



Laredo Independent School District

Comprehensive Annual Financial Report

FOR THE YEAR ENDING
AUGUST 31, 2006



Laredo, Texas - www.laredoisd.org





Laredo Independent School District

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

Comprehensive Annual Financial Report For the Year Ended August 31, 2006

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

**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2006**

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

Board of Education

LETTER OF TRANSMITTAL

John Peter Montalvo
President

December 15, 2006

Jesus Justo Guerra
Vice President

Guillermina Montes
Secretary

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

Jorge L. Rodriguez
Parliamentarian

Members

Dear Board Members and Taxpayers:

Jose A. Valdez

George M. Beckelhymor

Daniel Rigal

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, 2006. 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, Stratemann, & Co., L.L.P., whose report is included herein. The financial data appearing in this report has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

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

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 the 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 GASB 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 which 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 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 2005-2006 was 24,876 students of which 5,735 students are projected to be enrolled at the high school level, 5,149 at the middle school level, and 14,070 at the elementary level.

Over 96.8% of our students are classified as economically disadvantaged; 67% as Bilingual/English as a Second Language education, 12.8% as Special Education, and 6.9% participate in gifted and talented courses. In addition, 23.7% 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. LISD shall establish and maintain a safe, nurturing and orderly environment for all students, employees, parents and visitors.
2. LISD shall develop and implement a total quality management process to continuously increase productivity and performance across the entire school system.
3. LISD shall produce a student focused action plan, designed to (a) improve district and student performance, for all student populations and (b) meet state and federal required accountability mandates to include AEIS and AYP measures by providing a TEKS focused curriculum and instruction.
4. LISD shall develop and optimize district capacity through instructional leadership building programs to include but not limited to the recruitment, development and retention of highly qualified staff.
5. LISD shall maximize fiscal and human resources and will utilize sound fiscal planning for all campuses, departments and programs.
6. LISD shall promote community partnerships and parental involvement to improve student performance, productivity and efficiency of the school system.

Achievements

The District received a fourth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2005. The rating system was established during the 77th Legislative session. School districts received their first official rating by TEA in August 2003 for the fiscal year 2001-2002.

Economic Condition and Outlook

Laredo Independent School District is located in the heart of the City of Laredo and encompasses approximately 13 square miles. The total population for the City of Laredo is more than 224,695, of which more than 95,000 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, 2005 and ending August 31, 2007. The agreement provides that virtually every service performed by the bank be billed to the District at a predetermined rate and offset this charge against bank balances before interest earnings are calculated.

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

At August 31, 2006 the Districts had \$66,288,283 invested in agency bonds and discount notes, \$70,437,373 at investment pools, \$6,022,625 in money market investments and \$381,480 on a letter of credit with Commerce Bank.

Budget

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 statements; 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 self insurance retentions (SIRs) may range from \$0 - \$100,000. Total insurable values less exclusions for buildings were estimated at \$262,247,610 and were provided by the appraisal services of Maximus, Inc. The insurable values for contents were estimated at \$68,915,507 and vehicle insurable values were estimated at \$8,368,263. 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 Claredon National. 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 and Bene-Marc and Laurel Insurance are brokers and/or the servicing agent. Student Insurance, A Division of UICI, is the Third Party Administrator for claims administration. 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).

Financial Policies and Long-Term Financial Planning

The District's strategic planning is an ongoing process headed by the Executive Director for Planning and Development. The planning process begins with demographic projections of student growth and their needs for classroom space. LISD's student population experiences minimal growth annually as it is land-locked. The classroom environment is determined by the Division of Instruction in their strategic planning for meeting the educational needs of our students and community. The educational planning process identifies the financial needs of the District and determines the proper allocation of District resources.

The District is in the middle of the construction projects in which every LISD school will either be renovated or constructed new. The construction project began in 1999 with the sale of \$144,000,000 bonds; with the addition of more bond sales, issuance of QZABs, and interest earnings, it is currently at over \$368,000,000. The estimated final completion date for these projects is December 2010.

The District established a Construction Advisory Committee whose responsibility includes the oversight of all construction contracts, change orders, and other construction-related items. The committee includes community members as well as students whom are recommended by the Board of Trustees.

It is the responsibility of the Finance Department to oversee all finance related issues, the investment of construction monies for maximization of interest earnings and timely reporting to the Board of Trustees to assist in the decision making.

The Superintendent's office and the executive staff oversee and coordinate all the elements involved in the strategic and financial planning process for the District on a long term basis and for each fiscal year.

