due within a year totals to \$119,565 and the General Fund and the Special Revenue Funds are expected to pay for most of these expenses.

**K. Changes in Long-Term Liabilities**

Long-term liability activity for the governmental activities for the year ended August 31, 2005, was as follows:

Description	Balance Outstanding 9/1/2004	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2005	Amounts Due Within One Year
<b>Bonds and Loans Payable:</b>					
Loans	\$ 22,225,000	\$ -	\$ 1,745,000	\$ 20,480,000	\$ 1,805,000
General Obligation Bonds	134,411,482	182,961,076	63,340,000	254,032,558	8,730,000
Bonds Premium Amortization - net	3,346,988	5,815,206	280,362	8,881,832	433,663
Total Bonds and Loans Payable	<u>159,983,470</u>	<u>188,776,282</u>	<u>65,365,362</u>	<u>283,394,390</u>	<u>10,968,663</u>
<b>Other Liabilities:</b>					
Compensated Absences	1,197,517	167,243	112,704	1,252,056	119,565
Total Other Liabilities	<u>1,197,517</u>	<u>167,243</u>	<u>112,704</u>	<u>1,252,056</u>	<u>119,565</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 161,180,987</u>	<u>\$ 188,943,525</u>	<u>\$ 65,478,066</u>	<u>\$ 284,646,446</u>	<u>\$ 11,088,228</u>



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**L. Revenues from Local and Intermediate Sources**

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$21,420,889	\$ -	\$2,527,231	\$ -	\$23,948,120
Food Sales	275,421	-	-	-	275,421
Investment income	171,628	759,101	86,721	451,265	1,468,715
Penalties, interest and Other fees	2,866,960	6,670	1,196,369	1,828,532	5,898,531
Co-curricular	185,958	-	-	-	185,958
Sale of WADA	7,043,169	-	-	-	7,043,169
Miscellaneous	1,674,505	505,825	1,143	-	2,181,473
	<u>\$33,638,530</u>	<u>\$1,271,596</u>	<u>\$3,811,464</u>	<u>\$2,279,797</u>	<u>\$41,001,387</u>

**M. General Fund Federal Source Revenues**

Federal revenue included in the General Fund as of August 31, 2005 is as follows:

Program or Source	Federal CFDA Number	Amount	Total Grant or Entitlement
General Fund:			
Summer School LEP	84.369A	\$ 63,738	\$ 63,738
ROTC	12.999	156,183	85,000
School Health and Related Services	N/A	65,288	200,000
Medicaid	N/A	324,515	270,000
Indirect Cost:			
LEP Program	84.334A	37,790	2,796,928
Safe and Drug Free	84.186A	4,028	477,122
ESEA Title I Part A Disadvantaged Children	84.010A	262,689	15,021,687
ESEA Title I Part C Migrant	84.011A	2,241	237,418
IDEA B-Formula	84.027A	77,127	7,303,499
IDEA B-Preschool	84.173A	1,191	83,587
IDEA B-Deaf	84.027A	-	12,664
IDEA B-Preschool Deaf	84.027A	213	42,446
ESEA Title V Innovative Education	84.298A	2,199	245,105
Vocational Education Applied Career & Technology	84.048A	6,318	541,172
Title II Part A	84.367A	46,661	2,968,092
Gear Up	84.334A	4,578	377,000
Title II Part D Technology	84.318X	6,639	395,242
Texas Reading First Grant	84.357A	24,292	3,711,201
Sub-Total Indirect Cost		<u>475,966</u>	<u>34,213,163</u>
Total General Fund		<u>1,085,690</u>	<u>34,831,901</u>
Child Nutrition Fund:			
National School Lunch Program	10.555	10,248,913	9,945,000
USDA Commodities	10.555	378,922	500,000
Total Food Service Fund		<u>10,627,835</u>	<u>10,445,000</u>
TOTAL		<u>\$11,713,525</u>	<u>\$45,276,901</u>

**N. Risk Financing Activities**

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2005, 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 four fiscal years.

Prior to fiscal year 2001-2002, the District maintained fully-insured workers' compensation programs which allowed full transfer of liability to a third party, the insurance carrier. As of September 1, 2001 to August 31, 2002, with Texas Educational Entity Cooperative as the carrier, the District had/has a fully-insured program with a self-insured feature. The District was/is fully-insured up to a threshold amount of \$758,887, which if exceeded; the District was/is self-insured and responsible on a dollar per dollar basis up to a capped amount of an additional \$469,608. As of September 1, 2002 to August 31, 2003 and September 1, 2003 to August 31, 2004, the District was/is self-insured. The District carries a maximum liability per claim of \$1,000,000 and aggregate liability of \$1,984,676 in any one year. If any amounts exceed the aforementioned liability limits, the specific and aggregate excess are covered by the re-insurer Midwest Employers Casualty Company. As of September 01, 2004 to August 31, 2005, the district was/is fully insured and maintained a workers compensation program which allowed full transfer of all liability to a third party, Texas Political Sub Division to insure carriers. Amounts payable to the Workers' Compensation Fund are based on actual amounts paid.

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

Year	Carrier (1)	Beginning of Fiscal Year Liability (2)	Current Year		Balance at Fiscal Year-End
			Claims & Changes in Estimates	Claim Payments	
2002-03	LISD	\$ 198,179	\$ (19,331)	\$ 117,696	\$ 61,152
2003-04	LISD	\$ 557,866	\$ (50,933)	\$ 353,754	\$ 153,179
2004-05	TPS	\$ -	\$ 1,042,540	\$ 590,602	\$ 451,938

- (1) 02-03 Self-Insured
- 03-04 Self-Insured
- 04-05 Fully-Insured

- (2) 02-03 Estimated Loss Maximum = \$1,984,676
- 03-04 Estimated Loss Maximum = \$1,984,676
- 04-05 Estimated Loss Maximum = unlimited to carrier, \$1,865,000 (+/- payroll audit) to District.

**O. Pension Plan**

1. Plan Description

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

State law provides for fiscal years 2005, 2004, and 2003 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

**O. Pension Plan (continued)**

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, 2005, 2004, and 2003 were \$7,944,470 \$7,617,598, and \$7,194,496, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants, reporting entity contributions and from the District for salaries above the statutory minimum for the years ended August 31, 2005, 2004, and 2003 were \$2,465,293 \$1,628,844, and \$1,378,001 respectively, and were equal to the required contributions for each year. The amount contributed by the Teacher Retirement System of Texas on behalf of the District was recognized as revenues and expenditures which totaled to \$6,356,609.

**P. Health Care Coverage**

For the term effective 9/1/04-8/31/05, the District continued to be fully-insured with PacifiCare, Inc. being the medical health provider. The carrier, PacifiCare, as well as the local servicing agency, Laurel Insurance, contracted by PacifiCare, administered and serviced the medical program. The program is a fully insured program, but is unique in that it includes a "participating agreement" whereby any savings under the established utilization (loss ratio) threshold of 75% may be reimbursed to the District.

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

The District's health insurance program has been very efficient and successful in that the District has been able to provide employees different choices of plans and levels of benefits which are in compliance with the TRS Comparability Program. Employee participation in the District's medical insurance is estimated at 3191 or 85% of the employee base 3767 and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that the "District satisfied all of the reporting requirements of the Education Code; and it has been determined that the district makes available to its employees group health coverage that is comparable to the basic health coverage provided to state employees under the Texas Employees group Benefits Act (Health Select)." There were no significant reductions in coverage from the prior year.

**Q. Commitments and Contingencies**

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2005.

**R. Construction Commitments**

As of August 31, 2005, 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/Renovation	\$ 90,567,790	\$ 61,090,528	\$ 29,477,262	\$ 1,628,593
Architect Services	7,602,041	5,833,997	1,768,043	-
Fire Alarm	86,670	66,680	19,991	3,834
Environmental Services	492,860	354,616	138,244	21,769
HVAC Systems	1,032,841	678,946	353,895	47,902
Portable Rentals	506,968	-	506,968	25,348
Demolition	148,549	-	-	7,427
Electrical	29,610	-	29,610	1,427
Security Systems	463,250	143,516	319,734	11,050
Total	<u>\$ 100,930,579</u>	<u>\$ 68,168,283</u>	<u>\$ 32,613,748</u>	<u>\$ 1,747,351</u>

\*The remaining balance includes the retainage amount payable at August 31, 2005.

**S. Shared Service Arrangements**

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

LISD	\$ 405,785
UISD	182,084
WEBB CONSOLIDATED ISD	<u>3,000</u>
	<u>\$ 590,869</u>

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

**T. Subsequent Events**

On October 3, 2005, the Laredo Independent School District sold the 2005 Qualified Zone Academy Limited Maintenance Tax Note in the amount of \$8,000,000 for the purpose of renovations to four elementary, three middle and three high schools.



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LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2005

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2005	August 31, 2004	
<b>ASSETS:</b>						
1110	Cash and Temporary Investments, at cost	\$ 4,147,008	\$ 3,695,853	\$ 17,992,804	\$ 25,835,665	\$ 23,418,573
Receivables:						
1220	Property Taxes - Delinquent	-	451,258	-	451,258	482,251
1230	Allowance for Uncollectible Taxes	-	(67,689)	-	(67,689)	(57,870)
1240	Due From Other Governments	3,542,178	-	-	3,542,178	2,661,466
1250	Accrued Interest	-	40,767	52,748	93,515	9,614
1260	Due From Other Funds	559,652	1,674,035	102,272	2,335,959	412,695
1290	Other Receivables	41,476	718,182	-	759,658	728,332
1910	Long Term Investments	-	3,299,175	13,999,000	17,298,175	-
1000	Total Assets	<u>8,290,314</u>	<u>9,811,581</u>	<u>32,146,824</u>	<u>50,248,719</u>	<u>27,655,061</u>
<b>LIABILITIES:</b>						
2100	Bank Overdraft	3,415,691	-	-	3,415,691	2,480,741
2110	Accounts Payable	498,466	-	3,607,535	4,106,001	513,090
2160	Accrued Wages Payable	243,339	-	3,592	246,931	57,465
2170	Due to Other Funds	291,616	396	87,598	379,610	175,979
2180	Due to Other Governments	3,632	-	-	3,632	2,955
2300	Unearned Revenue	585,147	383,570	-	968,717	1,025,669
2000	Total Liabilities	<u>5,037,891</u>	<u>383,966</u>	<u>3,698,725</u>	<u>9,120,582</u>	<u>4,255,899</u>
<b>FUND BALANCE:</b>						
Reserved Fund Balances:						
3420	Retirement of Indebtedness	-	9,427,615	-	9,427,615	6,760,286
Unreserved Fund Balances:						
3510	Designated for Construction	-	-	28,448,099	28,448,099	14,275,449
3600	Undesignated Fund Balance	3,252,423	-	-	3,252,423	2,363,427
3000	Total Fund Balance	<u>3,252,423</u>	<u>9,427,615</u>	<u>28,448,099</u>	<u>41,128,137</u>	<u>23,399,162</u>
4000	Total Liabilities and Fund Balance	<u>\$ 8,290,314</u>	<u>\$ 9,811,581</u>	<u>\$ 32,146,824</u>	<u>\$ 50,248,719</u>	<u>\$ 27,655,061</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2005	August 31, 2004	
REVENUES:						
5700	Local, Intermediate, Out-of-State	\$ 1,271,596	\$ 3,811,464	\$ 954,996	\$ 6,038,056	\$ 3,657,278
5800	State Program Revenues	7,281,932	14,673,848	-	21,955,780	19,000,359
5900	Federal Program Revenues	29,379,946	-	-	29,379,946	25,227,731
5020	Total Revenues	<u>37,933,474</u>	<u>18,485,312</u>	<u>954,996</u>	<u>57,373,782</u>	<u>47,885,368</u>
EXPENDITURES:						
Current:						
0010	Instruction and Instructional-Related Services	35,723,791	-	-	35,723,791	31,532,292
0020	Instructional and School Leadership	1,610,590	-	-	1,610,590	1,615,117
0030	Support Services - Student (Pupil)	3,549,331	-	-	3,549,331	3,096,575
0040	Administrative Support Services	49,809	-	-	49,809	83,745
0050	Support Services - Nonstudent Based	894,108	-	-	894,108	1,556,523
0060	Ancillary Services	320,488	-	-	320,488	647,821
0070	Debt Services	-	23,163,611	-	23,163,611	14,548,289
0080	Capital Outlay	-	-	-	-	1,337,140
0080	Facilities Acquisition and Construction	380,295	-	22,175,245	22,555,540	234,835
0090	Intergovernmental Charges	6,000	-	-	6,000	6,675
6030	Total Expenditures	<u>42,534,412</u>	<u>23,163,611</u>	<u>22,175,245</u>	<u>87,873,268</u>	<u>54,659,012</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,600,938)</u>	<u>(4,678,299)</u>	<u>(21,220,249)</u>	<u>(30,499,486)</u>	<u>(6,773,644)</u>
OTHER FINANCING SOURCES (USES):						
7911	Proceeds of Refunding Bonds	-	54,144,784	-	54,144,784	-
7915	Transfers In	5,489,934	3,576,005	-	9,065,939	7,635,830
7916	Premium on Issuance of Bonds	-	3,769,839	-	3,769,839	-
7949	Payment to Refunded Bonds Escrow Agent	-	-	-	-	80,430
8911	Transfers Out	-	-	-	-	(85,000)
8949	Redemption of Refunded Bonds	-	(54,145,000)	-	(54,145,000)	-
7080	Total Other Financing Sources (Uses):	<u>5,489,934</u>	<u>7,345,628</u>	<u>-</u>	<u>12,835,562</u>	<u>7,631,260</u>
1200	Net Changes in Fund Balance	888,996	2,667,329	(21,220,249)	(17,663,924)	857,616
0100	Fund Balance - September 1 (Beginning)	2,363,427	6,760,286	49,668,348	58,792,061	22,546,927
	Prior Period Adjustment	-	-	-	-	(5,381)
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,252,423</u>	<u>\$ 9,427,615</u>	<u>\$ 28,448,099</u>	<u>\$ 41,128,137</u>	<u>\$ 23,399,162</u>

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

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

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

**Support for Homeless Education Program (Fund 206)** – This fund is to be used to account, on a project basis, for funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

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

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

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

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

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

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

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

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

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

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

**ESEA Title II Part A (Fund 255)** – This fund is to be used to provide financial assistance to LEAs to (1) increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.



**Texas Reading First ( Fund 261)** – This fund is to be used to account, on a project basis, for funds granted to establish reading programs for students in kindergarten through grade 3 that are based on scientifically based reading research, to ensure that every student can read at grade level or above not later than the end of grade 3.

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

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

**ESEA Title VI Innovative Education (Fund 269)** – This fund is to be used to account, on a project basis, for funds granted to implement or expand innovative assistance programs to improve student, teacher, and school performance through a variety of local reform and improvements activities.

**TIP 2 (Fund 280)** – The purpose of the pilot project is to explore the impact of technology immersion on student progress by providing each student with wireless mobile computing device and integrating software, online resources, and other appropriate learning technologies that have been shown to improve student achievement.

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

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

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

**Advanced Placement (Fund 284)** – to account for on a project basis for funds granted to raise the academic expectation of native Spanish-speaking students and engage them in early preparation for college success. This program is designed to turn these students's first language into an academic asset by allowing them the chance to take advanced courses early and earn college credit in eighth grade.

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

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

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

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

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

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

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

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

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

**Texas Accelerated Science achievement (Fund 414)** – This fund is to be used to account, on a project basis, for funds awarded to school districts for the implementation of scientific research-based programs, including the purchase of instructional or diagnostic reading materials, instructional staff, and professional staff development of educators.

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

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

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

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

**Texas Crime Stoppers Program (Fund 426)** – Crime Justice department (CJD) goals are to support programs that protect people from crime, reduce the number of crimes committed, and promote accountability, efficiency, and effectiveness for the criminal justice system. CJD focuses resources on projects that enhance Texas' capacity to prevent crime, provide service and treatment options, enforce laws, train staff and volunteers, and serve crime victims.

**Tabacco Grant (Fund 427)** – enact and enforce policies that require school facilities, grounds, and events to be tobacco free to reduce the extent to which cigarettes and tobacco products are sold or distributed to persons who are younger than 18 years of age.

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

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

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

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

**Project Protect (Fund 484)** – will provide a complete training program for school communities across the nation, to provide an assessment of the likelihood of such acts of violence, response measures that will be incorporated in the management and resolution of acts of violence, the recovery operations necessary following acts of violence and an evaluation process for continuous improvement of the school system's readiness to prevent and respond to acts of violence.

**La Costa (Fund 487)** – This program supported by local coalitions of higher education, business, and community organizations will have a Computer Science (CS) career pathway in five Central and South Texas school districts. Project LA COSTA includes 128 hours of after-school, weekend, and summer activities integrating computer skills, family involvement, role modeling, tutoring, mentoring, career development, and externships.

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

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

Data Control Codes	204 Safe Drug-Free Schools and Communities	206 Support for Homeless Education Prog	211 Title I Disadvantage Children	212 Title I Part - C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-school
<b>ASSETS:</b>						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	12,432	20,092	1,081,323	33,933	221,739	-
1260 Due from Other Funds	-	-	-	-	-	-
1290 Sundry Receivables	-	-	(780)	-	286	-
1000 Total Assets	<u>12,432</u>	<u>20,092</u>	<u>1,080,543</u>	<u>33,933</u>	<u>222,025</u>	<u>-</u>
<b>LIABILITIES:</b>						
2100 Bank Overdraft	12,432	20,092	926,555	33,548	203,153	-
2110 Accounts Payable	-	-	115,870	65	14,268	-
2160 Accrued Wages	-	-	38,118	320	4,604	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-	-
2000 Total Liabilities	<u>12,432</u>	<u>20,092</u>	<u>1,080,543</u>	<u>33,933</u>	<u>222,025</u>	<u>-</u>
<b>FUND EQUITY:</b>						
3600 Unreserved Fund Balance	-	-	-	-	-	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ 12,432</u>	<u>\$ 20,092</u>	<u>\$ 1,080,543</u>	<u>\$ 33,933</u>	<u>\$ 222,025</u>	<u>\$ -</u>

226 IDEA Part - B Discretionary	227 IDEA Part - B Deaf	228 IDEA Part B Pre-school Deaf	242 Summer Feeding Program	243 Tech Prep Planning/ Implementation	244 Vocational Education- Basic Grant	255 ESEA Title II Part A	261 Texas Reading First	262 Title II Technology	263 LEP Immigrant Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,835	-	-	-	32,958	19,687	218,603	851,687	10,572	172,335
-	-	-	559,427	-	-	-	-	-	225
287	-	-	-	-	68	100	-	-	30
<u>4,122</u>	<u>-</u>	<u>-</u>	<u>559,427</u>	<u>32,958</u>	<u>19,755</u>	<u>218,703</u>	<u>851,687</u>	<u>10,572</u>	<u>172,590</u>
3,892	-	-	261,843	32,958	19,495	194,279	851,459	10,572	135,675
230	-	-	5,968	-	260	-	-	-	2,761
-	-	-	-	-	-	24,424	228	-	34,154
-	-	-	291,616	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>4,122</u>	<u>-</u>	<u>-</u>	<u>559,427</u>	<u>32,958</u>	<u>19,755</u>	<u>218,703</u>	<u>851,687</u>	<u>10,572</u>	<u>172,590</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$ 4,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 559,427</u>	<u>\$ 32,958</u>	<u>\$ 19,755</u>	<u>\$ 218,703</u>	<u>\$ 851,687</u>	<u>\$ 10,572</u>	<u>\$ 172,590</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

Data Control Codes	269 ESEA Title VI Innovative Educatoin	280 TIP2	281 Tools for Schools	282 E-Rate	283 Target Grant	284 Advanced Placement
<b>ASSETS:</b>						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ 16,584	\$ -	\$ 10,000
1240 Due from Other Governments	-	93,566	3,694	-	208	-
1260 Due from Other Funds	-	-	-	-	-	-
1290 Sundry Receivables	-	-	-	-	-	-
1000 Total Assets	<u>-</u>	<u>93,566</u>	<u>3,694</u>	<u>16,584</u>	<u>208</u>	<u>10,000</u>
<b>LIABILITIES:</b>						
2100 Bank Overdraft	-	93,566	3,694	-	208	-
2110 Accounts Payable	-	-	-	16,584	-	-
2160 Accrued Wages	-	-	-	-	-	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-	10,000
2000 Total Liabilities	<u>-</u>	<u>93,566</u>	<u>3,694</u>	<u>16,584</u>	<u>208</u>	<u>10,000</u>
<b>FUND EQUITY:</b>						
3600 Unreserved Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 93,566</u>	<u>\$ 3,694</u>	<u>\$ 16,584</u>	<u>\$ 208</u>	<u>\$ 10,000</u>