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, 2005. This was the ninth 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, 2005. This is the second 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, 2006. This was the ninth 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, 2006. This award recognizes school systems for achieving excellence in their school system budget presentation. This is the second 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 their Popular Annual Financial Report (PAFR) for the year ended August 31, 2005, to GFOA and was awarded the Popular Annual Financial Reporting award for the second year in a row. 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,



Jesus J. Amezcua, CPA
Chief Financial Officer/Administrator in Charge

DISTRICT OFFICIALS, STAFF & CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
John Peter Montalvo President	6 Years	May 2008	Aldo Tatangelo Farm Labor Housing Development
Jesus Justo Guerra Vice-President	5 Years	May 2008	Retired Postal Employee
Guillermina Montes Secretary	3 Years	May 2007	Retired Educator
Jorge Luis Rodriguez Parliamentarian	6 Years	May 2007	Automotive Sales Manager
Jose A. Valdez Trustee	9 Years	May 2007	Self Employed/Construction
George M. Beckelhymer Trustee	4 Years	May 2007	Business Owner – L. Buffalo Pawn Shops
Daniel Rigal Trustee	Elected May 2006	May 2008	Philip Morris – Territory Manager

ADMINISTRATIVE OFFICIALS

Name	Position	Length of Service
Vacant	Superintendent of Schools	
Jesus J. Amezcua, CPA	Chief Financial Officer, Administrator in Charge	11 Years
Marcia Vogelsang	Executive Director for Curriculum & Instruction	Appointed May 2006
Juan J. Montemayor	Executive Director for Human Resources	Appointed Aug. 2006
Dr. Oscar Cartas	Executive Director for Plant Facilities & Support Services	10 Years
Veronica F. Guerra	Executive Director for Innovative Programs	27 Years
Vacant	Executive Director for Assessment and Accountability	
Elsa Arce	Executive Director for Student Services	3 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

CHIEF FINANCIAL OFFICER'S BIOGRAPHY



Jesus J. Amezcua, CPA

Mr. Amezcua has been the district's Chief Financial Officer for over 11 years and oversees the financial management, risk management, procurement, compliance, and tax departments.

Under his leadership, the district recently secured over \$10.3 million in Weighted Average Daily Attendance (WADA) credit contracts and over \$5.8 million in E-RATE technology funding. Mr. Amezcua also coordinated the creation of a Public Facilities Corporation for the sale of \$68 million in funds for district construction projects and a total of \$261 million in general obligation bond issues.

The Finance Department has received nine awards for the Comprehensive Annual Financial Report and Annual Budget from the Government Financial Officers Organization (GFOA) and two from the Association of School Business Officials (ASBO) International, and two awards 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 President-Elect of the Daybreak Rotary Club and is actively involved in numerous community events and organizations. Mr. Amezcua and his wife, Ramona, have three children.

BOARD OF TRUSTEES BIOGRAPHIES



John Peter Montalvo
District 3, President

John Peter Montalvo was elected to the Laredo ISD Board of Trustees in May 2000.

He is a retired employee of the U.S. Postal Service and a former Laredo City Council member. While serving on the city council, Mr. Montalvo spearheaded numerous capital improvements projects including housing rehabilitation, street paving, and recreational parks. He also initiated many health-related programs for low-income citizens of his district.

Mr. Montalvo and his wife, Consuelo (a former Laredo City Council member), have four children: Melissa (Hernandez), John Peter, Jr., Rodolfo, and Geraldo.

“Our challenge remains to provide our students with excellent instruction in facilities that are conducive to 21st Century learning, while providing prudent financial management that ensures the highest value to our taxpayers,” states Mr. Montalvo.

Mr. Montalvo is the District 3 representative which includes Bruni Elementary School, J.C. Martin Elementary School, and Tarver Elementary School.



Jesus J. Guerra
District 7, Vice President

Jesus J. Guerra has been a member of the Laredo ISD Board of Trustees since 2001. Mr. Guerra attended Laredo Junior College and later enrolled at Mount View College in Dallas followed by the University of Texas at Arlington. He served in the U.S. Air Force from 1961 through 1970 and received an honorable discharge. A Vietnam veteran, Mr. Guerra is a retired postmaster of Carrizo Springs and Zapata, and also served as manager of customer service and superintendent of postal operations in Laredo.

Additionally, Mr. Guerra was one of the first Hispanics to receive the Federal Bureau of Investigation’s Community Service Award. In October 2005, he was named Master Trustee by the Texas Association of School Boards, a designation bestowed to trustees who have fulfilled the required hours of certified board member training and who have demonstrated leadership ability on their board and in their community.

“Technology is the new cornerstone of education,” affirms Mr. Guerra. “Upon graduation, our students must be ready to compete and thrive in the Information Age.”

Mr. Guerra is married to Estella Subia, and they have six children and 11 grandchildren.

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



Guillermina “Mina” Montes
District 6, Secretary

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. Ms. Montes attended Our Lady of the Lake University and Trinity University in San Antonio before receiving a Bachelor’s degree in General Business from Texas Women’s University in Denton. She began her career with Laredo ISD in 1975 where she worked as a visiting and migrant teacher. Ms. Montes retired in 2000 and became involved in educational organizations such as the Texas State Teachers Association and the Association of Texas Professional Educators.

Her one and only daughter, Rosena Garcia, is the Director for Technology at La Porte ISD.

“Reading is a fundamental skill that all students can master,” believes Ms. Montes. “It is the catalyst which unlocks their potential and shapes their future.”

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

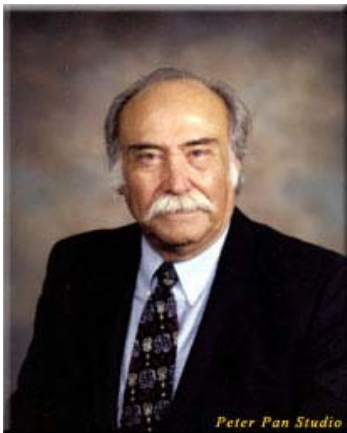


Jorge Luis Rodriguez
District 2, Parliamentarian

Jorge Luis Rodriguez has been a member of the Laredo ISD Board of Trustees since May 2000. He is currently employed in automotive sales and also works as a construction consultant. Mr. Rodriguez has four children: Stephanie, George, Jackie, and R.J.

“Student safety is of paramount concern,” believes Mr. Rodriguez. “We will continue to build and enhance our police and security operations while working with local law enforcement agencies to maintain a safe, learning environment for all students.”

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



Jose A. Valdez
District 1, Board Member

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

Currently, he is the South Texas Coordinator of the Retired Senior Volunteer Program, or RSVP. Mr. Valdez’s work experience includes serving as Executive Director of the Webb County Community Action Agency, Deputy Director of the Texas Migrant Council, and Executive Director of the Minnesota Migrant Council.

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

“Parental involvement is critical to student success,” believes Mr. Valdez. “We invite our parents to become active participants in their child’s education.”

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



George M. Beckelhymer
District 4, Trustee

George Martin Beckelhymer was elected to the Laredo ISD 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 served seven years as a member of the Citizens Environmental Advisory Committee with the City of Laredo, five of those years as chairman.

Mr. Beckelhymer has two children, Daniela Ali and Martin Edward.

“Academics alone are not enough. Students need to be exposed to athletics, fine arts, healthy lifestyles, well-balanced nutrition, and other key quality of life components crucial for the development of the whole child.”

Mr. 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.



Daniel Rigal
District 5, Trustee

Daniel Rigal was elected to the Laredo ISD Board of Trustees in May 2006. A graduate of J.W. Nixon High School, Mr. Rigal attended the National Education Center in San Antonio and received an Associate’s degree in Electronic Engineering.