286	385	393	394	397	401	404	409	411	414
GEAR UP	Visually Impaired	Texas Successful School Prog	Pregnancy, Education and Parenting Prog	AP Incentive Program	Optional Extended Year	Accelerated Reading Program	Texas H. S. Completion & Success	Technology Allotment	TX Accelerated Science Achievement
\$ -	\$ -	\$ 72,765	\$ -	\$ 65,364	\$ -	\$ -	\$ -	\$2,979,088	\$ -
64,779	-	-	-	-	138,780	337,964	31,663	-	31,144
-	-	-	-	-	-	-	-	-	-
-	-	-	40,920	-	-	-	-	-	-
<u>64,779</u>	<u>-</u>	<u>72,765</u>	<u>40,920</u>	<u>65,364</u>	<u>138,780</u>	<u>337,964</u>	<u>31,663</u>	<u>2,979,088</u>	<u>31,144</u>
54,279	-	-	34,084	-	138,780	311,106	11,894	-	11,739
9,395	-	-	6,836	-	-	1,425	19,769	289,742	13,570
1,105	-	-	-	-	-	25,433	-	-	5,835
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>64,779</u>	<u>-</u>	<u>-</u>	<u>40,920</u>	<u>-</u>	<u>138,780</u>	<u>337,964</u>	<u>31,663</u>	<u>289,742</u>	<u>31,144</u>
-	-	72,765	-	65,364	-	-	-	2,689,346	-
-	-	72,765	-	65,364	-	-	-	2,689,346	-
<u>\$64,779</u>	<u>\$ -</u>	<u>\$ 72,765</u>	<u>\$ 40,920</u>	<u>\$ 65,364</u>	<u>\$ 138,780</u>	<u>\$ 337,964</u>	<u>\$ 31,663</u>	<u>\$2,979,088</u>	<u>\$ 31,144</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

Data Control Codes	415 Pre-Kinder Expansion Grant	418 TRS Supplement Compensation	419 Ready To Read Grant	425 Mentors School	426 Crime Stoppers	427 Tabacco
<b>ASSETS:</b>						
1110 Cash and Temporary Investments, at cost	\$ 688,135	\$ -	\$ -	\$ -	\$ 17,295	\$ 4,787
1240 Due from Other Governments	-	-	19,141	-	1,335	-
1260 Due from Other Funds	-	-	-	-	-	-
1290 Sundry Receivables	-	45	520	-	-	-
1000 Total Assets	<u>688,135</u>	<u>45</u>	<u>19,661</u>	<u>-</u>	<u>18,630</u>	<u>4,787</u>
<b>LIABILITIES:</b>						
2100 Bank Overdraft	-	45	18,981	-	745	-
2110 Accounts Payable	-	-	160	-	590	-
2160 Accrued Wages	-	-	-	-	-	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	3,632
2300 Unearned Revenues	561,568	-	-	-	-	-
2000 Total Liabilities	<u>561,568</u>	<u>45</u>	<u>19,141</u>	<u>-</u>	<u>1,335</u>	<u>3,632</u>
<b>FUND EQUITY:</b>						
3600 Unreserved Fund Balance	126,567	-	520	-	17,295	1,155
3000 Total Fund Equity	<u>126,567</u>	<u>-</u>	<u>520</u>	<u>-</u>	<u>17,295</u>	<u>1,155</u>
4000 Total Liabilities and Fund Equity	<u>\$ 688,135</u>	<u>\$ 45</u>	<u>\$ 19,661</u>	<u>\$ -</u>	<u>\$ 18,630</u>	<u>\$ 4,787</u>

429 Read to Succeed	435 Regional Day School for the Deaf	482 Dr. Hochman Grant	483 Misc. Local Grants	484 Project Protect	487 La Costa	499 Abstinence Education	2005 Non-Major Special Revenue Funds	2004 Non-Major Special Revenue Funds
\$ 52	\$ 288,335	\$ 4,603	\$ -	\$ -	\$ -	\$ -	\$ 4,147,008	\$ 3,044,944
-	-	-	-	109,118	3,898	27,692	3,542,178	2,661,466
-	-	-	-	-	-	-	559,652	412,695
-	-	-	-	-	-	-	41,476	10,150
<u>52</u>	<u>288,335</u>	<u>4,603</u>	<u>-</u>	<u>109,118</u>	<u>3,898</u>	<u>27,692</u>	<u>8,290,314</u>	<u>6,129,255</u>
-	-	-	-	-	2,925	27,692	3,415,691	2,480,741
-	-	-	-	-	973	-	498,466	448,987
-	-	-	-	109,118	-	-	243,339	57,465
-	-	-	-	-	-	-	291,616	174,392
-	-	-	-	-	-	-	3,632	2,955
-	13,579	-	-	-	-	-	585,147	601,288
<u>-</u>	<u>13,579</u>	<u>-</u>	<u>-</u>	<u>109,118</u>	<u>3,898</u>	<u>27,692</u>	<u>5,037,891</u>	<u>3,765,828</u>
<u>52</u>	<u>274,756</u>	<u>4,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,252,423</u>	<u>2,363,427</u>
<u>52</u>	<u>274,756</u>	<u>4,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,252,423</u>	<u>2,363,427</u>
<u>\$ 52</u>	<u>\$ 288,335</u>	<u>\$ 4,603</u>	<u>\$ -</u>	<u>\$ 109,118</u>	<u>\$ 3,898</u>	<u>\$ 27,692</u>	<u>\$ 8,290,314</u>	<u>\$ 6,129,255</u>



LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes	204 Safe Drug-Free Schools and Communities	206 Support for Homeless Education	211 Title I Disadvantage Children	212 Title I Part - C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-school
<b>REVENUES</b>						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-	-
5900 Federal Program Revenues	209,703	20,092	13,336,690	113,453	4,284,983	58,629
5020 Total Revenue	<u>209,703</u>	<u>20,092</u>	<u>13,336,690</u>	<u>113,453</u>	<u>4,284,983</u>	<u>58,629</u>
<b>EXPENDITURES:</b>						
0011 Instruction	1,683	13,485	10,522,998	1,812	3,345,608	58,101
0012 Instructional Resources & Media Services	191	-	243,853	-	-	-
0013 Development	395	-	530,368	-	250,943	528
0021 Instructional Leadership	-	-	310,244	-	195,079	-
0023 School Administration	-	-	-	-	-	-
0031 Guidance and Counseling Services	204,546	-	522,294	38,690	349,882	-
0032 Social Work Services	-	-	-	-	44,638	-
0033 Health Services	-	6,607	977,015	-	72,870	-
0034 Student (Pupil) Transportation	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	943	-	24,612	-
0041 General Administration	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	9,606	-	-	-
0052 Security and Monitoring Services	2,888	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	-
0061 Community Services	-	-	219,369	72,951	1,351	-
0081 Facilities Acquisition and Construction	-	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-	-
6030 Total Expenditures	<u>209,703</u>	<u>20,092</u>	<u>13,336,690</u>	<u>113,453</u>	<u>4,284,983</u>	<u>58,629</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>						
1100 Expenditures	-	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>						
7020 Other Resources	-	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	-	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

226 IDEA Part - B Discretionary	227 IDEA Part - B Deaf	228 IDEA Part B Pre-school Deaf	242 Summer Feeding Program	243 Tech Prep Planning/ Implementation	244 Vocational Education- Basic Grant	255 Title II Technology	261 Texas Reading First	262 Title II Technology	263 LEP Immigrant Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	32,958	-	-	-	-	-
12,953	10,529	2,715	559,427	-	528,615	2,303,862	3,686,909	343,792	1,889,422
12,953	10,529	2,715	559,427	32,958	528,615	2,303,862	3,686,909	343,792	1,889,422
1,639	8,610	2,715	-	31,328	383,871	1,166,646	3,429,359	135,718	1,041,589
-	-	-	-	-	-	-	-	-	324,292
5,314	1,919	-	-	-	38,533	978,552	208,736	208,074	119,742
-	-	-	-	1,630	2,527	144,791	48,814	-	391,462
-	-	-	-	-	-	-	-	-	6,956
-	-	-	-	-	4,791	13,847	-	-	-
-	-	-	-	-	98,893	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	549,424	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	10,003	-	-	-	-	-	1,172
-	-	-	-	-	-	26	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	4,209
-	-	-	-	-	-	-	-	-	-
6,000	-	-	-	-	-	-	-	-	-
12,953	10,529	2,715	559,427	32,958	528,615	2,303,862	3,686,909	343,792	1,889,422
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes	269 ESEA Title VI Innovative Educatoin	280 TIP 2	281 Tools for Schools	282 E-Rate	283 Target Grant	284 Advance Placement
<b>REVENUES</b>						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-	-
5900 Federal Program Revenues	159,110	1,343,034	-	-	290,624	-
5020 Total Revenue	<u>159,110</u>	<u>1,343,034</u>	<u>-</u>	<u>-</u>	<u>290,624</u>	<u>-</u>
<b>EXPENDITURES:</b>						
0011 Instruction	72,894	1,858,693	-	-	204,478	-
0012 Instructional Resources & Media Services	85,686	-	-	-	-	-
0013 Development	530	81,114	-	-	85,883	-
0021 Instructional Leadership	-	-	-	-	-	-
0023 School Administration	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	-	-	-	-
0041 General Administration	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-
0053 Data Processing Services	-	50,112	-	454,717	-	-
0061 Community Services	-	-	-	-	263	-
0081 Facilities Acquisition and Construction	-	-	-	380,295	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-	-
6030 Total Expenditures	<u>159,110</u>	<u>1,989,919</u>	<u>-</u>	<u>835,012</u>	<u>290,624</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)						
1100 Expenditures	<u>-</u>	<u>(646,885)</u>	<u>-</u>	<u>(835,012)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
7020 Other Resources	-	646,885	-	835,012	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>646,885</u>	<u>-</u>	<u>835,012</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	-	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

286	385	393	394	397	401	404	409	411	414
GEAR UP	Visually Impaired	Texas Successful School Prog	Pregnancy, Education and Parenting Prog	AP Incentive Program	Optional Extended Year	Accelerated Reading Program	Texas H. S. Completion & Success	Technology Allotment	TX Accelerated Science Achievement
\$ -	\$ -	\$ -	\$ 92,115	\$ -	\$ -	\$ -	\$ -	\$ 759,101	\$ -
-	2,996	-	106,753	65,838	176,331	1,005,460	103,419	652,857	46,402
225,404	-	-	-	-	-	-	-	-	-
225,404	2,996	-	198,868	65,838	176,331	1,005,460	103,419	1,411,958	46,402
180,027	2,728	14,991	4,499	13,204	150,192	830,910	103,419	4,154,643	41,099
-	-	-	-	-	-	-	-	-	-
21,125	268	473	453	450	-	174,550	-	147,049	4,244
23,149	-	-	999	-	8,962	-	-	157,924	1,059
-	-	60	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	144,093	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	44,824	-	11,779	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	613	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	25,000	-
-	-	2,682	4,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	134,815	-
1,103	-	-	-	-	5,398	-	-	13,096	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
225,404	2,996	18,819	198,868	13,654	176,331	1,005,460	103,419	4,632,527	46,402
-	-	(18,819)	-	52,184	-	-	-	(3,220,569)	-
-	-	-	-	-	-	-	-	3,967,972	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	3,967,972	-
-	-	(18,819)	-	52,184	-	-	-	747,403	-
-	-	91,584	-	13,180	-	-	-	1,941,943	-
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 72,765	\$ -	\$ 65,364	\$ -	\$ -	\$ -	\$ 2,689,346	\$ -

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes	415 Pre-Kinder Expansion Grant	418 TRS Supplement Compensation	419 Ready To Read Grant	425 Mentor School	426 Crime Stoppers	427 Tabacco
<b>REVENUES</b>						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ 20,585	\$ -
5800 State Program Revenues	2,732,288	1,666,188	264,587	-	15,627	4,368
5900 Federal Program Revenues	-	-	-	-	-	-
5020 Total Revenue	<u>2,732,288</u>	<u>1,666,188</u>	<u>264,587</u>	<u>-</u>	<u>36,212</u>	<u>4,368</u>
<b>EXPENDITURES:</b>						
0011 Instruction	2,638,544	1,043,515	78,582	-	-	-
0012 Instructional Resources & Media Services	-	39,958	-	1,173	-	-
0013 Development	-	2,741	33,100	-	-	-
0021 Instructional Leadership	81,855	14,570	152,385	-	-	-
0023 School Administration	-	68,124	-	-	-	-
0031 Guidance and Counseling Services	-	57,234	-	-	18,917	4,151
0032 Social Work Services	-	25,445	-	-	-	-
0033 Health Services	-	27,493	-	-	-	-
0034 Student (Pupil) Transportation	-	76,141	-	-	-	-
0035 Food Services	-	98,150	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	1,525	-	-	-	-
0041 General Administration	-	24,809	-	-	-	-
0051 Plant Maintenance and Operations	-	170,284	-	-	-	-
0052 Security and Monitoring Services	-	39,860	-	-	-	217
0053 Data Processing Services	-	13,656	-	-	-	-
0061 Community Services	-	2,748	-	-	-	-
0081 Facilities Acquisition and Construction	-	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-	-
6030 Total Expenditures	<u>2,720,399</u>	<u>1,706,253</u>	<u>264,067</u>	<u>1,173</u>	<u>18,917</u>	<u>4,368</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>						
1100 Expenditures	<u>11,889</u>	<u>(40,065)</u>	<u>520</u>	<u>(1,173)</u>	<u>17,295</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
7020 Other Resources	-	40,065	-	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>40,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	11,889	-	520	(1,173)	17,295	-
0100 Fund Balance - Sept. 1 (Beginning)	114,678	-	-	1,173	-	1,155
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 126,567</u>	<u>\$ -</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ 17,295</u>	<u>\$ 1,155</u>

							Total	
429	435	482	483	484	487	499	2005	2004
Read to Succeed	Regional Day School for the Deaf	Dr. Hochman Grant	Misc. Local Grants	Career To School	La Costa	Abstinence Education	Non-Major Special Revenue Funds	Non-Major Special Revenue Funds
\$ -	\$ 185,084	\$ 6,481	\$ 8,375	\$ 109,118	\$ 3,897	\$ 86,840	\$ 1,271,596	\$ 627,462
75	405,785	-	-	-	-	-	7,281,932	8,334,685
-	-	-	-	-	-	-	29,379,946	25,227,731
<u>75</u>	<u>590,869</u>	<u>6,481</u>	<u>8,375</u>	<u>109,118</u>	<u>3,897</u>	<u>86,840</u>	<u>37,933,474</u>	<u>34,189,878</u>
-	468,618	5,989	9,288	-	3,897	-	32,025,372	27,917,327
23	-	-	-	-	-	-	695,176	1,112,198
-	-	-	-	108,159	-	-	3,003,243	2,502,767
-	-	-	-	-	-	-	1,535,450	1,489,421
-	-	-	-	-	-	-	75,140	125,696
-	42,185	-	-	-	-	-	1,256,537	1,032,401
-	-	-	-	889	-	-	313,958	242,818
-	-	-	-	-	-	86,840	1,170,825	1,175,469
-	-	-	-	-	-	-	132,744	113,911
-	-	-	-	-	-	-	647,574	495,092
-	-	-	-	-	-	-	27,693	36,884
-	-	-	-	-	-	-	49,809	83,745
-	-	-	-	-	-	-	197,747	258,511
-	-	-	-	70	-	-	43,061	1,134,758
-	-	-	-	-	-	-	653,300	163,254
-	-	-	-	-	-	-	320,488	647,821
-	-	-	-	-	-	-	380,295	1,337,140
-	-	-	-	-	-	-	6,000	6,675
<u>23</u>	<u>510,803</u>	<u>5,989</u>	<u>9,288</u>	<u>109,118</u>	<u>3,897</u>	<u>86,840</u>	<u>42,534,412</u>	<u>39,875,888</u>
<u>52</u>	<u>80,066</u>	<u>492</u>	<u>(913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,600,938)</u>	<u>(5,686,010)</u>
-	-	-	-	-	-	-	5,489,934	4,445,385
-	-	-	-	-	-	-	-	(85,000)
-	-	-	-	-	-	-	5,489,934	4,360,385
52	80,066	492	(913)	-	-	-	888,996	(1,325,625)
-	194,690	4,111	913	-	-	-	2,363,427	3,694,433
-	-	-	-	-	-	-	-	(5,381)
<u>\$ 52</u>	<u>\$ 274,756</u>	<u>\$ 4,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,252,423</u>	<u>\$ 2,363,427</u>



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

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

**Debt Service (Fund 511)** – a governmental fund, with budgetary control, that must be used to account for LISD general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

**Public Facilities Corporation Debt Service (Fund 512)** – a governmental fund, with budgetary control, that must be used to account for PFC general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.



LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUND - DEBT SERVICES  
 AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

Data Control Codes	511 Debt Service	512 PFC Debt Service	Total		
			2005 Non Major Debt Service Funds	2004 Non Major Debt Service Funds	
<b>ASSETS:</b>					
1110	Cash and Temporary Investments, at cost	\$ 3,305,760	\$ 390,093	\$ 3,695,853	\$ 6,045,446
1210	Property Taxes Receivable	451,258	-	451,258	482,251
1230	Allowance for Uncollectible Taxes	(67,689)	-	(67,689)	(57,870)
1250	Accrued Interest	40,767	-	40,767	-
1260	Due from Other Funds	1,674,035	-	1,674,035	-
1290	Other Receivables	718,182	-	718,182	718,182
1910	Long Term Investments	3,299,175	-	3,299,175	-
1000	Total Assets	<u>9,421,488</u>	<u>390,093</u>	<u>9,811,581</u>	<u>7,188,009</u>
<b>LIABILITIES:</b>					
2110	Accounts Payable	-	-	-	1,755
2170	Due To Other Funds	396	-	396	1,587
2300	Unearned Revenue	383,570	-	383,570	424,381
2000	Total Liabilities	<u>383,966</u>	<u>-</u>	<u>383,966</u>	<u>427,723</u>
<b>FUND EQUITY:</b>					
3420	Reserved for Retirement of Indebtedness	9,037,522	390,093	9,427,615	6,760,286
3000	Total Fund Equity	<u>9,037,522</u>	<u>390,093</u>	<u>9,427,615</u>	<u>6,760,286</u>
4000	Total Liabilities and Fund Equity	<u>\$ 9,421,488</u>	<u>\$ 390,093</u>	<u>\$ 9,811,581</u>	<u>\$ 7,188,009</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR YEAR ENDED AUGUST 31, 2004

Data Control Codes	Debt Service Fund	PFC Debt Service Fund	Total		
			2005 Non Major Debt Service Funds	2004 Non Major Debt Service Funds	
REVENUES:					
5700	Local, Intermediate, and Out-of-State	\$ 3,369,738	\$ 441,726	\$ 3,811,464	\$ 2,814,516
5800	State Program Revenues	10,793,481	3,880,367	14,673,848	10,665,674
5020	Total Revenues	<u>14,163,219</u>	<u>4,322,093</u>	<u>18,485,312</u>	<u>13,480,190</u>
EXPENDITURES:					
0071	Principal on Long - Term Debt	7,760,000	2,405,000	10,165,000	7,440,000
0071	Interest on Long - Term Debt	6,442,872	2,332,354	8,775,226	7,101,332
0071	Other Fees	4,223,385	-	4,223,385	6,957
6030	Total Expenditures	<u>18,426,257</u>	<u>4,737,354</u>	<u>23,163,611</u>	<u>14,548,289</u>
Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	<u>(4,263,038)</u>	<u>(415,261)</u>	<u>(4,678,299)</u>	<u>(1,068,099)</u>
OTHER FINANCING SOURCES (USES):					
7911	Proceeds of Refunding Bonds	54,144,784	-	54,144,784	-
7916	Premium on Issuance of Bonds	3,769,839	-	3,769,839	-
7020	Transfer In	2,770,651	805,354	3,576,005	3,190,445
8949	Redemption of Refunded Bonds	(54,145,000)	-	(54,145,000)	-
7949	Payment to Refunded Bonds Escrow Agent	-	-	-	80,430
7080	Total Other Financing Sources (Uses):	<u>6,540,274</u>	<u>805,354</u>	<u>7,345,628</u>	<u>3,270,875</u>
1200	Net Changes in Fund Balance	2,277,236	390,093	2,667,329	2,202,776
0100	Fund Balance - Sept. 1 (Beginning)	6,760,286	-	6,760,286	4,557,510
3000	Fund Balance - August 31 (Ending)	<u>\$ 9,037,522</u>	<u>\$ 390,093</u>	<u>\$ 9,427,615</u>	<u>\$ 6,760,286</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Budgeted Amounts		2005 Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 2,453,234	\$ 2,801,593	\$ 3,369,738	\$ 568,145
5800	State Program Revenues	10,210,714	10,210,714	10,793,481	582,767
5020	Total Revenues	<u>12,663,948</u>	<u>13,012,307</u>	<u>14,163,219</u>	<u>1,150,912</u>
<b>EXPENDITURES:</b>					
0071	Principal on Long-Term Debt	8,165,000	7,760,000	7,760,000	-
0171	Interest on Long-Term Debt	6,753,251	6,723,251	6,442,872	280,379
0171	Other Fees	11,500	4,227,354	4,223,385	3,969
6030	Total Expenditures	<u>14,929,751</u>	<u>18,710,605</u>	<u>18,426,257</u>	<u>284,348</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Proceeds of Refunding Bonds	-	54,144,785	54,144,784	(1)
7916	Premium on Issuance of Bonds	-	3,769,839	3,769,839	-
7020	Transfer In	3,270,652	2,770,652	2,770,651	(1)
8949	Redemption of Refunded Bonds	-	(54,145,000)	(54,145,000)	-
7080	Total Other Financing Sources (Uses)	<u>3,270,652</u>	<u>6,540,276</u>	<u>6,540,274</u>	<u>(2)</u>
1200	Net Changes in Fund Balances	1,004,849	841,978	2,277,236	1,435,258
0100	Fund Balance - September 1 (Beginning)	-	6,760,286	6,760,286	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 1,004,849</u>	<u>\$ 7,602,264</u>	<u>\$ 9,037,522</u>	<u>\$ 1,435,258</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
PFC DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Budgeted Amounts		2005 Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 441,726	\$ 441,726
5800	State Program Revenues	-	3,932,000	3,880,367	(51,633)
5020	Total Revenues	-	3,932,000	4,322,093	390,093
EXPENDITURES:					
0071	Principal on Long-Term Debt	-	2,405,000	2,405,000	-
0171	Interest on Long-Term Debt	-	2,332,354	2,332,354	-
0171	Other Fees	-	-	-	-
6030	Total Expenditures	-	4,737,354	4,737,354	-
OTHER FINANCING SOURCES (USES):					
7020	Transfer In	-	805,354	805,354	-
7080	Total Other Financing Sources (Uses)	-	805,354	805,354	-
1200	Net Changes in Fund Balances	-	-	390,093	390,093
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 390,093	\$ 390,093



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

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

**QZAB #1 (Fund 625)** – to account for the payment of all or a portion of the District’s costs incurred in connection with the repair, rehabilitation, renovation, and replacement of school facilities at the Qualified Zone Academics Bond with consists of Martin, Nixon, and Cigarroa High School issued on 8/23/00.

**QZAB #2 (Fund 626)** – to account for the payment of all or a portion of the District’s costs incurred in connection with the repair, rehabilitation, renovation, and replacement of school facilities at the Qualified Zone Academics Bond with consists of Christen Middle, Cigarroa Middle, Memorial Middle, Cigarroa High, and Martin High School issued on 8/30/01.

**IFA #1 (Fund 697)** – to account for funds issued to construct and equip school buildings in the District and purchase the necessary sites for school buildings and to pay the cost associated with the issuance of the Bond sold on 9/01/01.

**IFA #1 (Fund 699)**– to account for funds issued to construct and equip school buildings in the District and purchase the necessary sites for school buildings and to pay the cost associated with the issuance of the Bond sold on 10/14/99.

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINED BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS  
 AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

Data Control Codes	625 QZAB #1 Bond Issue	626 QZAB#2 Bond Issue	697 IFA #2 Bond Issue	699 IFA #1 Bond Issue	Total	
					2005 Non Major Capital Project Funds	2004 Non Major Capital Project Funds
<b>ASSETS:</b>						
1110 Cash and Temporary Investments, at cost	\$ 1,704,998	\$ 307,774	\$ 9,161,098	\$ 6,818,934	\$ 17,992,804	\$ 53,991,231
1250 Accrued Interest	10,855	6,498	20,121	15,274	52,748	24,820
1260 Due from Other Funds	27,797	68,800	5,675	-	102,272	82,098
1910 Long Term Investments	4,000,000	4,000,000	4,000,000	1,999,000	13,999,000	-
1000 Total Assets	<u>5,743,650</u>	<u>4,383,072</u>	<u>13,186,894</u>	<u>8,833,208</u>	<u>32,146,824</u>	<u>54,098,149</u>
<b>LIABILITIES:</b>						
2110 Accounts Payable	705,841	252,889	1,808,352	840,453	3,607,535	4,403,351
2160 Accrued Wages	-	-	-	3,592	3,592	-
2170 Due to Other Funds	34,400	47,523	-	5,675	87,598	26,450
2000 Total Liabilities	<u>740,241</u>	<u>300,412</u>	<u>1,808,352</u>	<u>849,720</u>	<u>3,698,725</u>	<u>4,429,801</u>
<b>FUND EQUITY:</b>						
Unreserved:						
3510 Designated for Constructions	5,003,409	4,082,660	11,378,542	7,983,488	28,448,099	49,668,348
3000 Total Fund Equity	<u>5,003,409</u>	<u>4,082,660</u>	<u>11,378,542</u>	<u>7,983,488</u>	<u>28,448,099</u>	<u>49,668,348</u>
4000 Total Liabilities and Fund Equity	<u>\$ 5,743,650</u>	<u>\$ 4,383,072</u>	<u>\$ 13,186,894</u>	<u>\$ 8,833,208</u>	<u>\$ 32,146,824</u>	<u>\$ 54,098,149</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR YEAR ENDED AUGUST 31, 2004

Data Control Codes	625 QZAB #1 Bond Issue	626 QZAB #2 Bond Issue	697 IFA #2 Bond Issue	699 IFA #1 Bond Issue	Total		
					2005 Non Major Capital Project Funds	2004 Non Major Capital Project Funds	
REVENUES:							
5700	Local, Intermediate, and Out-of-State	\$ 118,959	\$ 138,710	\$ 406,640	\$ 290,687	\$ 954,996	\$ 811,353
5800	State Program Revenues	-	-	-	-	-	-
5900	Federal Program Revenues	-	-	-	-	-	-
5020	Total Revenues	<u>118,959</u>	<u>138,710</u>	<u>406,640</u>	<u>290,687</u>	<u>954,996</u>	<u>811,353</u>
EXPENDITURES:							
0081	Facilities Acquisition and Construction	<u>1,159,097</u>	<u>4,287,952</u>	<u>10,419,435</u>	<u>6,308,761</u>	<u>22,175,245</u>	<u>30,188,745</u>
6030	Total Expenditures	<u>1,159,097</u>	<u>4,287,952</u>	<u>10,419,435</u>	<u>6,308,761</u>	<u>22,175,245</u>	<u>30,188,745</u>
Excess (Deficiency) of Revenues Over							
1100	(Under) Expenditures	<u>(1,040,138)</u>	<u>(4,149,242)</u>	<u>(10,012,795)</u>	<u>(6,018,074)</u>	<u>(21,220,249)</u>	<u>(29,377,392)</u>
0100	Fund Balance - Sept. 1 (Beginning)	6,043,547	8,231,902	21,391,337	14,001,562	49,668,348	79,045,740
	Adjustment to Fund Balance	-	-	-	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 5,003,409</u>	<u>\$ 4,082,660</u>	<u>\$ 11,378,542</u>	<u>\$ 7,983,488</u>	<u>\$ 28,448,099</u>	<u>\$ 49,668,348</u>





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

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

**Private-Purpose Trust Funds**

Fiduciary funds are used to account for endowments received from individuals and/or organizations for specific purposes for which the principal, and interest earned or revenue may be used. The trust funds for the district include:

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

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

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 PRIVATE-PURPOSE TRUST FUNDS  
 AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

Data Control Codes	Reading is Fundamental	Crime Stoppers	Special Ed. Special Olympic Prog	Scholarship Program	Total	
					2005	2004
<b>ASSETS:</b>						
1110 Cash and Temporary Investment, at Cost	\$ -	\$ -	\$ -	\$ 101,449	\$ 101,449	\$ 147,540
1260 Due from Other Funds	-	-	-	-	-	-
1000 Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,449</u>	<u>101,449</u>	<u>147,540</u>
<b>LIABILITIES:</b>						
2110 Accounts Payable	-	-	-	2,000	2,000	1,325
2170 Due to Other Funds	-	-	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>1,325</u>
<b>NET ASSETS:</b>						
3490 Held in Trust	-	-	-	99,449	99,449	146,215
3000 Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,449</u>	<u>\$ 99,449</u>	<u>\$ 146,215</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005  
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2004

	Reading is Fundamental	Crime Stoppers	Special Ed. Special Olympic Prog	Scholarship Program	Total	
					2005	2004
Additions:						
Gifts and Bequest	\$ -	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ 142,787
Interest Earnings	-	-	-	2,891	2,891	1,174
Total Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,391</u>	<u>7,391</u>	<u>143,961</u>
Deductions:						
Materials and Supplies	721	1,742	-	-	2,463	-
Capital Outlay	-	2,747	-	-	2,747	-
Scholarships	-	-	1,906	47,041	48,947	48,525
Total Deductions	<u>721</u>	<u>4,489</u>	<u>1,906</u>	<u>47,041</u>	<u>54,157</u>	<u>48,525</u>
Changes in Net Assets	<u>(721)</u>	<u>(4,489)</u>	<u>(1,906)</u>	<u>(39,650)</u>	<u>(46,766)</u>	<u>95,436</u>
Net Assets - Beginning of the Year	<u>721</u>	<u>4,489</u>	<u>1,906</u>	<u>139,099</u>	<u>146,215</u>	<u>50,779</u>
Net Assets - End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,449</u>	<u>\$ 99,449</u>	<u>\$ 146,215</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005

STUDENT ACTIVITY FUND	Balance September 1, 2004	Additions	Deductions	Balance August 31, 2005
<b>ASSETS:</b>				
Cash and Temporary Investments, at cost	\$ 292,682	\$ 1,135,219	\$ 1,126,476	\$ 301,425
Total Assets	<u>292,682</u>	<u>1,135,219</u>	<u>1,126,476</u>	<u>301,425</u>
<b>LIABILITIES:</b>				
Due to Student Groups	292,682	1,135,219	1,126,476	301,425
Total Liabilities	<u>\$ 292,682</u>	<u>\$ 1,135,219</u>	<u>\$ 1,126,476</u>	<u>\$ 301,425</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT  
CAPITAL ASSETS**

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

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY  
 AUGUST 31, 2005

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Assets in Service	\$75,639,545	\$4,043,237	\$67,382,195	\$4,214,113
High Schools				
Martin	13,026,909	-	12,089,834	935,873
Nixon	1,395,103	1,478	354,410	792,185
Cigarroa	855,158	2,160	196,030	731,147
VMT Communications & Arts	183,762	-	24,373	191,041
Francisco Lara Academy	930,514	-	367,381	596,967
Middle Schools				
Christen	686,083	-	293,058	485,233
Lamar	1,140,063	-	88,641	1,171,167
Cigarroa	477,260	-	59,750	408,940
Memorial	550,339	168,439	115,526	296,603
Elementary Schools				
Bruni	8,847,783	1,516,836	6,755,993	584,768
Buenos Aires	155,586	-	129,502	84,507
Daiches	116,768	21,746	49,422	105,381
Farias	6,887,454	148,325	6,621,483	213,607
Heights	11,832	-	17,315	66,264
Tarver	382,499	-	287,050	123,491
Leyendecker	987	-	49,537	64,431
Macdonell	7,175,386	1,337,617	5,324,355	545,282
Milton	5,595,844	-	5,429,523	217,938
Alma Pierce	7,630,079	-	7,162,438	580,615
Ryan	24,702	-	79,630	37,346
Santa Maria	6,842,481	-	6,655,137	231,024
Santo Nino	5,327,524	-	5,227,258	167,631
D. D. Hachar	352,378	39,761	179,636	168,747
J. C. Martin	348,279	-	326,404	102,741
H. B. Zachry	1,902,447	-	1,812,417	179,574
J. Kawas	4,070,031	-	3,847,613	262,462
Dovalina	3,833,145	-	3,749,825	138,234
H. Ligarde	509,780	129,588	212,049	231,512
T. Sanchez/Ochoa	5,615,235	-	5,260,178	355,657
Other Departments				
Construction Department	486,326	97,625	-	53,678
Pregnancy Ed., & Parenting Program	29,427	-	-	25,164
St. Augustine High School	1,435	-	-	1,435
Blessed Sacrament School	490	-	-	490
Guadalupe School	11,364	-	-	11,364
St. Augustine Elementary School	306	-	-	306
St. Peters School	2,148	-	-	2,148
Juvenile Justice Center	1,354	-	-	1,354
Non Public Schools	5,812	-	-	5,812
Summer Programs	9,185	-	-	9,185
Board Room	119,382	-	-	119,382
Tax Office	82,183	-	1,574	84,656
Risk Management	63,926	-	6,850	56,243
Financial Management	176,913	-	-	166,273
Human Resources	159,293	-	-	136,165
Procurement & Asset Management	47,362	-	-	44,876
Office of Public Information	19,399	-	1,620	16,829
Safety & Occupational Health Dept.	36,441	-	-	36,441
Student Services	14,799	-	-	14,799
Internal Auditor	6,922	-	-	6,922

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY  
 AUGUST 31, 2005

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Hearings Officer	5,162	-	-	4,844
Assets Management	(879,991)	-	-	15,934
Records & Assets	96,885	-	-	96,885
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	120,520	-	-	121,290
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	11,212	-	-	6,049
Physical Ed.	831	-	-	831
At Risk	113	-	-	113
Language Arts Pk-12	2,189	-	-	2,189
Secondary Supervisor	43,429	-	-	43,429
Special Programs/Planning	54,240	-	22,745	26,937
Computer Assisted Instruction	(32,539)	-	3,458	108,265
Med Prep Program	3,417	-	-	3,417
State Deaf	10,707	-	-	10,707
Instructional Department	55,970	-	34,182	21,788
Academic Ldr. Communications	118,996	-	-	118,996
Staff Development	1,293	-	-	1,293
Career & Technology	62,004	-	-	66,747
Academic Ldr. Wellness	49,130	-	-	49,130
Department of Assessment	12,757	-	-	12,757
Section 504	7,341	-	-	7,716
Administration	37,317	-	-	37,317
District Wide	1,934,109	1,060,099	(130,140)	999,817
Crimestoppers	2,255	-	-	1,955
Instructional Technology	152,124	-	-	-
Guidance and Counseling	3,052	-	-	3,052
Health Services	17,236	-	1,687	16,437
Pupil Transportation	961,594	1,250	47,907	1,245,973
Athletic	327,360	-	-	334,616
Special Education	508,804	-	-	371,540
Discipline Management	7,437	-	-	7,437
Printing/Creative Services	13,408	-	-	35,158
Instructional Television	167,701	-	3,246	155,448
Postal Services	16,273	-	-	16,273
Information Technology	1,360,809	-	7,586	1,061,397
Division of Operations	1,005,659	-	145,150	825,957
LJSD Police Department	214,276	-	-	200,688
Energy Conservation Prog.	410,789	-	-	410,789
Child Nutrition Program	4,985,804	2,000	550,599	4,083,194
Title I Regular	1,077,585	-	-	1,066,316
Title I Migrant	14,348	-	-	14,348
Title VI	5,905	-	-	5,905
Drug Free Schools	6,671	-	-	7,183
Worker's Compensation	1,421	-	-	1,421
ADA	276,243	48,342	227,760	143
Total Assets by Location	<u>99,413,534</u>	<u>5,966,005</u>	<u>74,963,774</u>	<u>18,538,296</u>
Total Assets in Service	175,107,622	10,009,242	142,345,969	22,752,409
Construction in Progress	86,793,218	-	-	-
Total General Fixed Assets	<u>\$261,900,837</u>	<u>\$10,009,242</u>	<u>\$142,345,969</u>	<u>\$22,752,409</u>



LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY  
 AUGUST 31, 2005

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets in Service	\$ 74,911,625	\$ -	\$ 2,546,565	\$ 72,365,060
<b>HIGH SCHOOLS:</b>				
Martin	13,121,899	204,807	193,928	13,132,778
Nixon	1,148,074	1,610,928	301,869	2,457,133
Cigarroa	929,337	228,158	363,463	794,032
VMT Communications & Arts	215,414	5,345	68,650	152,109
Francisco Lara Academy	964,348	20,958	88,625	896,681
<b>MIDDLE SCHOOLS:</b>				
Christen	778,291	98,764	189,104	687,951
Lamar	1,259,807	11,041	250,530	1,020,318
Cigarroa	468,690	17,140	158,937	326,893
Memorial	580,567	62,286	122,744	520,109
<b>ELEMENTARY SCHOOLS:</b>				
Bruni	8,761,407	3,584	23,025	8,741,966
Buenos Aires	214,009	2,754	118,600	98,163
Daiches	176,549	4,296	123,858	56,987
Farias	6,983,415	1,503	193,425	6,791,493
Heights	83,579	2,136	-	85,715
Tarver	410,541	87,166	143,250	354,457
Leyendecker	93,904	10,737	-	104,641
Macdonell	7,227,317	6,110	66,599	7,166,828
Milton	5,647,460	3,742	106,974	5,544,228
Alma Pierce	7,749,909	12,929	238,878	7,523,960
Ryan	110,121	110,767	188,465	32,423
Santa Maria	6,886,161	4,429	92,544	6,798,046
Santo Nino	5,388,432	1,871	136,600	5,253,703
D. D. Hachar	377,910	73,482	73,924	377,468
J. C. Martin	414,125	9,546	171,279	252,392
H. B. Zachry	2,004,922	7,904	186,992	1,825,834
J. Kawas	4,145,738	5,338	85,425	4,065,651
Dovalina	3,875,189	5,338	115,165	3,765,362
H. Ligarde	589,468	-	126,739	462,729
T. Sanchez/Ochoa	5,598,951	-	111,475	5,487,476
<b>OTHER DEPARTMENTS:</b>				
Construction Dept.	97,625	947,805	-	1,045,430
Pregnancy Ed., & Parenting Program	37,968	8,525	4,775	41,718
St. Augustine High School	1,435	-	-	1,435
Blessed Sacrament School	490	-	-	490
Guadalupe School	11,364	-	-	11,364
St. Augustine Elementary School	306	-	-	306
St. Peters School	2,148	-	-	2,148
Juvenile Justice Center	1,354	-	-	1,354
Non Public Schools	5,812	-	-	5,812
Summer Programs	9,185	-	-	9,185
Board Room	119,382	-	-	119,382
Tax Office	86,229	4,580	12,674	78,135
Risk Management	63,093	1,666	-	64,759
Financial Management	166,273	51,648	30,367	187,554
Human Resources	136,165	48,206	1,949	182,422
Procurement & Asset Management	44,876	4,972	-	49,848
Office of Public Information	18,449	1,899	-	20,348
Safety & Occupational Health Dept.	36,441	-	-	36,441