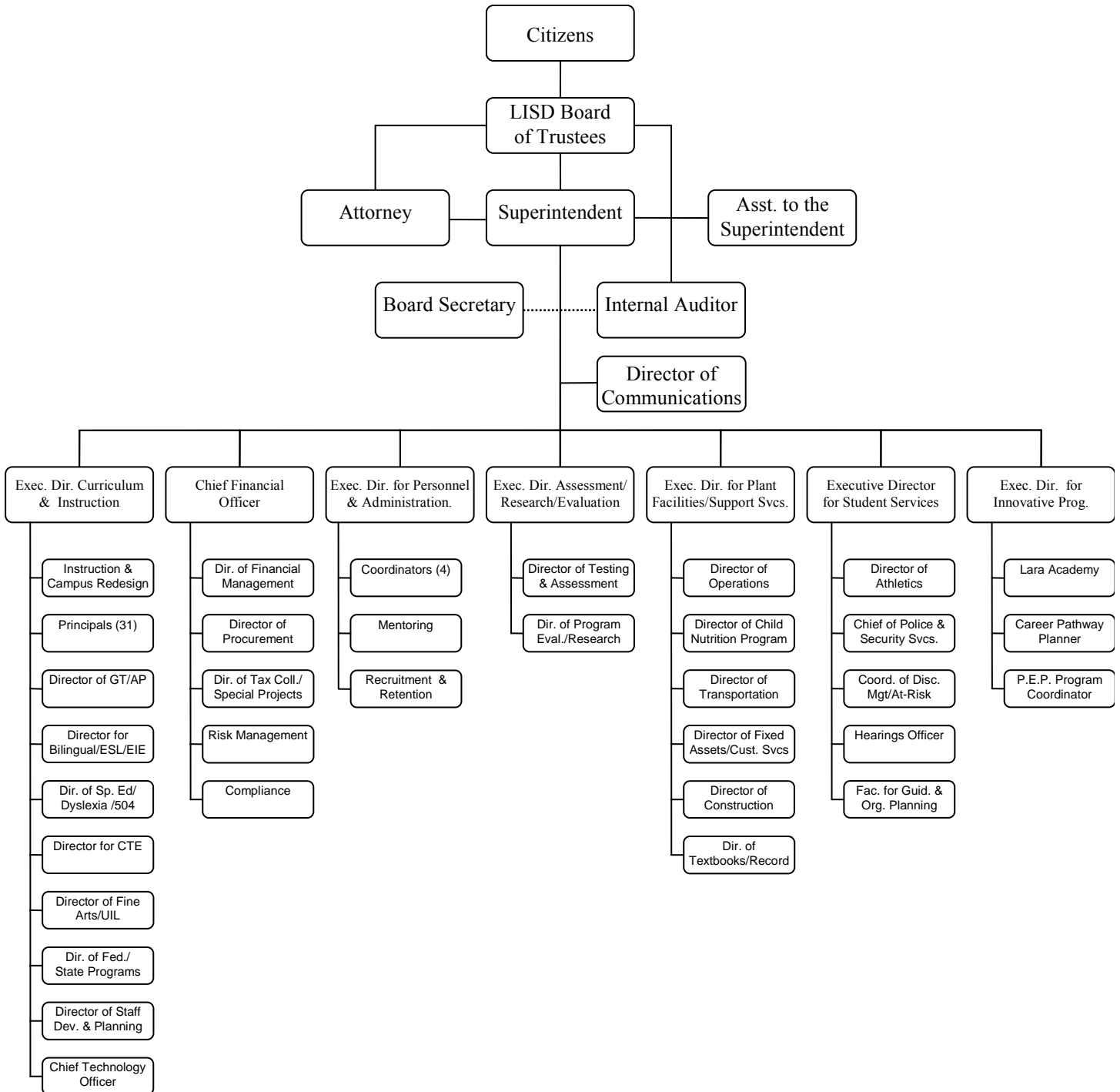
For the past 25 years, he has been employed in retail sales, holding various management and supervisory positions. He is currently employed by Philip Morris USA as a Territory Manager.

Mr. Rigal and his wife, Rebecca, have two children: Daniel Issac and Blanca Elisa, both of whom are enrolled at LISD.

“Open and honest communication between those directly involved in the educational process—central office administration and staff, principals and campus personnel, teachers, and parents—is critical to student performance and achievement,” affirms Mr. Rigal. “Successful collaboration is the key to success.”

District 5 includes Buenos Aires Elementary School, Heights Elementary School, and Memorial Middle 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, 2005

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



President

Executive Director

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, 2005

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

A handwritten signature in black ink, appearing to read "Melody Longfellow".

President

A handwritten signature in black ink, appearing to read "John D. Russo".

Executive Director

JSSCO

CERTIFICATE OF BOARD

Laredo Independent School District

Name of School District

Webb

County

240-901

County District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2006, at a meeting of the Board of Trustees of such school district on the 25th day of January, 2007.



Signature of Board Secretary



Signature of Board President 1-26-2007



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, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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, 2006, 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, 2006 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

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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 an opinion on the basic financial statements that collectively comprise the District's basic financial statements. The Introductory Section, 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. 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.



Certified Public Accountants
December 7, 2006

LAREDO INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

This section of the Laredo Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2006. Please read it in conjunction with the transmittal letter in page iii, the independent auditor's report on pages 1 and 2, and the basic financial statements beginning on page 11.