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY  
 AUGUST 31, 2005

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Student Services	14,799	-	-	14,799
Internal Auditor	6,992	-	-	6,992
Hearings Officer	4,843	635	-	5,478
Assets Management	15,934	32,086	-	48,020
Records & Assets	96,885	-	-	96,885
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	119,190	-	1,540	117,650
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	6,049	12,100	1,775	16,374
Physical Ed.	831	-	-	831
At Risk	113	-	-	113
Language Arts Pk-12	2,189	-	-	2,189
Science Department	850	-	-	850
Secondary Supervisor	43,079	-	-	43,079
Special Programs/Planning	49,682	9,116	-	58,798
Computer Assisted Instruction	111,723	-	-	111,723
Med Prep Program	2,917	-	-	2,917
State Deaf	10,707	-	-	10,707
Instructional Department	141,176	16,832	4,469	153,539
Academic Ldr. Communications	33,790	-	-	33,790
Staff Development	1,293	-	-	1,293
Career & Technology	66,747	28,619	38,106	57,260
Academic Ldr. Wellness	67,694	-	-	67,694
Department of Assessment	12,757	-	1,250	11,507
Section 504	7,715	-	750	6,965
Administration	18,753	-	-	18,753
District Wide	2,595,338	8,665	-	2,604,003
Crimestoppers	1,205	600	750	1,055
Instructional Technology	-	304,248	-	304,248
Guidance and Counseling	3,052	-	-	3,052
Health Services	18,124	-	1,775	16,349
Pupil Transportation	1,358,170	-	390,331	967,839
Athletic	334,616	4,928	19,440	320,104
Special Education	368,092	276,303	1,775	642,620
Discipline Management	10,913	-	-	10,913
Printing/Creative Services	31,681	8,275	-	39,956
Instructional Television	158,694	26,915	8,900	176,709
Postal Services	15,830	-	-	15,830
Information Technology	1,068,983	603,776	20,124	1,652,635
Division of Operations	971,550	72,655	3,550	1,040,655
Support Services	-	547	-	547
LISD Police Dept.	302,179	27,175	-	329,354
Energy Conservation Prg.	464,467	-	-	464,467
Child Nutrition Program	4,526,878	756,704	56,687	5,226,895
Title I Regular	1,066,315	22,539	-	1,088,854
Title I Migrant	14,348	-	-	14,348
Title VI	5,904	-	-	5,904
Drug Free Schools	3,908	-	1,025	2,883
Worker's Compensation	1,421	-	-	1,421
ADA	276,244	-	-	276,244
Total Assets by Location	<u>101,490,561</u>	<u>5,895,078</u>	<u>4,643,079</u>	<u>102,742,560</u>
Total Assets in Service	176,402,186	5,895,078	7,189,644	175,107,621
Construction in Progress	53,274,456	34,091,337	572,575	86,793,218
Total General Fixed Assets	<u>\$ 229,676,642</u>	<u>\$ 39,986,415</u>	<u>\$ 7,762,219</u>	<u>\$ 261,900,837</u>

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
 FOR THE FISCAL YEAR ENDING AUGUST 31, 2005

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 8,618,503	\$ 141,072,185	\$ 13,979,191	\$ 53,274,455	\$216,944,334
Instruction	-	-	2,958,125	-	2,958,125
Instructional Resources & Media Services	-	-	644,831	-	644,831
Curriculum & Instructional Staff Development	-	-	60,630	-	60,630
Instructional Administration	-	-	276,397	-	276,397
School Administration	-	-	218,668	-	218,668
Guidance and Counseling Services	-	-	34,666	-	34,666
Social Work Services	-	-	34,227	-	34,227
Health Services	-	-	27,002	-	27,002
Student (Pupil) Transportation	-	-	846,572	-	846,572
Food Services	-	-	1,149,244	-	1,149,244
Cocurricular/Extracurricular Activities	-	-	439,300	-	439,300
General Administration	-	-	325,280	-	325,280
Plant Maintenance and Operations	-	-	272,526	-	272,526
Security and Monitoring Services	-	-	314,579	-	314,579
Data Processing Services	-	-	899,311	-	899,311
Community Services	-	-	967	-	967
Facilities Acquisition and Construction	1,390,739	1,273,783	270,894	33,518,762	36,454,178
Total Expenditures	<u>\$10,009,242</u>	<u>\$ 142,345,968</u>	<u>\$ 22,752,410</u>	<u>\$ 86,793,217</u>	<u>\$261,900,837</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT  
 STATISTICAL SECTION  
 AUGUST 31, 2005**

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 REVENUES (LAST 10 FISCAL YEARS)**

Source (1)	1996	1997	1998	1999
<b>Revenue from Local, Intermediate, &amp; Out of State Sources</b>				
Local real & property taxes	\$ 13,992,214	\$ 16,320,406	\$ 15,816,727	\$ 16,357,726
Revenues from sale of WADA & Shared Services				
Co-curricular, enterprising serv	155,404	118,858	178,087	360,188
Other revenue from local sources (2)	3,176,255	2,549,584	5,806,738	4,007,969
Revenue from intermediate sources	899,385	685,422	730,673	472,296
Total	<u>18,223,258</u>	<u>19,674,270</u>	<u>22,532,225</u>	<u>21,198,179</u>
<b>Revenue From State Sources:</b>				
Per capita and foundation	87,117,974	83,017,220	87,168,383	91,312,106
Instructional Facilities Allotment	-	-	-	-
Teacher Retirement System on Behalf	4,566,046	4,619,863	5,025,706	5,246,079
Other state programs	1,917,303	2,633,978	2,430,440	1,099,783
Other governmental agencies	76,349	95,978	30,807	74,308
Total	<u>93,677,672</u>	<u>90,367,039</u>	<u>94,655,336</u>	<u>97,732,276</u>
<b>Revenue From Federal Sources:</b>				
Federally distributed	399,330	1,724,270	834,725	1,749,553
Elementary and Secondary Education Act	9,658,785	8,358,632	9,279,077	9,845,730
Individuals w/Disabilities Education Act	881,814	810,060	1,063,163	1,268,969
Vocational Education - non foundation	362,280	343,575	442,241	474,270
Other state distributed federal prog (3)	458,202	5,227	24,081	7,071,074
Total	<u>11,760,411</u>	<u>11,241,764</u>	<u>11,643,287</u>	<u>20,409,596</u>
TOTAL	<u>\$ 123,661,341</u>	<u>\$ 121,283,073</u>	<u>\$ 128,830,848</u>	<u>\$ 139,340,051</u>

**GENERAL GOVERNMENTAL REVENUES BY SOURCE - PER AVERAGE DAILY ATTENDANCE**

Source (1)	1996	1997	1998	1999
Average Daily Attendance	21,648	21,229	21,005	20,975
Local real & property taxes	\$ 646	\$ 769	\$ 753	\$ 780
Other local revenue (2)	195	158	320	231
Total Revenue from Local, Intermediate, & Out of State Sources	<u>842</u>	<u>927</u>	<u>1,073</u>	<u>1,011</u>
Per capita and foundation	4,024	3,911	4,150	4,353
Teacher Retirement System on Behalf	211	218	239	250
Other state programs	92	129	117	56
Total Revenue From State Sources	<u>4,327</u>	<u>4,257</u>	<u>4,506</u>	<u>4,659</u>
Revenue from Federal Sources (3)	543	530	554	973
TOTAL	<u>\$ 5,712</u>	<u>\$ 5,713</u>	<u>\$ 6,133</u>	<u>\$ 6,643</u>

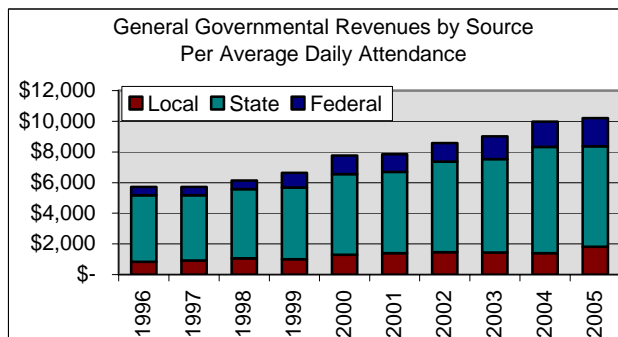
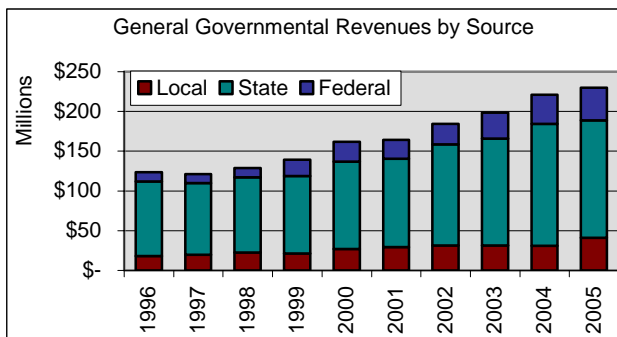
Notes:

- (1) Revenues for all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Project Funds.
- (2) Includes Chapter 41 Partnerships
- (3) Beginning FY 1993, the Food Service Program was accounted for as a Proprietary Fund; beginning FY 1999 it was accounted for as a part of the General Fund due to Provision II

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2000	2001	2002	2003	2004	2005	Variance 2004-2005
\$ 17,297,930	\$ 18,548,856	\$ 19,517,810	\$ 20,844,940	\$ 22,706,956	\$ 25,171,655	\$ 2,464,699
2,433,234	2,600,000	4,132,338	5,356,077	5,028,376	6,850,839	
415,807	377,096	387,581	443,233	399,076	459,328	60,252
6,569,804	7,311,092	6,892,279	4,496,839	2,724,961	8,290,111	5,565,150
456,857	576,448	407,063	435,118	242,053	229,454	(12,599)
<u>27,173,632</u>	<u>29,413,492</u>	<u>31,337,071</u>	<u>31,576,207</u>	<u>31,101,422</u>	<u>41,001,387</u>	<u>9,899,965</u>
96,323,829	97,023,045	109,242,309	111,916,179	131,713,457	119,915,636	(11,797,821)
6,242,364	6,246,279	10,741,406	10,763,283	10,665,674	14,673,848	4,008,174
5,368,792	5,262,434	5,445,715	8,696,250	7,981,849	6,356,609	(1,625,240)
1,135,477	1,147,187	1,577,947	1,902,723	3,089,194	6,662,788	3,573,594
460,962	1,313,909	100,414	882,222	8,140	53,027	44,887
<u>109,531,424</u>	<u>110,992,854</u>	<u>127,107,791</u>	<u>134,160,657</u>	<u>153,458,314</u>	<u>147,661,908</u>	<u>(5,796,406)</u>
1,806,381	2,266,735	2,058,085	1,944,918	1,475,563	1,581,381	105,818
13,292,760	10,933,051	12,074,656	18,437,381	20,588,434	23,985,834	3,397,400
1,902,892	1,914,291	2,038,489	2,151,434	3,359,351	4,369,809	1,010,458
403,053	355,866	446,210	558,422	452,566	528,615	76,049
7,592,391	8,468,726	9,326,711	9,459,612	10,650,957	10,627,832	(23,125)
<u>24,997,477</u>	<u>23,938,669</u>	<u>25,944,151</u>	<u>32,551,767</u>	<u>36,526,871</u>	<u>41,093,471</u>	<u>4,566,600</u>
<u>\$ 161,702,533</u>	<u>\$ 164,345,015</u>	<u>\$ 184,389,013</u>	<u>\$ 198,288,631</u>	<u>\$ 221,086,607</u>	<u>\$ 229,756,766</u>	<u>\$ 8,670,159</u>

2000	2001	2002	2003	2004	2005	Variance 2004-2005
20,853	20,929	21,495	22,013	22,160	22,533	373
\$ 830	\$ 886	\$ 908	\$ 947	\$ 1,025	\$ 1,117	\$ 92
474	519	550	487	379	703	324
<u>1,303</u>	<u>1,405</u>	<u>1,458</u>	<u>1,434</u>	<u>1,403</u>	<u>1,820</u>	<u>416</u>
4,619	4,636	5,082	5,084	5,944	5,322	(622)
257	251	253	395	360	282	(78)
376	416	578	615	621	949	328
<u>5,253</u>	<u>5,303</u>	<u>5,913</u>	<u>6,095</u>	<u>6,925</u>	<u>6,553</u>	<u>(372)</u>
1,199	1,144	1,207	1,479	1,648	1,824	175
<u>\$ 7,754</u>	<u>\$ 7,853</u>	<u>\$ 8,578</u>	<u>\$ 9,008</u>	<u>\$ 9,977</u>	<u>\$ 10,196</u>	<u>\$ 220</u>



Source: LISD Staff

**GENERAL GOVERNMENTAL EXPENDITURES (LAST 10 FISCAL YEARS)**

FUNCTION	1996	1997	1998	1999	2000
Instruction & Instruction Related Services	\$ 77,202,717	\$ 78,449,877	\$ 83,383,699	\$ 88,855,667	\$ 93,565,598
Instructional & School Leadership	7,897,626	10,252,438	10,978,086	10,916,864	10,461,998
Support Services - Student Pupil (2&4)	9,670,507	10,260,559	11,792,614	20,228,865	19,766,451
Administrative Support Services	4,121,629	4,198,490	4,123,578	4,369,011	4,007,453
Support Services - Non-Student Based	14,733,580	15,137,545	15,140,333	18,119,296	14,733,117
Ancillary Services	595,860	648,454	650,003	647,398	704,777
Debt Service	2,769,572	2,574,025	2,905,324	4,864,834	10,327,508
Capital Outlay	1,477,242	4,221,858	4,237,103	6,218,452	1,534,807
Intergovernmental Charges (3)	-	59,311	201,108	208,405	45,591
Total	<u>\$ 118,468,733</u>	<u>\$ 125,802,557</u>	<u>\$ 133,411,848</u>	<u>\$ 154,428,792</u>	<u>\$ 155,147,300</u>

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION PER AVERAGE DAILY ATTENDANCE

FUNCTION	1996	1997	1998	1999	2000
Average Daily Attendance	21,648	21,229	21,005	20,975	20,853
Instruction & Instruction Related Services	\$ 3,566	\$ 3,695	\$ 3,970	\$ 4,236	\$ 4,487
Instructional & School Leadership	365	483	523	520	502
Support Services - Student Pupil (2&4)	447	483	561	964	948
Administrative Support Services	190	198	196	208	192
Support Services - Non-Student Based	681	713	721	864	707
Ancillary Services	28	31	31	31	34
Debt Service	128	121	138	232	495
Capital Outlay	68	199	202	296	74
Intergovernmental Charges (3)	0	3	10	10	2
Total	<u>\$ 5,473</u>	<u>\$ 5,926</u>	<u>\$ 6,351</u>	<u>\$ 7,363</u>	<u>\$ 7,440</u>

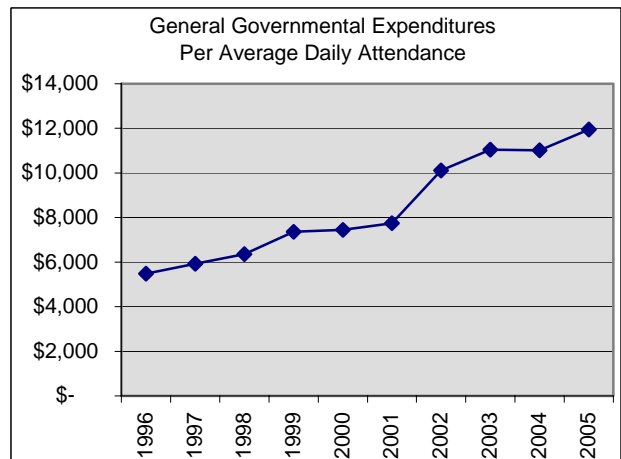
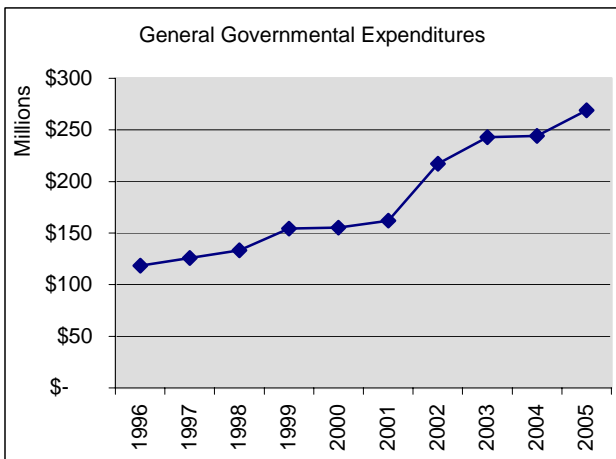
NOTES:

- (1) Expenditures of all governmental fund types of the District are included. These consist of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project 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.

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	2001	2002	2003	2004	2005	Variance 2004-2005
\$	93,506,287	\$ 100,278,509	\$ 115,157,386	\$ 124,125,253	\$ 130,271,571	\$ 6,146,318
	10,729,229	11,638,666	12,977,038	13,890,508	14,195,435	304,927
	21,686,609	23,167,073	26,448,660	28,596,196	30,876,115	2,279,919
	4,638,056	4,967,619	5,908,368	5,902,123	6,013,068	110,945
	14,882,475	16,202,077	18,043,254	21,137,158	24,002,549	2,865,391
	674,507	694,253	783,457	743,051	405,883	(337,168)
	10,096,159	20,475,728	14,693,175	15,497,714	26,921,211	11,423,497
	5,704,033	39,542,652	48,771,194	34,035,840	36,178,910	2,143,070
	152,257	269,543	311,938	147,567	206,600	59,033
<b>\$</b>	<b>162,069,612</b>	<b>\$ 217,236,120</b>	<b>\$ 243,094,470</b>	<b>\$ 244,075,410</b>	<b>\$ 269,071,342</b>	<b>\$ 24,995,932</b>

	2001	2002	2003	2004	2005	Variance 2004-2005
	20,929	21,495	22,013	22,160	22,533	373
\$	4,468	\$ 4,665	\$ 5,231	\$ 5,601	\$ 5,781	\$ 180
	513	541	590	627	630	3
	1,036	1,078	1,202	1,290	1,370	80
	222	231	268	266	267	1
	711	754	820	954	1,065	111
	32	32	36	34	18	(16)
	482	953	667	699	1,195	495
	273	1,840	2,216	1,536	1,606	70
	7	13	14	7	9	3
<b>\$</b>	<b>7,744</b>	<b>\$ 10,106</b>	<b>\$ 11,043</b>	<b>\$ 11,014</b>	<b>\$ 11,941</b>	<b>\$ 927</b>



Source: LISD Staff



**APPRAISAL ROLL & PROPERTY VALUES**

Tax Year (1)	Fiscal Year	Real Property				Personal Property			
		Appraised & Assessed Value (2)	Exemptions (3)	CAP LOSS (6)	Taxable Value	Appraised & Assessed Value	Exemptions (3)	CAP LOSS (6)	Taxable Value
1995	1995-1996	1,426,728,455	343,705,005	N/A	990,418,910	212,981,519	0	N/A	212,981,519
1996	1996-1997	1,542,060,098	488,768,529	N/A	1,053,291,569	215,709,566	0	N/A	215,709,566
1997 (5)	1997-1998	1,599,017,395	504,850,409	N/A	1,094,166,986	219,186,158	0	N/A	219,186,158
1998	1998-1999	1,665,964,331	561,939,788	278,180	1,104,024,543	228,116,930	0	0	228,116,930
1999	1999-2000	1,691,635,595	568,602,929	330,150	1,123,032,666	247,098,081	0	0	247,098,081
2000	2000-2001	1,723,343,398	592,479,666	36,006	1,130,827,726	256,727,464	0	0	256,727,464
2001	2001-2002	1,797,696,647	624,693,945	73,521	1,172,929,181	258,875,299	0	0	258,875,299
2002	2002-2003	2,055,489,803	624,693,945	104,106	1,430,691,752	254,313,707	0	0	254,313,707
2003	2003-2004	1,897,272,357	554,430,833	3,658,759	1,339,182,765	270,837,330	0	0	270,837,330
2004	2004-2005	1,967,477,564	563,253,209	2,539,616	1,401,684,739	271,781,800	0	0	271,781,800

Tax Year (1)	Fiscal Year	Webb County Appraisal District Certified Control Total Values				Webb County Appraisal District Certified Exemption Values			
		Appraised & Assessed Value (2)	Exemptions (3)	CAP LOSS (6)	Taxable Value	Partial Exemptions	Agricultural Value Lost	CAP LOSS (6)	Totally Exempt Values
1995	1995-1996	1,635,069,091	351,683,195	N/A	1,283,385,896	112,274,575	2,621,420	N/A	245,164,128
1996	1996-1997	1,727,841,192	360,060,123	N/A	1,367,781,069	107,395,990	2,445,810	N/A	241,841,395
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	1,891,246,886	561,609,638	278,180	1,329,359,068	230,843,843	2,839,470	278,180	327,926,325
1999	1999-2000	1,928,133,696	568,566,923	330,150	1,359,236,623	234,640,748	2,869,060	330,150	331,057,115
2000 (7)	2000-2001	1,983,673,302	592,479,666	36,006	1,391,157,630	232,622,874	2,868,530	36,006	356,988,262
2001	2001-2001	2,055,489,803	624,693,945	73,521	1,430,722,337	231,629,792	2,957,340	73,521	393,168,259
2002	2002-2003	2,168,109,687	675,624,975	104,106	1,492,380,606	227,742,357	2,958,140	104,106	447,882,618
2003	2003-2004	2,168,109,687	554,430,833	3,658,759	1,610,020,095	218,594,211	2,480,610	3,658,759	335,836,622
2004	2004-2005	2,374,160,241	563,253,209	2,539,616	1,808,367,416	221,582,262	745,280	2,539,616	341,670,947

**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.
- (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".

(8) Effective with tax year 2004, the Texas Legislature provided that all disable persons receive the same benefits as an Over 65 person, including the "freeze" provision.

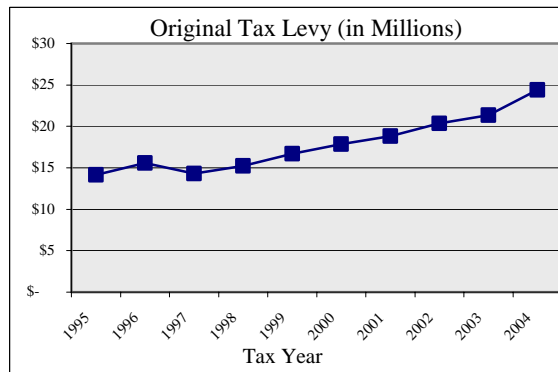
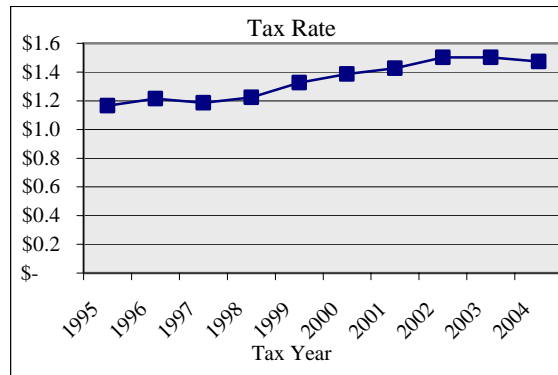
Source: LISD Tax Office

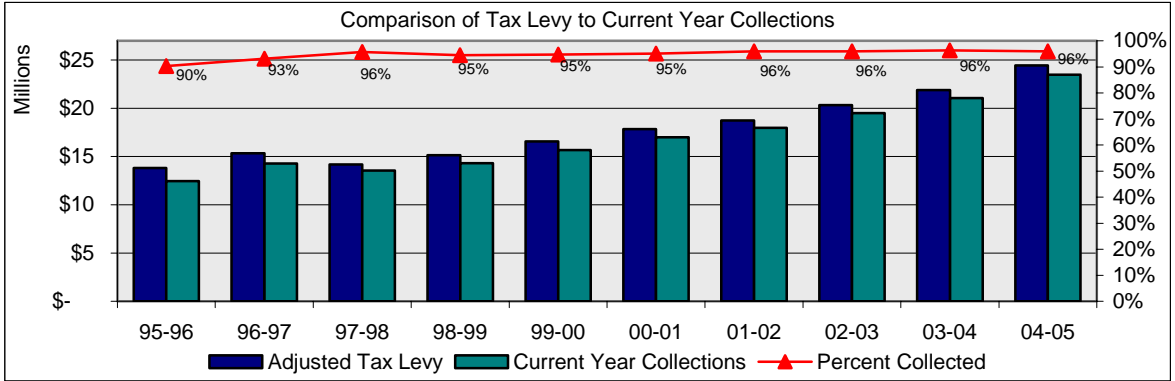
LISD PROPERTY TAX RATES AND TAX LEVIES

			Original	Early	Net Supplement	Adjusted	Current Year	Percent of
Tax	Fiscal	Tax	Tax	Payment	& Adjustments	Total Tax	Tax	Current Taxes
Year	Year	Rate [1]	Levy	Discounts	To Tax Levy	Levy [2]	Collections [3]	Collected
1995	95-96	1.165200	14,134,734	(226,384)	(106,879)	13,801,471	12,455,873	90.25%
1996	96-97	1.215000	15,597,657	(240,764)	(33,551)	15,323,342	14,270,245	93.13%
1997	97-98	1.185000	14,295,066	0	(128,997)	14,166,069	13,559,076	95.72%
1998	98-99	1.225000	15,224,088	0	(80,970)	15,143,118	14,312,047	94.51%
1999	99-00	1.326000	16,697,681	0	(145,622)	16,552,059	15,677,007	94.71%
2000	00-01	1.386000	17,854,904	0	(16,234)	17,854,904	16,985,143	95.13%
2001	01-02	1.426000	18,828,677	0	(69,678)	18,758,999	17,997,443	96.00%
2002	02-03	1.502714	20,378,959	0	(48,357)	20,330,602	19,517,103	96.00%
2003	03-04	1.502714	21,344,510	0	538,919	21,883,429	21,065,822	96.26%
2004	04-05	1.474110	24,426,783	0	27,456	24,454,239	23,477,269	96.00%

Notes:

1. Tax rates are at 100% of assessed value.
2. Tax Levy has been adjusted to account for supplements, adjustments and for discounts.





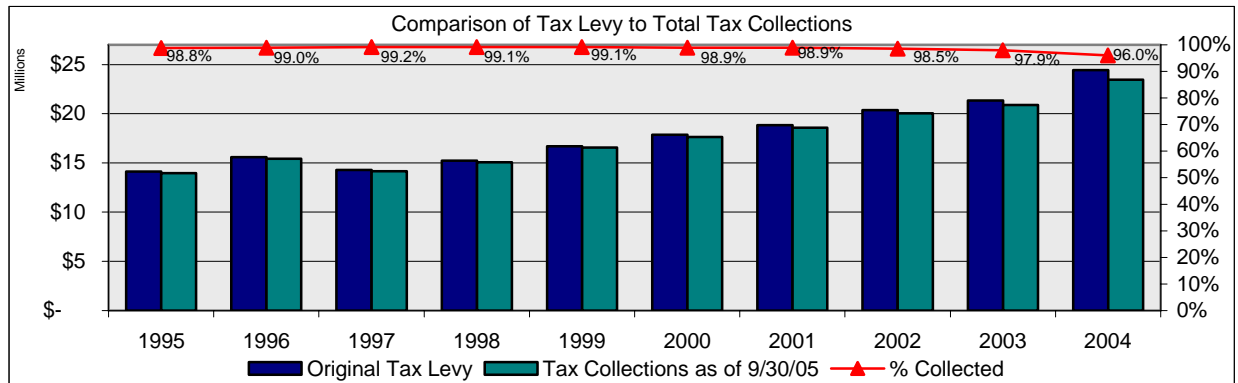
Source: LISD Tax Office

LISD PROPERTY TAX LEVIES & COLLECTIONS

Tax Year	Fiscal Year	Tax Rate (1)	Original Tax Levy (2)	Total Tax Collections as of 09-30-05	Percent of Total Tax Collections To Tax Levy (3)	Levy Balance as of 09-30-05
1995	1995-1996	1.165200	14,134,734	13,963,762	98.79%	170,972
1996	1996-1997	1.215000	15,597,657	15,435,726	98.96%	161,931
1997	1997-1998	1.185000	14,295,066	14,176,189	99.17%	118,877
1998	1998-1999	1.225000	15,224,088	15,092,026	99.13%	132,062
1999	1999-2000	1.326000	16,697,681	16,554,309	99.14%	143,372
2000	2000-2001	1.386000	17,854,904	17,658,136	98.90%	196,768
2001	2001-2001	1.426000	18,828,677	18,588,899	98.90%	239,778
2002	2002-2003	1.502714	20,378,959	20,047,135	98.54%	331,824
2003	2003-2004	1.502714	21,344,510	20,902,213	97.93%	442,297
2004	2004-2005	1.474110	24,426,783	23,449,813	96.00%	976,970

Notes:

1. Tax rates are at 100% of assessed value.
2. Tax Levy has been adjusted to account for supplements, adjustments and for discounts.



Source: LISD Tax Office

PROPERTY TAX RATES & TAX LEVIES COMPARISON  
OF DIRECT AND OVERLAPPING GOVERNMENTS

Property Tax Rates							
Tax Year	Fiscal Year	Laredo Independent School District	Increase (Decrease)	United Independent School District	Laredo Community College	City of Laredo	Webb County & Road/Bridge
1995	1995/1996	1.165200	1.165200	1.382800	0.159860	0.551601	0.349500
1996	1996/1997	1.215000	0.049800	1.382800	0.152900	0.526766	0.366378
1997	1997/1998	1.185000	(0.030000)	1.379090	0.156600	0.539930	0.389952
1998	1998/1999	1.225000	0.040000	1.414090	0.158000	0.539930	0.389952
1999	1999/2000	1.326000	0.101000	1.438480	0.164200	0.569218	0.535531
2000	2000/2001	1.386000	0.060000	1.426871	0.170000	0.576358	0.454952
2001	2001/2002	1.426000	0.040000	1.426870	0.216647	0.576358	0.445223
2002	2002/2003	1.502714	0.076714	1.476871	0.226500	0.630534	0.457923
2003	2003/2004	1.502714	0.000000	1.476871	0.236000	0.641761	0.472022
2004	2004/2005	1.474110	(0.028604)	1.526871	0.236000	0.637000	0.437923

Original Tax Levies						
Tax Year	Fiscal Year	Laredo Independent School District	United Independent School District	Laredo Community College	City of Laredo	Webb County & Road/Bridge
1995	1995/1996	14,134,734	38,000,660	5,328,054	16,464,305	15,816,123
1996	1996/1997	15,597,657	39,451,743	5,676,550	19,090,616	17,015,633
1997	1997/1998	14,295,066	41,025,925	6,085,735	20,550,142	19,133,916
1998	1998/1999	15,224,088	44,271,136	6,568,987	21,995,250	20,194,005
1999	1999/2000	16,697,681	47,253,707	7,329,145	24,784,224	22,862,130
2000	2000/2001	17,854,904	51,042,026	8,185,875	27,165,182	26,098,416
2001	2001/2002	18,828,677	57,959,460	11,215,837	29,221,694	28,877,392
2002	2002/2003	20,378,959	66,951,115	12,892,422	35,010,831	33,424,545
2003	2003/2004	21,344,510	72,156,593	14,540,002	38,455,159	35,073,016
2004	2004/2005	24,426,783	83,821,422	16,320,700	43,209,681	38,284,552

Notes:

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

Source: LISD Tax Office

DISTRICT'S PRINCIPAL TAXPAYERS

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

Source: LISD Tax Office

COMPUTATION OF LEGAL DEBT MARGIN

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Assessed Taxable Valuation of 2004 Tax Roll		1,808,367,416
Debt Limit - 10 Percent of Assessed Valuation		180,836,742
General Obligation Bonds Outstanding at Aug 31, 2005	\$183,899,931	
Less Amount Available in Debt Service Fund Bal. at Aug 31, 2005	<u>4,133,138</u>	
Applicable Debt		<u>(179,766,793)</u>
Legal Debt Margin at August 31, 2005		<u><u>\$1,069,949</u></u>

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

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

*Source: LISD Staff*



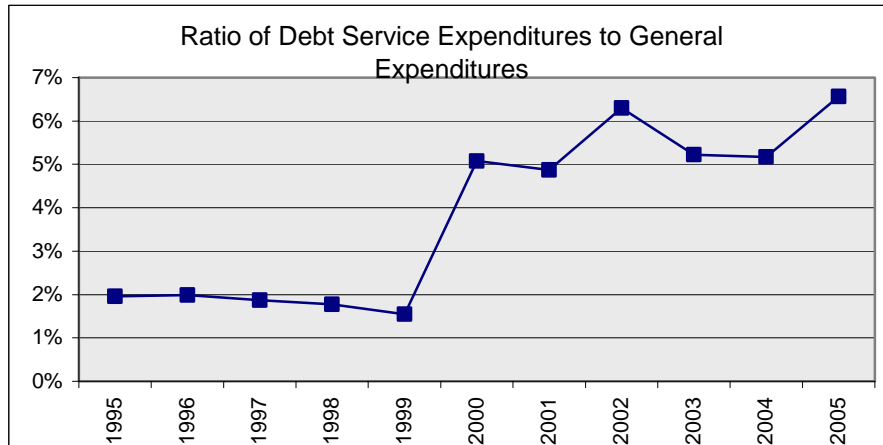
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL EXPENDITURES (1)

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Year Ended August 31	Debt Service Expenditures (\$)			Total General Expenditures (\$)	Ratio of Debt Service to General Expenditures
	Principal	Interest (2)	Total		
1995	1,365,000	979,783	2,344,783	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	155,147,300	5.07%
2001	3,340,000	4,546,057	7,886,057	162,033,739	4.87%
2002	6,685,000	6,966,528	13,651,528	216,628,901	6.30%
2003	5,985,000	6,941,548	12,926,548	247,448,169	5.22%
2004	6,100,000	6,749,818	12,849,818	248,339,567	5.17%
2005	9,195,000	8,472,756	17,667,756	269,125,506	6.56%

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 1999, the District issued the Unlimited Tax Schoolhouse Bond, Series 1999. In 2001, the District issued the Unlimited Tax Refunding Bond, Series 2001, refunding \$26,990,909 of principle from the 1999 Unlimited Tax Schoolhouse Bond issue. In 2005, the Public Facilities Corp for Series A-F and Unlimited Tax Schoolhouse Bond Series 2005 was issued. Also in 2005, the district issued the Unlimited Tax Refunding Bond, Series 2005, refunding \$54,144,784.



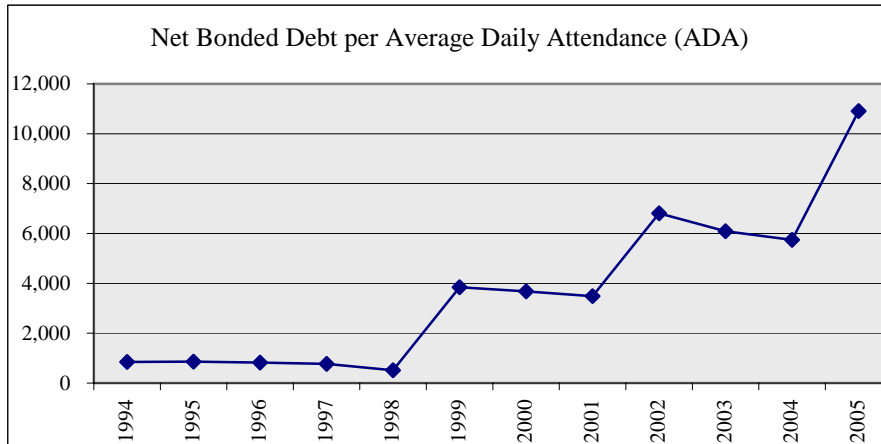
Source: LISD Staff

RATIO OF NET GENERAL BONDED DEBT  
TO NET BONDED DEBT PER AVERAGE DAILY ATTENDANCE (ADA)

Year Ended August 31	Average Daily Attendance	Assessed Value For Operations & Debt Service (\$) [1]	Gross Bonded Debt (\$)	Less Debt Service Funds (\$)	Net Bonded Debt (\$)	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Average Daily Attendance (\$)
1994	22,101	1,203,400,429	21,152,708	2,370,521	18,782,187	1.56%	849.83
1995	21,995	1,283,385,896	19,989,303	1,128,125	18,861,178	1.47%	857.52
1996	21,648	1,346,689,990	18,752,941	903,074	17,849,867	1.33%	824.55
1997	21,229	1,269,001,135	17,457,105	1,254,382	16,202,723	1.28%	763.24
1998	21,005	1,313,353,144	12,455,000	1,549,994	10,905,006	0.83%	519.16
1999	20,975	1,329,307,098	82,745,000	1,969,806	80,775,194	6.08%	3,851.02
2000	20,853	1,359,509,407	79,300,000	2,693,244	76,606,756	5.63%	3,673.66
2001	20,954	1,391,120,115	75,960,000	2,956,865	73,003,135	5.25%	3,483.97
2002	21,495	1,418,942,517	148,568,392	2,278,294	146,290,098	10.31%	6,805.77
2003	22,013	1,492,399,445	136,720,524	2,752,294	133,968,230	8.98%	6,085.87
2004	22,160	1,681,169,722	130,834,301	3,439,184	127,395,117	7.58%	5,748.88
2005	22,500	1,808,367,416	249,629,931	4,133,138	245,496,793	13.58%	10,910.97

Note:

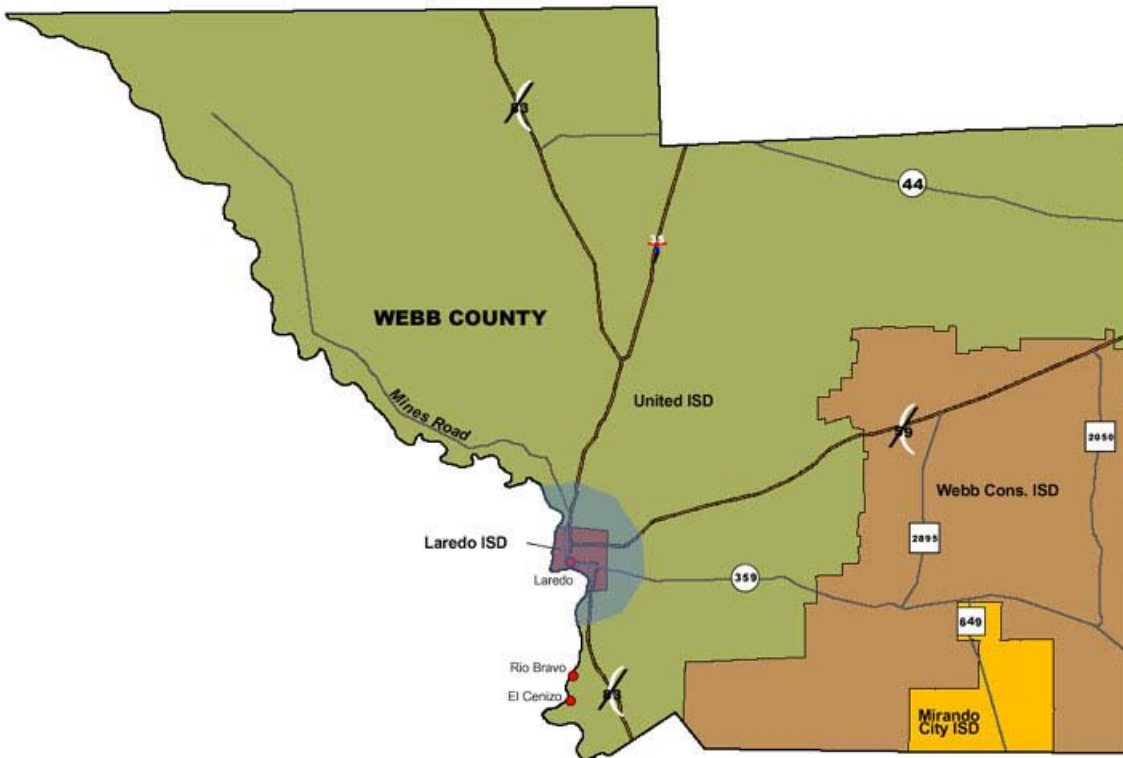
1. Assessed valuation after adjustments to tax levy.