FINANCIAL HIGHLIGHTS

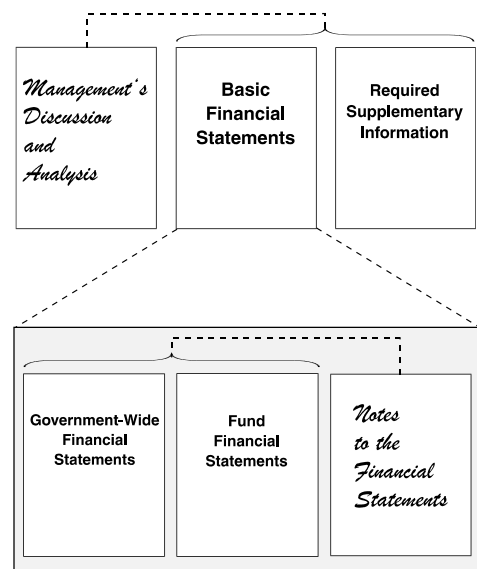
- The District's total combined net assets were \$104,763,028 at August 31, 2006. This was an increase of \$11,991,514.
- During the year, the District's governmental expenditures were \$32,991,501 less than the \$237,882,963 generated in revenues for governmental activities and \$14,023,032 of Other Finance Sources.
- The District's total revenues increased by \$8,126,197, mainly from increased allotment to grants such as Title I and E-Rate, and additional interest earning related to construction funds.
- The general fund reported a fund balance this year of \$24,223,221 which is \$ 4,561,757 less than the previous year end. The unreserved, undesignated portion of fund balance increased by \$100,000 to \$1,000,000 and is available for spending at the District's discretion.
- The District issued an \$8,000,000 Qualified Zone Academy Bond (QZAB) for the purpose of financing the construction of academies for three middle schools and two high schools.
- The District also issued a \$6,000,000 Public Property Financial Corporation Obligation (PPFCO) for the purchase of equipment needed in various schools.

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.

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



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

Summary ↔ Detail

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

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

Type of Statements	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee for agent for someone else's resources
Required Financial Statements	* Statements of net assets	* Balance Sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statements of activities	* Statement of revenues, expenditures, and changes in fund balance	* Statement of revenues, expenditures, and changes in fund net assets	* Statement of changes in fiduciary net assets
			* Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 \$104,763,028 at August 31, 2006 (See Table A-1); of which, unrestricted net assets (those net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled \$21,596,578. The government-wide increase in net assets was \$11,991,514.

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

	Governmental Activities		Percentage Change
	2006	2005	
Current and other assets	\$ 127,923,292	\$ 96,328,130	33%
Capital and Non- Current assets	302,201,061	311,369,764	-3%
Total Assets	<u>430,124,353</u>	<u>407,697,894</u>	<u>6%</u>
Current Liabilities	49,274,644	40,934,499	20%
Non-Current Liabilities	276,086,681	273,991,881	1%
Total Liabilities	<u>325,361,325</u>	<u>314,926,380</u>	<u>3%</u>
Net assets:			
Investment in capital assets, net of related debt	66,799,496	55,002,128	21%
Restricted	16,366,954	12,680,038	29%
Unrestricted	21,596,578	25,089,348	-14%
Total Net Assets	<u><u>\$ 104,763,028</u></u>	<u><u>\$ 92,771,514</u></u>	<u><u>13%</u></u>

Changes in Net Assets

The District's total revenues were \$237,965,754. Only 12.06% of the District's revenue comes from taxes and other local revenues. 48.45% comes from state aid formula grants and other grants, 29.45% from operating grants and contributions, 3.47% from investment earnings, 2.35% from charges for services and 4.22% from miscellaneous sources.

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

	Governmental Activities		Percentage Change
	2006	2005	
Revenues:			
Program revenues:			
Charges for services	\$ 5,591,040	\$ 1,535,163	264%
Operating grants and contributions	70,088,672	69,202,608	1%
General revenues:			
Property taxes	27,055,014	24,185,893	12%
State aid	115,296,468	118,829,241	-3%
Grants and contributions - unrestricted	1,638,247	389,804	320%
Investment earnings	8,262,586	5,147,041	61%
Miscellaneous	10,033,727	10,176,331	-1%
Total Revenues	<u>237,965,754</u>	<u>229,466,081</u>	<u>4%</u>
Expenses			
Instruction	120,826,637	122,230,466	-1%
Instructional resources and media services	4,739,042	4,785,344	-1%
Curriculum and staff development	4,158,695	4,116,945	1%
Instructional leadership	5,049,862	4,057,212	24%
School leadership	10,352,434	10,234,352	1%
Guidance, counseling, and evaluation services	7,859,900	7,669,776	2%
Social work services	1,881,254	1,732,213	9%
Health services	2,837,440	2,710,696	5%
Student transportation	3,599,991	3,242,862	11%
Food services	12,512,316	10,567,413	18%
Extracurricular activities	4,175,160	4,179,704	0%
General administration	6,479,272	6,060,603	7%
Plant maintenance and operations	19,953,661	18,032,667	11%
Security and monitoring services	3,407,992	2,590,090	32%
Data processing services	2,958,108	1,599,846	85%
Community service	382,002	405,919	-6%
Interest on long-term debt	10,888,015	13,408,938	-19%
Facilities acquisition and construction	3,769,838	11,208,722	-66%
Payments related to shared services arrangements	11,000	6,000	83%
Payments to Juvenile Justice Alternative Education Program	131,621	200,600	-34%
Total Expenses	<u>225,974,240</u>	<u>229,040,368</u>	<u>-1%</u>
Increase in net assets	11,991,514	425,713	2717%
Net assets at beginning of year	92,771,514	92,345,801	0%
Net assets at end of year	<u>\$ 104,763,028</u>	<u>\$ 92,771,514</u>	<u>13%</u>