Source: LISD Staff

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

<u>TAXING JURISDICTION</u>	<u>GROSS DEBT</u>	<u>PERCENT APPLICABLE</u>	<u>OVERLAPPING FUNDED DEBT</u>
City of Laredo	\$190,860,000	18.13%	\$34,602,918
County of Webb	\$60,083,818	42.00%	\$29,015,204
Laredo Community College	\$156,163,434	22.78%	<u>\$35,574,030</u>
Total			<u><u>\$99,192,152</u></u>
Laredo Independent School District	\$274,512,558	100.00%	<u>\$274,512,558</u>
Total Direct and Overlapping Debt			<u><u>\$373,704,710</u></u>



*Source: LISD Staff*

## INSURANCE IN FORCE

	Insurance Company	Amount of Insurance	Deductible	Policy Term	Estimated Annual Premium
<b>Health Insurance</b>					
	PacifiCare			09/01/04 to 08/31/05	Est. # Emp.3118
PPO 70/50 - Low Option		\$2,000,000	\$500		
PPO 80/60 - High Option		\$2,000,000	\$500		
PPO 90/70 - State Comparable		\$2,000,000	\$0		\$11,744,904 Est.
<b>Basic Group Life and AD&amp;D Insurance</b>					
	ING/ReliaStar Life Ins.			09/01/04 to 08/31/05	\$64,744 Est.
Group Life Insurance		\$10,000			
Accidental Death & Dismemberment		\$10,000			
<b>Property &amp; Casualty Package:</b>					
<b>Property</b>					
	Travelers Lloyd's Insurance Company			03/03/05 to 03/03/06	\$686,160* Est.
<i>Total Insurable Values:</i>		\$286,662,122			
Loss Limits of Insurance		\$250,000,000	\$100,000		
Excess Loss Limits of Insurance		\$36,662,122	\$100,000		
Extra Expense		\$2,500,000	\$100,000		
Flood		\$5,000,000	\$100,000		
Earth Quake		\$5,000,000	\$100,000		
<b>Inland Marine</b>					
	Travelers Lloyd's Insurance Company			03/03/05 to 03/03/06	Included
Mobile Equipment		\$168,730	\$100,000		
EDP Equipment		\$30,528,840	\$100,000		
Musical Equipment		\$4,200,061	\$10,000		
AV Equipment		\$5,038,040	\$100,000		
Basis of Recovery		Replacement Cost			
<b>Crime</b>					
	Texas Political Subdivision			03/03/05 to 03/03/06	Included
Form B - Forgery or Alteration		\$50,000	\$5,000		
Form C - Theft, Disappearance & Destruction		\$50,000	\$5,000		
Form D - Other Property, Premises/Messenger		\$50,000	\$5,000		
Form O - Employee Dishonesty		\$200,000	\$5,000		
Form F - Computer Fraud		\$50,000	\$5,000		
<b>General Liability</b>					
	Texas Political Subdivision			03/03/05 to 03/03/06	Included
General Aggregate		\$5,000,000	\$10,000		
Each Occurrence		\$5,000,000	\$10,000		
Products & Completed Operations Aggregate		\$5,000,000	\$10,000		
Personal & Advertising Injury		\$5,000,000	\$10,000		
Employee Benefits each Claim		\$5,000,000	\$1,000		
Employee Benefits Aggregate Limit		\$5,000,000	\$1,000		
Damage to Rented Premises		\$100,000	\$10,000		
Medical Expense		\$5,000	\$1,000		
<b>Educator Legal Liability</b>					
	Illinois Union Insurance Company		SIR	03/03/05 to 03/03/06	Included
Each Claim		\$1,000,000	\$100,000		
Aggregate		\$1,000,000	\$100,000		
Type/Form			Claims Made Basis		
<b>Boiler &amp; Machinery</b>					
	Travelers Indemnity Company of CT			03/03/05 to 03/03/06	Included
Loss Limit of Insurance		\$50,000,000	\$5,000		
Deductible varies (Amount, Hours, Days or Percentage)					
<b>Business Automobile Policy</b>					
	Texas Political Subdivision			03/03/05 to 03/03/06	Included
<i>Total Insurable Values: Pre &amp; Post 1999</i>		\$7,000,517			
Statutory Limits: Bodily Injury Each Person		\$100,000	\$1,000 Comp		
Bodily Injury Each Accident		\$300,000	\$1,000 Collision		
Property Damage Each Accident		\$100,000	\$5,000 Liability		
<b>Terrorism Coverage</b>					
	Travelers Lloyd's Insurance Company			03/03/05 to 03/03/06	Included
Commercial Auto, Commercial General Liability, Commercial Crime, Educators Legal Liability, Boiler & Machinery, Commercial Inland Marine, Property		\$250,000,000	\$100,000		
Excess Loss Limits of Insurance		\$36,662,122	\$100,000		
<b>Law Enforcement Professional Liability</b>					
	Lexington Insurance Company		SIR	03/03/05 to 03/03/06	Included
Each Law Enforcement Wrongful Act		\$1,000,000	\$100,000		
Aggregate Limit		\$1,000,000	\$100,000		
*Includes Broker Fee \$35,000					
<b>Excess Workers' Comp. &amp; Employers Liab.</b>					
	Texas Political Subdivision			09/01/04 to 09/01/05	\$1,865,000 Est.
<i>Workers' Compensation</i>					
Statutory Limits: Bodily Injury by accident ea. accident	TPA: Attenta	\$1,000,000	\$0		
Bodily Injury by disease policy limit		\$5,000,000			
Bodily Injury by disease ea. employee		\$1,000,000			
*Includes Broker Fee \$20,000					
<b>Student Accident Insurance</b>					
	Bene-Marc/Clarendon National Insurance			08/01/05 to 07/31/06	\$171,374 Est.
Maximum Benefit - Blanket (U&C)		\$25,000	\$0		
Catastrophic Student Lifetime Benefit	AIG	\$5,000,000	\$25,000		
Catastrophic Cash Monthly Benefit	TPA: GM Southwest	\$5,000,000	\$25,000		
<b>ROCIIP Insurance Package</b>					
	Inscorp/ McGriff, Seibels & Williams Plan Adm. Westchester Fire Insurance Company			08/31/01 to 08/31/06	\$5,676,969 Est.
<b>Builders Risk</b>					
Per Occurrence All Locations		\$126,000,000	\$10,000		
Soft Costs		\$15,000,000	15 Day Soft Cost		
Earth Quake - Annual Aggregate		\$10,000,000	\$25,000		
Flood - Annual Aggregate		\$10,000,000	\$25,000* *(FZA: \$250,000 FZB: \$100,000)		
Off-Site Storage		\$1,000,000	\$10,000		
While in Transit		\$1,000,000	\$10,000		
Debris Removal		\$25,000	\$10,000		
Pollution Clean-Up		\$25,000	\$10,000		
<b>Workers' Comp. &amp; Employers Liab.</b>					
	American Home Assurance Company				
<i>Compensation and Employers Liability Insurance</i>					
Statutory Limits: Bodily Injury by accident ea. accident		\$1,000,000	\$0		
Bodily Injury by disease ea. employee		\$1,000,000			
Bodily Injury by disease policy limits		\$1,000,000			
<b>General Liability</b>					
	National Union Fire Insurance				
General Aggregate		\$2,000,000	\$0		
Products-Completed Operations Aggregate		\$2,000,000			
Personal & Advertising Injury		\$1,000,000			
Each Occurrence		\$1,000,000			
<b>Excess Liability</b>					
	National Union Fire Insurance		SIR		
Each Occurrence		\$25,000,000	\$10,000		
General Aggregate		\$25,000,000	\$10,000		
Products-Completed Operations Aggregate		\$25,000,000	\$10,000		
<b>Other</b>					
	Fidelity & Deposit			03/03/05 to 03/03/06	\$375 Est.
Employee Dishonesty Bond/Rodolfo Sanchez		\$100,000			
	Fidelity & Deposit			10/31/04 to 10/31/05	\$300 Est.
Employee Dishonesty Bond/Crime Stoppers		\$1,920	\$250		

STUDENT DEMOGRAPHICS

Ethnicity: Over 99% of the student population is of Hispanic descent as compared to 43.8% for the state, as indicated in the 2003-04 Academic Excellence Indicator System (AEIS) report. Less than one percent of students in the District are of African, White, or Asian ethnicity; the State's student population is 14.3% African-American, 38.7% White, and 2.9% Asian or Pacific Islander. The chart below shows the ethnic distribution of Laredo Independent School District students:

Ethnicity	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
African American	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Hispanic	98.0%	98.1%	98.2%	98.2%	98.3%	98.5%	98.9%	99.1%	99.2%	99.2%
White	1.8%	1.7%	1.6%	1.6%	1.5%	1.3%	0.9%	0.8%	0.7%	0.6%
Asian/Pacific Isl.	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%

Economically Disadvantaged: The percent of economically disadvantaged students is calculated as the sum of the students coded as eligible for free or reduced-price lunch or eligible for other public assistance, divided by the total number of students. Most of the students in our District are classified as economically disadvantaged with a 95.6%, compared to 43.8% in the state.

Limited English Proficiency (LEP): These are students identified as limited English proficient by the Language Proficiency Assessment Committee (LPAC) according to criteria established in the Texas Administrative Code. Not all pupils identified as LEP receive bilingual or English as a second language instruction, although most do. Percentages are calculated by dividing the number of LEP pupils by the total number of students in the school or district. 63.2% of students are classified as LEP compared to 15.3% in the State.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Economically Disadv.	83.7%	85.3%	86.6%	89.2%	89.5%	91.4%	91.1%	96.2%	95.5%	95.6%
LEP	60.1%	55.6%	53.1%	53.0%	54.2%	56.8%	58.7%	58.9%	59.9%	63.2%

Bilingual Program: Percentage of students identified as LEP and provided bilingual education service, including basic curriculum skills in their native language and language skill development in English through English as a Second Language methodology. The District has 62.8% of students participating compared to 14.1% in the State.

Special Education: This refers to the population served by programs for students with disabilities. Assessment decisions for students in special education programs are made by their Admission, Review, and Dismissal (ARD) committee. The ARD committee is made up of their parent(s) or guardian, teacher, administrator, and other concerned parties. 13.8% of students are in the Special Education program; 11.6% in the State.

Gifted & Talented (GT): The GT program offers students a challenging, differentiated, and extended curriculum to develop higher-order thinking skills and encourage independence and decision-making. Percentage of students participating in the GT program is 7.4% and 7.8% in the District and State, respectively.

Career and Technology Education: Programs which are directly related to the preparation of students for a career. 24.2% of students participate in CATE courses compared to 20.1% in the State.

Programs	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Bilingual/ESL	53.5%	51.4%	50.3%	50.6%	52.5%	56.5%	57.8%	58.6%	59.4%	62.8%
Career & Technology	9.9%	9.2%	8.4%	10.7%	13.8%	15.1%	14.7%	15.6%	21.7%	24.2%
Gifted & Talented	3.2%	3.6%	4.0%	5.7%	6.5%	7.0%	8.3%	8.6%	7.9%	7.4%
Special Education	10.1%	11.3%	11.8%	12.4%	12.8%	13.2%	13.1%	13.8%	14.5%	13.8%

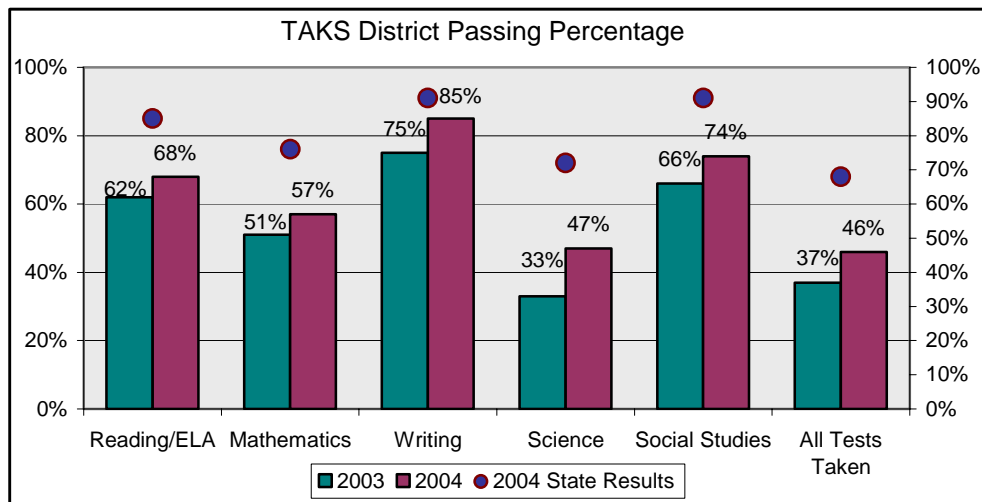
Source of Information: Texas Education Agency, Academic Excellence Indicator System  
(available at [www.tea.state.tx.us](http://www.tea.state.tx.us))

## ACADEMIC PERFORMANCE

As mandated by the 76<sup>th</sup> Texas Legislature in 1999, the Texas Assessment of Knowledge and Skills (TAKS) was administered beginning in the 2002-2003 school year. Previously, performance was measured by the Texas Assessment of Academic Skills (TAAS). The TAKS measures the statewide curriculum in reading at Grades 3-9; in writing at Grades 4 and 7; in English Language Arts at Grades 10 and 11; in Mathematics at Grades 3-11; in science at Grades 5, 10, and 11; and social studies at Grades 8, 10, and 11. The Spanish TAKS is administered at Grades 3 through 6. Satisfactory performance on the TAKS test at Grade 11 is a prerequisite to receiving a high school diploma.

The chart below compares the District's TAKS results for school years 2002-2003 and 2003-2004 with the State and Region; although scores remain low, the District has seen an improvement over the previous year:

	2003 TAKS			2004 TAKS			District Improvement
	State	Region	District	State	Region	District	
Reading/ELA	79%	73%	62%	85%	79%	68%	+ 6%
Mathematics	69%	61%	51%	76%	69%	57%	+ 6%
Writing	83%	80%	75%	91%	90%	85%	+ 10%
Science	60%	48%	33%	72%	62%	47%	+ 14%
Social Studies	85%	80%	66%	91%	86%	74%	+ 8%
All Tests Taken	58%	49%	37%	68%	59%	46%	+ 9%



The chart below displays the District's historic TAAS results for school years 1994 through 2002:

	TAAS RESULTS HISTORY									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Reading	65.9%	69.9%	67.0%	72.4%	71.7%	74.2%	76.8%	80.2%	82.6%	
Mathematics	50.8%	54.4%	64.6%	73.2%	71.3%	77.7%	80.7%	84.9%	86.6%	
Writing	73.4%	80.5%	77.0%	79.7%	79.2%	81.5%	80.4%	80.1%	82.9%	
Social Studies		45.2%	47.4%	39.5%	44.2%	46.6%	46.8%	66.1%	76.2%	
All Tests Taken	44.7%	49.0%	53.9%	61.4%	59.6%	64.4%	67.9%	71.3%	74.4%	

Source: Texas Education Agency, Academic Excellence Indicator System  
(available at [www.tea.state.tx.us](http://www.tea.state.tx.us))

The District's TAKS results by grade for school years 2002-2003 (03) and 2003-2004 (04) is displayed below:

READING														ENGLISH LANG. ARTS			
Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 9		Grade 10		Grade 11	
03	04	03	04	03	04	03	04	03	04	03	04	03	04	03	04	03	04
71%	81%	74%	74%	72%	62%	65%	68%	73%	63%	72%	71%	58%	60%	55%	52%	56%	75%

MATHEMATICS																	
Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 9		Grade 10		Grade 11	
03	04	03	04	03	04	03	04	03	04	03	04	03	04	03	04	03	04
80%	79%	81%	73%	80%	67%	57%	52%	55%	51%	54%	46%	41%	33%	58%	40%	46%	77%

WRITING			
Grade 4		Grade 7	
03	04	03	04
83%	86%	77%	85%

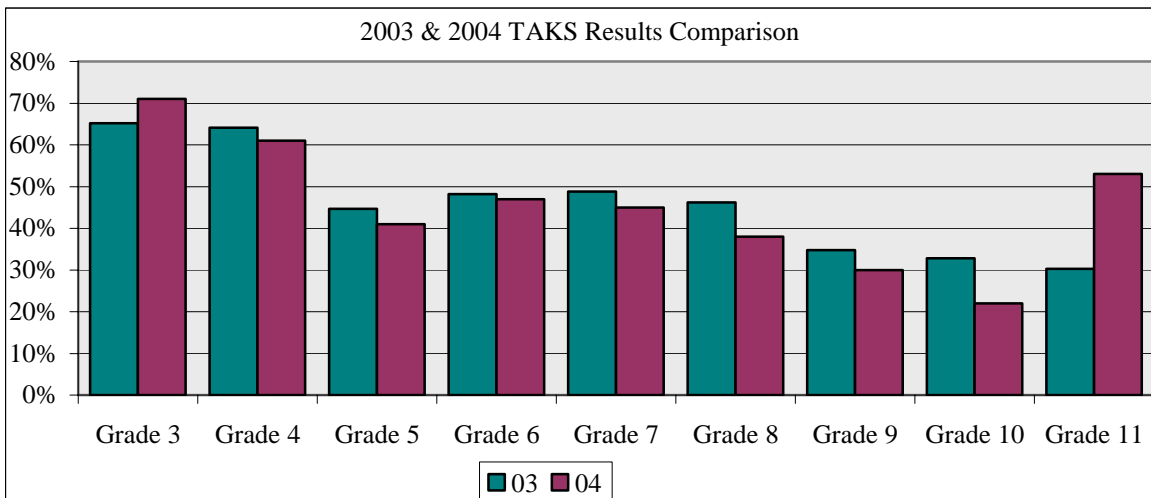
SCIENCE					
Grade 5		Grade 10		Grade 11	
03	04	03	04	03	04
53%	48%	47%	34%	40%	65%

SOCIAL STUDIES					
Grade 8		Grade 10		Grade 11	
03	04	03	04	03	04
78%	67%	71%	69%	74%	92%

TESTS TAKEN IN SPANISH									
READING								WRITING	
Grade 3		Grade 4		Grade 5		Grade 6		Grade 4	
03	04	03	04	03	04	03	04	03	04
70%	81%	70%	61%	68%	68%	86%	59%	74%	81%

TESTS TAKEN IN SPANISH									
MATHEMATICS								SCIENCE	
Grade 3		Grade 4		Grade 5		Grade 6		Grade 5	
03	04	03	04	03	04	03	04	03	04
75%	70%	52%	51%	51%	43%	43%	25%	34%	30%

ALL TESTS																	
Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 9		Grade 10		Grade 11	
03	04	03	04	03	04	03	04	03	04	03	04	03	04	03	04	03	04
65%	71%	64%	61%	45%	41%	48%	47%	49%	45%	46%	38%	35%	30%	33%	22%	30%	53%



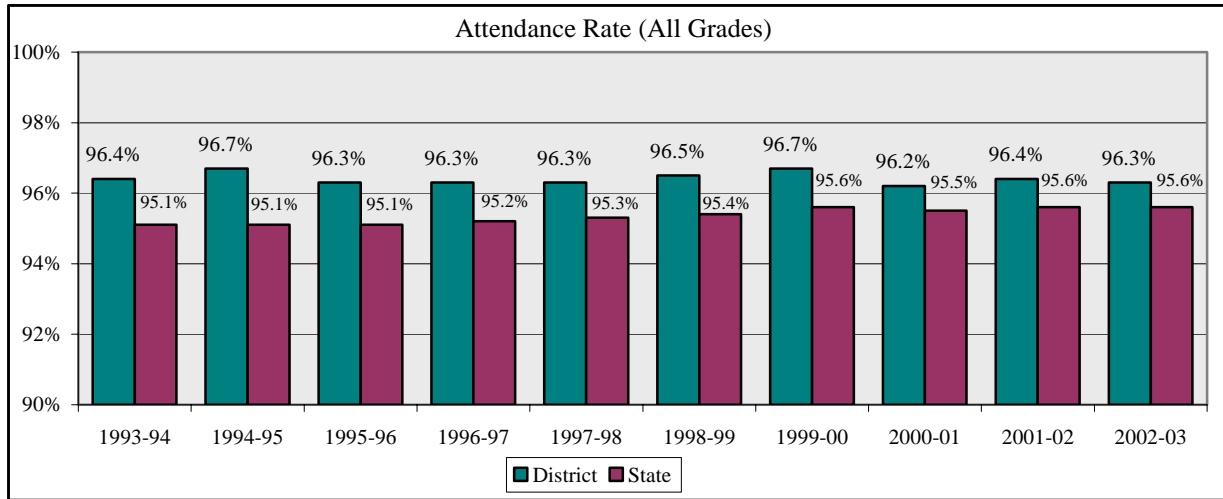


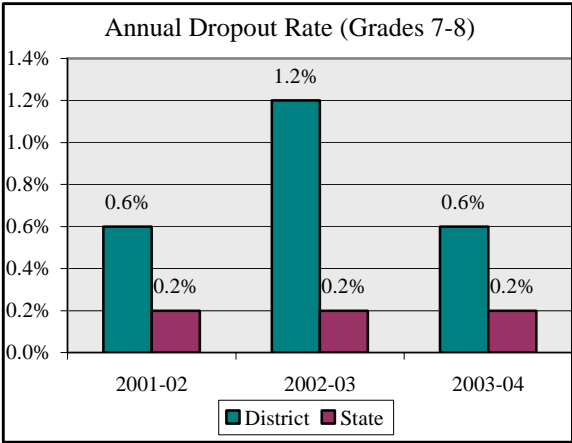
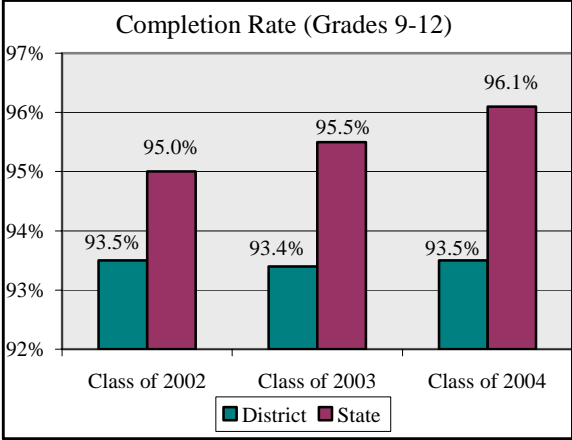
Source: Texas Education Agency, Academic Excellence Indicator System  
(available at [www.tea.state.tx.us](http://www.tea.state.tx.us))

ANNUAL DROPOUT, ATTENDANCE & COMPLETION RATES

The following charts present a comparison of the District and State's attendance rate, dropout rate for grades 7-8, and completion (graduation) rate for grades 9-12. The source of the information presented comes from the Texas Education Agency (TEA) website; as of September 2005, the most current information is presented in these charts.