Fund Balance Analysis

The combined fund balance for all governmental funds at August 31, 2006 was \$155,519,711 as compared to \$188,511,212 at the end of fiscal year 2005. Although the District issued a \$6,000,000 PPFCO and an \$8,000,000 QZAB, the District's fund balance reflects a decrease of \$32,991,501; the decrease in fund balance is primarily due to the use of construction funds. The General Fund experienced a net decrease of \$4,561,757, primarily due to

supplemental contributions to the Capital Projects funds. Other non-major funds had an increase in fund balance of \$1,903,000. Out of the combined fund balances, \$13,317,799 constitutes unreserved, undesignated fund balance available for operations of the District.

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

<u>August 31, 2006</u>	<u>August 31, 2005</u>
General Fund	General Fund
PFC Bond Fund	PFC Bond Fund
2005 Bond Fund	2005 Bond Fund

The General Fund is the primary operating fund of the District. At the end of fiscal year 2006, the fund balance of the General Fund was \$24,223,221, out of which \$12,527,471 is reserved for inventory, encumbrances, child nutrition, and capital outlay. \$3,075,750 is designated for equipment and building improvements, and \$8,620,000 is unreserved, undesignated fund balance.

The two major funds for the current year are Capital Projects Funds, which are the Public Facilities Corporation (PFC) Bond Fund and the 2005 Bond Fund. During the fiscal year ended 2006, the PFC was created and is included as a blended component unit. The PFC sold bonds in 2006 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 and the 2005 Bond were \$31,018,384 and \$3,532,816 respectively. The PFC and the 2005 Bond Fund received \$110,697 and \$37,202 refund on the issuance cost respectively. Overall, the total fund balance for the Construction Projects Funds is \$114,929,536; this entire amount is committed for future construction.

The Special Revenue Fund has a total fund balance of \$4,697,799. Eighty-four percent of the total fund balance is from the Technology Allotment fund, which is used to purchase software and/or equipment to enhance student learning.

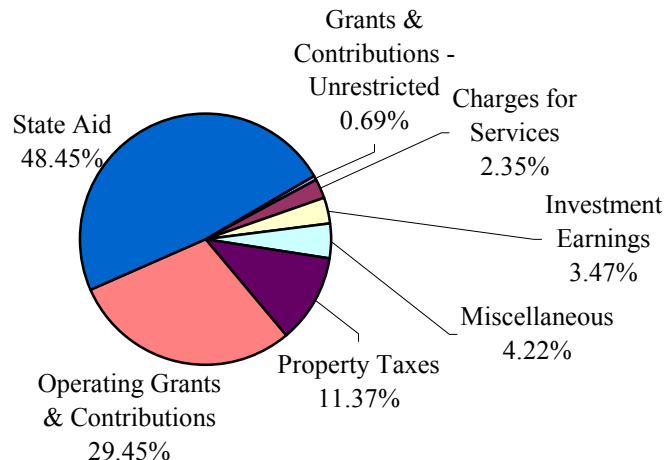
The Debt Service Fund balance at August 31, 2006 was \$11,669,155. The fund balance increased by \$2,241,540 from the prior fiscal year. The available funds are used for the retirement of long-term debt.

Governmental Activities

- The District opened two new replacement schools this year, Ryan Elementary, and Daiches Elementary. Other renovations continued at several elementary and secondary schools.
- Additional revenues of \$6.4 million were received due to sale of WADA credits to other districts such as Plano ISD, Deer Park ISD, La Porte LISD, Spring Branch ISD, and Texas City ISD.