The attendance rate of the District has been historically higher than the State's average. For school year 2002-2003, the District's attendance rate was 96.3%, compared to a State average of 95.6%. 93.5% students graduated from the Class of 2004, compared to 96.1% State-wide. The annual dropout rate for grades 7-8 for school year 2003-2004 was 0.6% for the District and 0.2% for the State.





Source: Texas Education Agency, Academic Excellence Indicator System & Accountability Rating System (available at [www.tea.state.tx.us](http://www.tea.state.tx.us))

ACADEMIC EXCELLENCE INDICATOR SYSTEM  
2003-2004 DISTRICT PROFILES

	Laredo	United	Corpus Christi	Socorro
<b>STUDENTS</b>				
1 Accreditation Status	AA	AA	AA	AA
2 Total No. of Schools	29	37	65	34
3 No. of Regular HS	3	4	5	4
4 Total Students	24,359	32,000	39,185	32,132
5 % African American	-	-	5.5	1.3
6 % Hispanic	99.0	97.0	72.5	92.6
7 % White	1.0	2.0	20.2	5.4
8 % Other	-	1.0	2.0	1.0
9 % Eco. Dis.	96.0	73.0	57.5	73.0
10 % Sp. Ed.	14.0	13.0	14.3	10.1
11 % Bilingual/ESL	63.0	43.0	8.0	24.6
12 % CATE	24.0	24.0	19.3	21.8
13 % GT	7.0	10.0	4.7	6.5
14 Attendance Rate	96.0	96.0	94.7	95.8
15 Annual Dropout Rate (02-03)7th - 8th	1.2	0.1	0.3	0.1
16 No. of Graduates ('03)	1,101	1,408	2,230	1,621
<b>TAKS</b>				
17 All Tests Taken	46	58	62	58
18 Reading	68	78	85	80
19 Writing	85	91	93	91
20 Mathematics	57	68	70	68
21 African American	57	61	50	56
22 Hispanic	46	57	58	57
23 White	63	74	78	71
24 Other	96	99	75	65
25 Eco. Dis.	45	53	56	54
<b>COLLEGE ADMISSIONS TESTS (Class of 2003)</b>				
26 Percent Tested	93.0	92.0	95.5	96.2
27 Percent At/Above Criterion	5.0	7.7	21.9	8.8
28 SAT Mean Score	829.0	874.0	962.0	866.0
29 ACT Mean Composite Score	16.4	17.2	18.6	19.3
<b>STAFF</b>				
30 Total Staff FTE	3,566	4,614	4,966	3,832
31 Total Teacher FTE	1,553	1,953	2,409	1,911
32 % Central Administration	1.0	0.4	1.2	0.6
33 % Campus Administration	2.0	2.5	3.3	2.4
34 % Professional Support Staff	9.0	2.5	7.9	9.9
35 % Teachers	44.0	42.3	48.5	49.9
36 % Educational Aides	14.0	12.5	11.1	5.6
37 % Auxiliary Staff	31.0	35.5	27.9	31.6
38 Avg. Central Admin. Salary	74,008	77,237	67,926	75,450
39 Avg. Campus Admin. Salary	66,312	57,532	57,695	64,254
40 Avg. Professional Admin. Salary	46,691	47,860	52,142	46,998
41 Avg. Teacher Salary	41,801	38,806	42,468	39,188
42 % Minority	96.0	94.3	64.3	79.5
43 No. of Students per Teacher	16.0	16.5	16.3	16.8

Source: Texas Education Agency, Academic Excellence Indicator System

Edinburg Cons.	Harlandale	Edgewood	Eagle Pass	South San Antonio	Galena Park
AA	AA	AA	AA	AA	R
34	23	22	23	21	22
3	2	2	1	2	2
25,250	14,072	12,873	13,385	9,928	20,388
0.2	1.0	2.0	-	2.0	21.0
96.8	95.0	97.0	97.0	95.0	66.0
2.6	4.0	1.0	1.0	3.0	11.0
0.4	-	-	2.0	-	2.0
85.2	89.0	95.0	91.0	90.0	70.0
9.0	16.0	14.0	9.0	11.0	12.0
29.6	13.0	19.0	35.0	16.0	23.0
21.1	20.0	19.0	25.0	16.0	25.0
8.2	6.0	7.0	9.0	6.0	5.0
95.8	95.0	94.0	95.0	95.0	96.0
0.1	0.2	-	0.4	0.2	0.2
1,103	841	585	592	554	1,137
59	56	50	61	53	69
80	83	76	80	78	86
91	94	90	90	92	94
68	65	61	72	62	78
74	57	48	88	45	67
58	56	50	61	53	67
73	63	60	84	63	76
95	75	N/A	62	71	94
56	56	51	60	53	67
94.6	94.0	94.0	95.0	95.0	95.0
7.6	4.0	3.0	10.0	7.0	10.0
907.0	826.0	791.0	871.0	818.0	900.0
16.9	16.9	15.3	17.3	17.2	17.3
3,596	2,087	1,893	1,864	1,369	2,740
1,632	942	754	770	660	1,461
0.2	1.0	-	-	1.0	2.0
1.6	3.0	3.0	2.0	3.0	2.0
8.7	9.0	13.0	6.0	7.0	6.0
45.4	45.0	40.0	41.0	59.0	53.0
12.2	9.0	8.0	14.0	13.0	5.0
31.9	34.0	36.0	36.0	29.0	32.0
94,083	77,726	81,172	76,736	74,615	71,440
62,348	64,241	57,428	63,291	60,833	62,156
47,209	50,141	47,034	51,259	51,817	50,408
39,752	40,641	40,992	41,360	43,227	40,428
93.2	74.0	82.0	94.0	75.0	52.0
15.5	15.0	17.0	17.0	15.0	14.0

Source: Texas Education Agency, Academic Excellence Indicator System

ACADEMIC EXCELLENCE INDICATOR SYSTEM (Continued)  
2003-2004 DISTRICT PROFILES

	Laredo	United	Corpus Christi	Socorro
<b>TEACHERS</b>				
44 Avg. Years of Experience	13.0	9.1	14.2	10.1
45 % with Advanced Degrees	14.0	13.0	44.0	21.0
46 Teacher Turnover Rate	11.0	10.6	13.1	10.3
47 % African American	-	0.4	3.0	2.3
48 % Hispanic	92.0	87.6	45.5	66.6
49 % White	6.0	0.4	50.3	29.6
50 % Other	2.0	2.0	1.0	1.5
51 % Regular Ed.	47.0	63.0	73.8	63.7
52 % Special Ed.	11.0	11.0	13.3	10.0
53 % Compensatory Ed.	2.0	1.0	2.7	0.4
54 % Bilingual/ESL	26.0	17.0	-	18.7
55 % CATE	5.0	5.0	3.9	4.3
56 % Other Ed. (includes GT)	11.0	4.0	5.3	3.8
<b>TAXES AND REVENUES</b>				
57 Taxable Value per Pupil	58,470	160,646	182,214	98,767
58 Equalized Total Tax Rate	1.5	1.5	1.6	1.6
59 Total Revenue (in millions)	196.1	216	292	224
60 Total Revenue per Pupil	8,211	7,046	7,448	7,493
61 % State	68.0	60.0	48.4	68.4
62 % Local and Other	15.0	33.0	40.0	22.0
63 % Federal	17.0	7.0	12.2	9.1
<b>FUND BALANCE</b>				
64 Fund Balance (End of 02-03, in millions)	11.2	19.0	37.4	26.8
65 % Fund Balance (of 03-04 Budget)	7.0	10.6	15.9	14.7
<b>EXPENDITURES</b>				
66 Total Expenditures (in millions)	199.1	225.7	291.2	218.9
67 % Instructional	52.0	51.0	54.3	48.6
68 % Central Administration	3.0	3.4	2.5	2.5
69 % Campus Administration	5.0	6.0	5.1	4.6
70 % Plant Services	7.0	9.0	9.4	9.0
71 % Other Operating	2.0	1.6	2.3	1.6
72 % Non-Operating	15.0	15.4	15.0	13.1
73 Total Operating Expenditures (in millions)	169.3	199.3	270.6	190.2
74 Total Operating Exp. per Pupil	8,339	7,363	7,416	7,318
<b>INSTRUCTIONAL EXPENDITURES</b>				
75 Total Instructional Exp. (in millions)	103.3	114.8	267.3	106.3
76 Total Instructional Exp. per Pupil	4,466	3,858	4,203	3,654
77 % Regular Ed.	63.0	67.0	66.0	53.7
78 % Sp. Ed.	11.0	12.0	14.3	12.8
79 % Compensatory Ed.	18.0	1.0	0.3	11.7
80 % Bilingual/ESL	3.0	3.0	0.3	14.8
81 % CATE	4.0	4.0	4.0	3.9
82 % GT	1.0	1.0	0.3	0.2

Source: Texas Education Agency, Academic Excellence Indicator System

Edinburg Cons.	Harlandale	Edgewood	Eagle Pass	South San Antonio	Galena Park
11.7	11.0	12.0	11.0	13.0	9.0
13.0	30.0	22.0	18.0	33.0	26.0
10.5	12.0	20.0	11.0	11.0	13.0
0.1	3.0	5.0	-	2.0	21.0
88.3	58.0	63.0	89.0	58.0	20.0
11.1	38.0	30.0	10.0	38.0	56.0
0.5	1.0	1.0	1.0	1.0	3.0
44.0	70.0	65.0	56.0	53.0	67.0
8.8	14.0	10.0	8.0	10.0	8.0
1.8	-	2.0	1.0	6.0	1.0
30.6	10.0	15.0	23.0	16.0	14.0
4.5	4.0	4.0	4.0	4.0	5.0
10.0	3.0	4.0	8.0	11.0	6.0
114,872	64,326	50,550	75,590	78,758	177,822
1.6	1.8	1.6	1.4	1.7	1.8
202	124	115	94	84	159
8,428	8,628	8,729	7,238	8,418	7,956
61.0	73.0	74.0	66.0	70.0	54.0
24.4	14.0	10.0	16.0	16.0	38.0
14.6	13.0	16.0	19.0	14.0	9.0
14.2	10.6	34.5	7.9	17.1	18.8
8.6	11.0	39.0	10.0	24.0	15.0
198.2	126.0	103.2	91.1	81.3	156.1
50.2	49.0	53.0	54.0	53.0	51.0
2.5	3.0	3.0	3.0	3.0	4.0
4.0	7.0	5.0	6.0	5.0	5.0
8.1	10.0	9.0	8.0	8.0	10.0
2.2	2.0	2.0	3.0	2.0	2.0
10.9	10.0	7.0	4.0	10.0	9.0
177.9	113.1	95.8	87.1	73.2	141.4
8,263	8,774	7,845	7,006	8,113	7,813
99.4	61.6	54.5	49.4	71.7	79.9
4,284	4,402	4,244	3,866	4,463	4,144
47.5	58.0	59.0	55.0	50.0	74.0
10.0	15.0	11.0	11.0	12.0	10.0
15.0	12.0	22.0	19.0	17.0	9.0
20.4	9.0	1.0	2.0	14.0	1.0
4.2	3.0	4.0	4.0	5.0	4.0
47.5	1.0	-	8.0	2.0	-

Source: Texas Education Agency, Academic Excellence Indicator System

## COMMUNITY PROFILE

### LOCATION

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



### LOCAL HISTORY

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



A referendum was taken in the town, which voted overwhelmingly to be part of Mexico rather than the United States. However, the U.S. Military refused the petition, and the bulk of the population moved over the river into Mexican territory to found the new town of Nuevo Laredo. In 1849 the military set up Fort McIntosh (originally Camp Crawford) by the town. Laredo was rechartered as a city in 1852. As of 2005, Laredo is celebrating its 250<sup>th</sup> anniversary of its founding.



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

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

### POPULATION

Laredo is one of the fastest growing cities in the nation. It experienced a population increase of 135% since the 1980 census and 21% in the last five years; a large increase compared to the State of Texas and the USA, 7% and 4%, respectively.

Year	1980	1990	2000	2005
City	91,449	122,899	176,576	215,375
County	99,258	133,239	193,117	229,382
State	14,229,000	17,045,000	20,851,820	22,490,022
US	226,546,000	248,791,000	281,422,000	295,247,532

*Source: Laredo Development Foundation*



According to the U.S. Census Bureau, as of the 2000 Census, there are 176,576 people, 46,852 households, and 39,964 families residing in the city. For every 100 females in Laredo, there are 92.3 males. The racial makeup of the city is predominantly White (82.3%), 0.4% African American, 0.4% Native American, 0.5% Asian or Pacific Islander, 13.9% from other races, and 2.5% from two or more races. 94.1% of the population is of Hispanic or Latino origin.

The average age in Laredo is 26.9 years, younger than the state and national average of 32.3 and 35.3, respectively. The population is spread out with 30.1% under the age of 15, 16.8% from 16-24, 29.5% from 25-44, 15.8% from 45-64, and 7.8% who are 65 years of age or older.

	Laredo		Texas	U.S.A.
<b>Population</b>				
Total population	176,576		20,851,820	281,422,000
Square miles (land)	78.46			
Population per square mile	2,250.53		79.65	79.56
<b>Gender</b>				
Male	84,704	48%	49.6%	49.1%
Female	91,872	52%	50.4%	50.9%
<b>Age</b>				
15 or younger	53,190	30.1%	23.5%	21.4%
16-24	29,608	16.8%	15.2%	13.9%
25-44	52,146	29.5%	31.1%	30.2%
45-64	27,850	15.8%	20.2%	22%
65+	13,782	7.8%	9.9%	12.4%
Average age (years)	29.88		33.91	36.22
<b>Race and Ethnicity</b>				
White	145,267	82.3%	71%	75.1%
Black or African American	652	0.4%	11.5%	12.3%
American Indian and Alaska native	784	0.4%	0.6%	0.9%
Asian	820	0.5%	2.7%	3.6%
Native Hawaiian and other Pacific islander	47	0%	0.1%	0.1%
Some other race	24,611	13.9%	11.7%	5.5%
Two or more races	4,395	2.5%	2.5%	2.4%
Hispanic or Latino *	166,216	94.1%	32%	12.5%

Note: \* Hispanic ethnicity is a separate data category from race. This number should not be added to race totals.

Source: U.S. Census Bureau 2000 Census

## EDUCATION

The U.S. Census Bureau 2000 Census indicates that 93,821 of the population are 25 years of age or older, from which 18.2% have at least a high school degree, 21.9% have some college or associates degree, 9.1% have a bachelor's degree, and 5.6% a master's, professional, or doctorate degree.

	<u>Laredo</u>	<u>Texas</u>	<u>U.S.A.</u>
<b>Educational Attainment</b>			
Population 25 and older	93,821		
High school graduates (includes equivalency)	17,108	18.2%	24.8%
Some college, or associate's degree	20,519	21.9%	27.6%
Bachelor's degree	8,492	9.1%	15.6%
Master's, professional or doctorate degree	5,276	5.6%	7.6%
<b>School Enrollment</b>			
Population 3 years and over enrolled in school	60,712		
Preschool and kindergarten	8,223	13.5%	12.4%
Grades 1-12	41,976	69.1%	67.4%
College	10,513	17.3%	20.2%

*Source: U.S. Census Bureau*

#### INCOME

According to the U.S. Census Bureau 2000 Census, the median income for a household in the city is \$29,108, and the median income for a family is \$30,449. Males have a median income of \$24,070 versus \$19,202 for females. The per capita income for the city is \$11,084. 29.6% of the population and 25.2% of families are below the poverty line. Out of the total population, 37.7% of those under the age of 18 and 26.1% of those 65 and older are living below the poverty line.

<u>Median Income (1999)</u>		<u>Poverty Status (1999)</u>	
Household	\$29,108	Population	29.6%
Family	\$30,449	Families	25.2%
Males	\$24,070	Age 65 and over	26.1%
Females	\$19,202	Age 18 and younger	37.7%

<u>Median Household Income by Age (1999)</u>				<u>Per Capita Income by Race or Ethnicity</u>			
<u>Age</u>	<u>Laredo</u>	<u>Texas</u>	<u>USA</u>	<u>Race/Ethnicity</u>	<u>Laredo</u>	<u>Texas</u>	<u>USA</u>
< 25	\$14,781	\$21,570	\$22,679	White	\$11,337	\$22,282	\$23,918
25-34	\$27,562	\$37,732	\$41,414	Black/ African American	\$17,379	\$14,253	\$14,437
35-44	\$32,610	\$47,418	\$50,654	Native American	\$12,272	\$15,899	\$12,893
45-54	\$37,928	\$52,926	\$56,300	Asian	\$18,752	\$20,956	\$21,823
55-64	\$34,269	\$44,905	\$47,447	Hispanic/ Latino	\$10,267	\$10,770	\$12,111
65-74	\$22,118	\$30,296	\$31,368				
75 +	\$16,745	\$21,734	\$22,259	Per Capita Income	\$11,084	\$19,617	\$21,587

*Source: U.S. Census Bureau, 2000 Census*

#### HOUSING

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

	Renter Occupied			Owner Occupied		
	Laredo	Texas	US	Laredo	Texas	US
# of Housing Units	16,688			30,219		
Percent	33.1	32.8	30.8	60.0	57.8	60.2
Avg. # of Household Members	3.4	2.50	2.36	3.87	2.89	2.71
Avg. # of Rooms	3.68	3.87	4.04	5.36	6.02	6.30
Avg. # of Vehicles	1.15	1.29	1.19	1.64	1.71	1.64
Median Year Structure Built	1979	1977	1969	1986	1977	1971
Median Rent (\$) or Value (\$)	\$368	\$490	\$519	\$70,400	\$77,800	#####

Source: U.S. Census Bureau - 2000 Census

#### HOTEL STATISTICS

In 2004, Laredo reportedly had 34 hotels/motels with over 3,000 rooms. Laredo ranks number one in the state in terms of occupancy rate. In 2004 the occupancy rate was 69.3 and in 2003 67.7; the state average was 55.2 and 54.2, respectively. The average daily rental rate in 2004 was \$58.11 compared to a state average of \$70.62.

Year-End	Corpus Christi	El Paso	Laredo	McAllen/Edinburg	San Antonio	Texas
2003	51.1	61.4	67.7	57.1	59.6	54.2
2004	50.4	65.0	69.3	56.2	58.9	55.2

Source: Market Texas Tourism

## LABOR STATISTICS

As of August, 2005, Laredo's unemployment rate is 5.8%. The 2004 average was 6.8%, compared to 15.6% in 1995. The labor force and employment levels continue to decrease, while unemployment levels have been showing a decreasing trend.

<u>Annual Average</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
1995	70,608	59,598	11,010	15.6%
1996	69,383	60,381	9,002	13.0%
1997	70,615	63,255	7,360	10.4%
1998	72,507	65,613	6,894	9.5%
1999	73,004	66,636	6,368	8.7%
2000	70,962	66,595	4,367	6.2%
2001	73,129	68,291	4,838	6.6%
2002	78,024	72,359	5,665	7.3%
2003	81,320	75,327	5,993	7.4%
2004	83,598	77,898	5,700	6.8%
2005*	85,221	80,317	4,904	5.8%

\* Numbers as of August 2005

*Source: U.S. Department of Labor - Bureau of Labor Statistics*

## TOP EMPLOYERS

Education ranks among Laredo's top ten public employment sectors. Three educational facilities, United Independent School District, Laredo Independent School District and Texas A&M International University, are included among the area's top employers. There are more than 80 schools in the area.

Health care is the largest industry in the private (services) sector. Mercy Hospital of Laredo and Columbia Doctors Hospital are two major employers. Mercy Hospital of Laredo, the area's largest hospital, employs nearly three times the number of people that Columbia Doctors Hospital employs. Collectively, these two hospitals employ 2,088 in Laredo.

Employer	Services Provided	Sector	Number of Employees
United Independent School District	Education	Public Sector	4,500
Laredo Independent School District	Education	Public Sector	3,587
City of Laredo	City	Public Sector	2,084
Laredo Medical Center	Medical Services	Private Sector	1,700
U.S. Department of Border Protection	Immigration	Public Sector	1,628
Mc Donald's Restaurant	Fast Food	Private Sector	1,333
H.E.B. Grocery	Grocery Store	Private Sector	1,285
Webb County	County	Public Sector	1,270
Texas A&M International University	Education	Public Sector	1,027
Wal-Mart (2 Locations)	Grocery Store	Private Sector	934

*Source: Laredo Development Foundation - January 2005*

## TRANSPORTATION

Laredo is the largest, most efficient port of entry on the U.S./Mexico border. In 2004, the Port of Laredo handled 1,918,896 plus cross border loaded truck shipments, 408,514 rail car shipments and 323.6 million pounds of air freight. Currently, there are 830 trade-handling, transportation-related businesses in Laredo, Texas. Including cars, over 16.7 million vehicles crossed the Rio Grande at Laredo in 2004.

### Bridges

Laredo, the Gateway to Mexico, is the largest inland port on the Texas-Mexico Border. The City's four international bridges are: (I) Gateway to the Americas Bridge, (II) Juarez-Lincoln International Bridge, (III) Colombia-Solidarity Bridge, and (IV) World Trade Bridge. A fifth bridge is being planned by the City and the County in order to alleviate traffic congestion in the inner city, but application is pending federal approval.

<u>Border Crossings</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Pedestrians	8,755,496	8,981,765	8,504,137	8,794,848
Vehicles	15,107,042	14,676,964	14,130,042	13,935,639
Trucks	2,807,010	2,902,494	2,740,446	2,845,322
Rail	349,620	365,836	394,199	408,514

*Source: Texas Center for Border Economic and Trade Development*

### Highways

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

### Air

Laredo International Airport - Airport activity increased in 2004; total passengers enplaned and deplaned were 163,200, an 11.8% increase from 2003. Airlines serving Laredo include Continental Airlines and American Eagle, which provide daily flights to and from San Antonio, Dallas, and Houston and Linea Aérea Azteca, which provides daily flight to and from Mexico City.

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Laredo Airline Activity	139,531	147,425	145,983	163,200
<i>*Passengers enplaned &amp; deplaned</i>				
Laredo Air Cargo	226,136,780	262,475,560	275,599,338	323,600,000
<i>*Based on gross-landed weight lbs.</i>				

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

### Rail

Texas Mexican Railway Company - also known as the "NAFTA" railroad, it provides service to customers from Canada to Mexico.  
 Union Pacific Railway - comes from the Midwest through Dallas to Laredo.

### Bus Services

Local bus lines - El Metro (Laredo Municipal Transit System), El Aguila (Rural Transit System)  
 Interstate bus lines - Greyhound, Autobuses Latinos de Greyhound, El Conejo, Valley Transit, Sendor, El Expreso Bus Company, and Giros El Paisano.

GOVERNMENTAL STRUCTURE AND PUBLIC SAFETY

The City of Laredo is administered by a City Manager form with the City Council consisting of a mayor elected at large and eight Council members presenting districts. The annual budget is \$249,000,000.

Police Protection		Fire Protection	
Stations	1	Stations	13
Substations	16	Regional Fire Training Facilities	1
Full Time Police	384	Full-Time Fireman	332
Marked Vehicles	252	Pieces of Equipment	68

Source: Laredo Development Foundation

UTILITIES & PUBLIC WORKS

Electricity Distributors

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

Telecommunications

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

Natural Gas

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

Water

Laredo's source of water comes from the Rio Grande River. The daily average consumption is 33-45MGD (million gallons per day) and 45-60MGD during the summer. The plant capacity is 66MDG.

Sewer

Laredo has a secondary/oxidation type of treatment plant. Its maximum capacity is 21.0MG and has a present load of 67%.

Source: Laredo Development Foundation

HEALTHCARE

Health care is the largest industry in the services sector. Laredo Medical Center and Columbia Doctors Hospital are two major employers. The Laredo Medical Center has 324 beds and 220 physicians. Columbia Doctors Hospital has 130 physicians and 117 beds and is located off I-35 on Mann Road. Mercy Ambulatory Care Center North and Home Health Care Providers offer related health-care services. There are also 16 medical clinics and three nursing homes in the area.

Laredo Medical Center	326 beds	Number of Clinics	16
Doctors Hospital of Laredo	297 beds	Number of Physicians	234
Providence Surgical & Medical Center	8 beds	Local Ambulance Svc. Companies	7

Source: Laredo Development Foundation

## EDUCATION FACILITIES

The City of Laredo has two school districts, Laredo Independent School District and United Independent School District. Laredo Community College and Texas A&M International University offer advanced degrees to residents of Laredo. In addition, the following schools offer vocational training: American Driving School Inc., Laredo Beauty College, Laredo Driver Training School Inc., and TCR Computer Training Center.

<u>Education Facilities</u>	<u>High Schools</u>	<u>Middle Schools</u>	<u>Elementary Schools</u>	<u>Magnet Schools</u>	<u>Academy/ Other</u>
Laredo ISD	3	4	20	3	1
United ISD	4	8	24	3	1
Parochial/Private	1	1	6	0	0

*Source: Laredo Development Foundation*

<u>Higher Educational Facilities</u>	<u>Miles</u>	<u>Degrees Offered</u>
Laredo Community College	0	Associates, GED
Texas A&M International University	0	Bachelors, Masters, Doctorate
Texas A&M University - Kingsville	120	Bachelors, Masters, Doctorate
University of Texas at San Antonio	150	Bachelors, Masters, Doctorate
Texas State University - San Marcos	200	Bachelors, Masters, Doctorate
University of Texas at Austin	230	Bachelors, Masters, Doctorate
Texas A&M University - College Station	345	Bachelors, Masters, Doctorate

*Source: Laredo Development Foundation*

## ENTERTAINMENT & RECREATION HIGHLIGHTS

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

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

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

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



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

Source: Laredo Development Foundation

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2005

Last	1	2	3	10	20	31	32	40	50
Ten Years	Tax Rates		Assessed/ Appraised	Beginning	Current	Maintenance	Debt	Entire	Ending
Ended	Maintenance	Debt Service	Value for School	Balance	Year's	Collections	Service	Year's	Balance
August 31			Tax Purposes	9/1/2004	Levy		Collections	Adjustments	08/31/05
1996 and prior years	Various	Various	Various	\$ 894,869	\$ -	\$ 41,324	\$ 12,404	\$ (53,240)	\$ 787,901
1997	1.023920	0.191080	1,367,781,069	174,414	-	10,520	1,963	-	161,931
1998	0.983710	0.201290	1,269,001,135	128,195	-	7,714	1,579	(26)	118,876
1999	1.026280	0.198720	1,313,353,144	146,006	-	12,118	2,346	520	132,062
2000	1.229100	0.103090	1,329,307,098	173,782	-	29,761	2,509	1,860	143,372
2001	1.282910	0.103090	1,359,530,767	241,720	-	46,479	3,735	5,262	196,768
2002	1.322910	0.103090	1,391,120,115	302,422	-	62,767	4,891	5,014	239,778
2003	1.322910	0.179800	1,430,691,752	496,065	-	152,904	20,782	9,449	331,828
2004	1.322910	0.179800	1,492,399,445	1,029,258	-	507,292	68,947	(10,722)	442,297
2005	1.322910	0.151200	1,681,169,772	-	24,426,783	21,069,197	2,408,072	27,456	976,970
Total Delinquent Taxes Receivable				\$ 3,586,731	\$ 24,426,783	\$ 21,940,076	\$ 2,527,228	\$ (14,427)	\$ 3,531,783

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

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

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

Column 20 - Current Year's Tax Levy:

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

Column 30 - Total Collections:

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

Column 40 - Entire Year's Adjustments:

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

Column 50 - Ending Balances 8/31/05

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

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2006-2007  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2005

FUNCTION 41 AND RELATED 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1	2	3	4	5	6	7
		-702 School Board	-703 Tax Office	-701 Supt's Office	-750 Indirect Cost	-720 Direct Cost	(Other) Miscellaneous	Total
611x-6146	Payroll Costs	\$ 66,926	\$ 300,567	\$ 137,141	\$ 3,416,936	\$ 792,831	\$ -	\$ 4,714,401
6149	Leave for Separating Employees in func.41 & Related 53							
6149	Leave for Separating Employees in all func. except Func. 41&Related 53							
6211	Legal Services	-	-	-	-	261,360	-	261,360
6212	Adit Services				37,000			37,000
6213	Tax Appraisal & Collection		313,848					313,848
621X	Other Prof. Services	-	16,955	5,259	115,052	164,407	-	301,673
6220	Tuition & Transfer Payments							
6230	Education Service	-	-	-	-	-	-	-
6240	Contr.Maint. & Repair					52,919		52,919
6250	Utilities							
6260	Rentals	3,731	502	3,662	53,423	120,587	-	181,905
6290	Misc. Contr.	-	-	-	-	17,096	-	17,096
6320	Textbooks & Reading	-	38	830	1,959	593	-	3,420
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies	694	7,740	3,667	83,292	36,072	-	131,465
6410	Travel,Sub.,Stipends	39,796	-	7,787	38,064	8,559	-	94,206
6420	Ins. and Bonding	-	-	-	-	-	-	-
6430	Election Costs	75,229						75,229
6490	Misc. Operating	9,177	14,730	6,858	80,809	191,286	-	302,860
6500	Debt Service							
6600	Capital Outlay						304,094	304,094
6000-	TOTAL	\$ 195,553	\$ 654,380	\$ 165,204	\$ 3,826,535	\$ 1,645,710	\$ 304,094	\$ 6,791,476
Total expenditures/expenses for General and Special Revenue Funds				(9)				\$ 210,969,570
Less:Deductions of Unallowable Costs								
Total Capital Outlay (6600)							(10)	\$ 11,665,864
Total Debt & Lease (6500)							(11)	851,520
Plant Maintenance (Function 51, 6100 - 6400)							(12)	16,918,397
Food (Function 35, 6341 and 6499)							(13)	3,925,162
Stipends (6413)							(14)	12,918
Column 4 (above) - Total Indirect Cost								3,826,535
Subtotal:								37,200,396
Net Allowed Direct Cost								\$ 173,769,174
CUMULATIVE								
Total Cost of Buildings before depreciation (1520)							(15)	\$ 142,345,968
Historical Cost of Buildings over 50 Years							(16)	\$ 1,683,035
Amount of Federal Money in Bldg. Cost (Net of Above)							(17)	\$ 380,295
Total Cost of furniture and equipment before depreciation (1530 and 1540)							(18)	\$ 21,254,167
Historical Cost of Furniture & Equipment over 16 Years old							(19)	\$ 4,982,956
Amount of Federal Money in Furn. & Equip. (Net of Above)							(20)	\$ 2,530,925

(8) Note A - \$828,218.00 in Function 53 expenditures are included in this report on administrative costs.

LAREDO INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2005

Data Control Code	Explanation	Amount
1	Total General Fund Balance 8/31/05 (Exhibit C-1 object 3000 for the General Fund Only)	<u>\$ 28,784,978</u>
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	<u>9,024,994</u>
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	<u>7,604,288</u>
4	Estimated amount needed to cover fall cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues)	<u>-</u>
5	Estimate of one month's average cash disbursements during the regular school session (9/1/04-5/31/05)	<u>15,222,725</u>
6	Estimate of delayed payments from state sources(58XX) including August payment delays	<u>-</u>
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	<u>4,254,113</u>
8	Estimate of delayed payments from federal sources (59XX)	<u>-</u>
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u>-</u>
10	Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9)	<u>36,106,120</u>
11	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	<u><u>\$ (7,321,142)</u></u>

If item 11 is a positive number

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

UNAUDITED

LAREDO INDEPENDENT SCHOOL DISTRICT  
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2005

Data Control Codes	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 247,500	\$ 247,500	\$ 370,355	\$ 122,855
5800	State Program Revenues	110,000	110,000	101,035	(8,965)
5900	Federal Program Revenues	10,445,000	10,445,000	10,627,835	182,835
5020	Total Revenues	<u>10,802,500</u>	<u>10,802,500</u>	<u>11,099,225</u>	<u>296,725</u>
EXPENDITURES:					
Current:					
Support Services-Student (Pupil):					
0035	Food Services	10,310,500	10,560,500	9,631,595	928,905
0051	Plant Maintenance & Operations	202,000	202,000	183,791	18,209
0052	Security & Monitoring Services	15,000	15,000	-	15,000
0071	Debt Service	775,000	775,000	775,000	-
	Total Support Services - Student (Pupil)	<u>11,302,500</u>	<u>11,552,500</u>	<u>10,590,386</u>	<u>962,114</u>
6030	Total Expenditures	<u>11,302,500</u>	<u>11,552,500</u>	<u>10,590,386</u>	<u>962,114</u>
1200	Net Changes in Fund Balances	<u>(500,000)</u>	<u>(750,000)</u>	<u>508,839</u>	<u>1,258,839</u>
0100	Fund Balance - September 1 (Beginning)	<u>4,481,235</u>	<u>4,481,235</u>	<u>4,481,235</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,981,235</u>	<u>\$ 3,731,235</u>	<u>\$ 4,990,074</u>	<u>\$ 1,258,839</u>



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

Certified Public Accountants and Business Advisors

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

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

We have audited the basic financial statements of Laredo Independent School District (the "District") as of and for the year ended August 31, 2005, and have issued our report thereon dated December 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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.

100 N.E. Loop 410, Suite 1100, San Antonio, Texas 78216 • [www.padgett-cpa.com](http://www.padgett-cpa.com)  
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*An Independently Owned Member of The McGladrey Network Worldwide Services through RSM International*

### ***Compliance and Other Matters***

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

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

*Padgett, Stratenos & Co., L.L.P.*

Certified Public Accountants  
December 7, 2005



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

Certified Public Accountants and Business Advisors

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

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

***Compliance***

We have audited the compliance of Laredo Independent School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2005.

### *Internal Control Over Compliance*

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with 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 internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Certified Public Accountants  
December 7, 2005

LAREDO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2005

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>
84.367A	Title II, Part A
84.027/84.173	IDEA B Formula, Deaf, Discretionary, Preschool
84.357	Texas Reading First
84.318	Tip 2 and Target Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 1,219,198

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, 2005*

<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, 2005*

<u>Program</u>	<u>Corrective Action Plan</u>
None	No current year findings



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LAREDO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Grantor's Number/NOGA ID #	(3) Federal Expenditures
	<b>U.S. DEPARTMENT OF DEFENSE</b>			
199	ROTC	12.999999999	N/A	\$ 156,183
	<b>TOTAL DIRECT PROGRAMS</b>			<u>156,183</u>
	<b>Passed Through State Department of Education</b>			
204	Drug Free Schools and Communities Act Total CFDA Number 84.186A	84.186A	5691001240901	<u>213,731</u> <u>213,731</u>
206	Support For Homeless Total CFDA Number 84.196	84.196	N/A	<u>20,092</u> <u>20,092</u>
211	ESEA Title I, Part A	84.010A	5610101240901	12,977,433
211	ESEA Title I, Part A F06	84.010A	6610101240901	336,709
211	ESEA Title I School Improvement	84.010A	561010424090143	121,076
211	ESEA Title I School Improvement	84.010A	561010424090102	66,071
	ESEA Title I School Improvement Total CFDA Number 84.010A	84.010A	561010424090103	<u>98,089</u> <u>13,599,378</u>
212	ESEA Title 1, Part C Migrant	84.011A	5615001240901	91,763
212	ESEA Title 1, Part C Migrant F06 Total CFDA Number 84.011A	84.011A	6615001240901	<u>23,931</u> <u>115,694</u>
224	IDEA B, Formula	84.027A	56600012409016600	4,259,550
224	IDEA B, Formula - F06 Total CFDA Number 84.027	84.027A	66600012409016600	<u>102,559</u> <u>4,362,109</u>
225	IDEA B, Preschool Total CFDA Number 84.173	84.173A	56610012409016600	<u>59,820</u> <u>59,820</u>
226	IDEA B, Discretionary (Deaf) Total CFDA Number 84.027	84.027A	56600022409016600	<u>12,953</u> <u>12,953</u>
227	IDEA B, Formula (Deaf) Total CFDA Number 84.027	84.027A	56600012409016600	<u>10,742</u> <u>10,742</u>
228	IDEA B, Preschool (Deaf) Total CFDA Number 84.173A	87.173A	566112409016611	<u>2,714</u> <u>2,714</u>
269	ESEA Title V Total CFDA Number 84.298	84.298A	5685001240901	<u>161,309</u> <u>161,309</u>
244	Vocational Education	84.048A	542000624090101	529,504
	Vocational Education - F06 Total CFDA Number 84.048A	84.048A	642000624090101	<u>5,429</u> <u>534,933</u>
261	Texas Reading First Total CFDA Number 84.357A	84.357A	56455017110041	<u>3,711,201</u> <u>3,711,201</u>
262	Title II, Part D Technology Total CFDA Number 84.334A	84.318X	5630001240901	<u>350,431</u> <u>350,431</u>
263	LEP Program	84.365A	5671001240901	1,800,362
	LEP Program - F06 Total CFDA Number 84.365A	84.365A	6671001240901	<u>126,854</u> <u>1,927,216</u>
280	TIP 2 Total CFDA Number 84.318X	84.318X	56300067110036	<u>1,343,034</u> <u>1,343,034</u>
283	Target Grant Total CFDA Number 84.318X	84.318X	56300027110008	<u>290,624</u> <u>290,624</u>

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Grantor's Number/NOGA ID #	(3) Federal Expenditures
286	Gear Up Total CFDA Number 84.334A	84.334A	55110017110008	229,982 <u>229,982</u>
255	Title II Part A	84.367A	5694501240901	2,304,500
255	Title II Part A - F06 Total CFDA Number 84.367A		6694501240901	46,023 <u>2,350,523</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>				<u>29,296,486</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
242	Summer Feeding Program	10.559	N/A	<u>559,427</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>559,427</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>PASSED THROUGH STATE DEPARTMENT OF EDUCATION:</b>				
101	National School Lunch Program	10.555	N/A	10,248,913
101	USDA Donated Commodities	10.555	N/A	<u>378,922</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>				<u>10,627,835</u>
<b>TOTAL FEDERAL ASSISTANCE</b>				<u>\$ 40,639,931</u>
	Total Federal Assistance			\$ 40,639,931
199	School Health and Rel Svc	-	N/A	65,288
199	Medicaid Adm. Costs	93.778	N/A	324,515
199	Summer School LEP		N/A	63,737
	Total Federal Revenue Per Schedule C-2			<u>\$ 41,093,471</u>

\*\*\* Federal revenues in the General Fund total \$11,713,525. Of this amount, \$156,184 was for ROTC salaries, and \$10,627,835 was for U.S. Department of Agriculture programs. The federal revenues in the General Fund also include \$324,515 for the Medicaid Administrative Claim Program(MAC Program) and \$65,288 for the School Health and Related Services(SHARS) programs for special education students in Medicaid. Indirect costs of \$475,966 are also included in the federal revenues in the General Fund and 63,737 for summer school LEP.

LAREDO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2005

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

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

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

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

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

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

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

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





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# Comprehensive Annual Financial Report



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