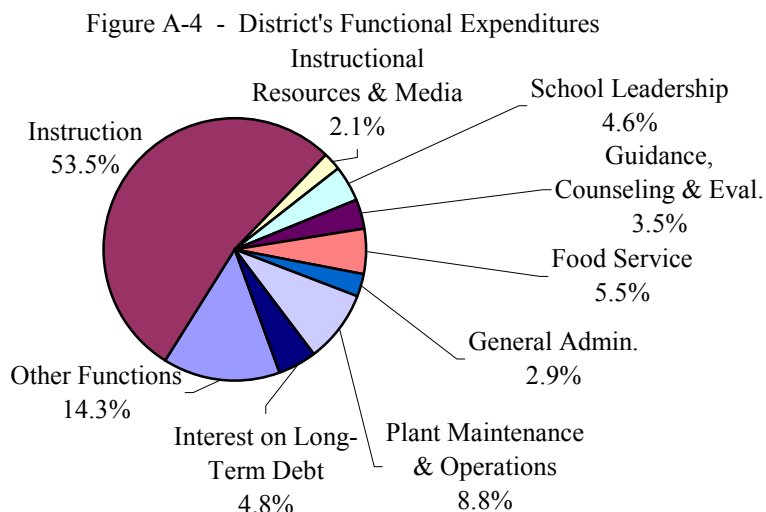
The following chart highlights the District’s revenues by funding source:

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 \$225,974,240
- However, the amount that our taxpayers paid for these activities through property taxes was only \$27,055,014 or 11.37%
- Some of the costs paid by those who directly benefited from the programs is \$5,591,040 or 2.35%
- State aid formula grants and contributions totaled \$115,296,468 or 48.45%



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 \$237,965,754. 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 earnings. Additionally, student population growth necessitates increased revenues to offset increased local expenditures. The increase in state revenues is a result of an increase of 21 students in average daily attendance and additional tax collection efforts. 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 22 times. The original appropriation increased by \$17,053,331 as of the final amended budget as reported on page 17. This increase was mainly due to:

- Outstanding purchase orders from the prior year totaling \$3.7 million that were re-encumbered,
- Additional allocations totaling \$4.9 million for construction projects and laptop leases,
- The issuance of a \$6 million PPFCO loan for the purchase of equipment,
- \$1 million in additional state revenues, and
- \$1.7 million dollars on other various projects.

Even with these adjustments, the actual expenditures were \$17,965,109 below the final budget amounts. The most significant positive variance resulted from staffing, more specifically in teacher vacancies. Staffing is budgeted for full employment throughout the fiscal year. Budget amounts for vacant positions throughout the year are not eligible for 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 \$3,847,562 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.
- Increase in contracts for Chapter 41 agreements with property wealthy districts.

The major budget increases were reflected in the instructional, food service, and capital outlay line items. The instructional increase was due to vacant positions budgeted at mid-point of the salary schedule but we were able to hire at a lower salary (closer to minimum). 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 2006, the District had invested \$232,291,622 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 \$49,395,732 or 27 percent over last year.

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

	2006	2005	Percentage Change
Land	\$ 11,035,449	\$ 10,009,242	10%
Buildings and improvements	142,345,968	142,345,968	0%
Property under capital lease	1,498,243	1,498,243	0%
Equipment	21,399,391	21,254,167	1%
Construction in progress	134,132,265	86,793,217	55%
Totals at historical cost	<u>310,411,316</u>	<u>261,900,837</u>	<u>19%</u>
Total accumulated depreciation	<u>78,119,694</u>	<u>79,004,947</u>	<u>-1%</u>
Net capital assets	<u><u>\$232,291,622</u></u>	<u><u>\$182,895,890</u></u>	<u><u>27%</u></u>

The District's fiscal year 2006 capital improvement budget totals \$118,847,197, which will be used principally for the completion of the Capital Improvement Plan. The loan issued this year and in previous years will be used to complete the construction program. The general fund has appropriated funds for construction in the amount of \$700,000, \$750,000 for the wellness program, and \$1,625,750 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 \$288,573,773 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

	2006	2005	Percentage Change
Loans payable	\$ 32,675,000	\$ 20,480,000	59.5%
Bonds payable	254,385,075	262,914,390	-3.2%
Compensated Absences	1,513,698	1,252,056	20.9%
Total long term debt payable	<u><u>\$288,573,773</u></u>	<u><u>\$284,646,446</u></u>	<u><u>1.4%</u></u>

Bond Ratings: The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A3", Fitch "A" and Standard & Poors "A".

The loans payable increased by 59.5% due to a \$1,805,000 payment made during the year on three of the outstanding loans and the issuance of the \$8M QZAB and the \$6M Loan. The bonds payable decreased by 3.2% due to the bond payment made during the year in the amount of \$8,730,000. The increase in the compensated absences is due to an increase in number of employees meeting the retirement qualifications.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2006-07 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 highlights of the budget:

- Taxable value used for the 2006-07 budget preparation is up \$153,741,024, or 8.67% 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 2006-07 decreased by 5.8 cents to a total of \$1.49551 per \$100 valuation as compared to the tax rate for 2005-06 of \$1.55411.
- The District's fiscal year 2006-2007 refined average daily attendance is expected to be 22,500.

These indicators were taken into account when adopting the general fund budget for 2006-2007. Revenues available for appropriation in the general fund budget are \$186,677,453, an increase of 11.24% percent over the final 2006 budget of \$167,812,410. Property tax revenues will increase due to the increase in property values and a collection rate of 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 7% percent to \$187,619,735. The largest increments are the funding of the construction department staff and teacher salary schedule adjustments. These competitive salary schedule adjustments allowed the District to open the 2006-2007 school year with minimal teacher vacancies. One of the major programs for 2006-2007 is the addition of an early college high school, which will open its doors to 100 incoming freshman and each year 100 incoming freshman will be added until the enrollment is at 400 students. The Early College High School's curriculum is designed to offer students an opportunity to receive a high school diploma and an associate degree by the end of their senior year.

Since the estimated revenues and the other financing sources were lower than the appropriation and the other financing uses by \$8,269,129 the District's fund balance is estimated to end up at \$9,976,873. This ending fund balance is 17.6% lower than last year's ending balance of \$12,109,287. 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, 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, please contact the District's Financial Management Department, attention of the Chief Financial Office, at (956) 795-3254 or send an email message to jamezcua@laredoisd.org.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2006

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
	Current Assets:	
1110	Cash and Investments	\$ 102,124,850
	Receivables:	
1220	Delinquent property taxes (net of estimated uncollectible taxes) of	
	\$460,666 - General Fund,	2,829,801
	\$65,256 - Debt Service Fund	400,858
1240	Due from Other Governments	20,608,727
1250	Accrued interest	110,065
1290	Other Receivables	177,363
1300	Inventories	1,489,889
	Non-current Assets:	
1410	Deferred Expenditures	181,739
1490	Bond Issuance Cost (Net)	3,621,156
	Capital Assets:	
1510	Land	11,035,449
1520	Buildings and improvements, net	81,947,661
1530	Property Under Capital Lease, net	749,243
1530	Equipment, net	4,427,004
1580	Construction in Progress	134,132,265
	Total Capital Assets	<u>232,291,622</u>
1910	Long Term Investments	66,288,283
1000	Total Assets	<u><u>430,124,353</u></u>
	LIABILITIES	
	Current Liabilities:	
2100	Bank Overdraft	6,526,587
2110	Accounts Payable	10,743,949
2140	Interest Payable	1,326,348
2150	Payroll Deductions and Withholdings	140,820
2160	Accrued Wages Payable	6,227,436
2180	Due to other governments	9,826,730
2300	Unearned revenue	1,995,682
	Current Portion:	
2121	Bonds payable	11,016,362
2122	Loan payable	1,315,000
2123	Compensated Absences	155,730
	Long -Term Portion:	
2510	Bonds payable	243,368,713
2520	Loan payable	31,360,000
2590	Compensated Absences	1,357,968
2000	Total Liabilities	<u><u>325,361,325</u></u>
	NET ASSETS	
	Restricted	
3810	Federal and State Grants	4,697,799
3820	Debt Service	11,669,155
3200	Invested in Capital Assets, Net of Related Debt	66,799,496
3900	Unrestricted	21,596,578
3000	Total Net Assets	<u><u>\$ 104,763,028</u></u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
11 Instruction	\$ 120,826,637	\$ 2,779,468	\$ 29,518,689	\$ (88,528,480)
12 Instructional resources and media services	4,739,042	-	940,190	(3,798,852)
13 Curriculum and staff development	4,158,695	-	3,215,297	(943,398)
21 Instructional leadership	5,049,862	-	1,997,503	(3,052,359)
23 School leadership	10,352,434	-	609,920	(9,742,514)
31 Guidance, counseling, and evaluation services	7,859,900	9,132	1,677,175	(6,173,593)
32 Social work services	1,881,254	14,450	402,196	(1,464,608)
33 Health services	2,837,440	77,961	1,224,262	(1,535,217)
34 Student transportation	3,599,991	-	1,114,765	(2,485,226)
35 Food Services	12,512,316	367,977	11,679,036	(465,303)
36 Extracurricular activities	4,175,160	-	343,590	(3,831,570)
41 General administration	6,479,272	-	513,262	(5,966,010)
51 Plant maintenance and operations	19,953,661	-	1,004,940	(18,948,721)
52 Security and monitoring services	3,407,992	-	295,024	(3,112,968)
53 Data processing services	2,958,108	-	393,306	(2,564,802)
61 Community services	382,002	1,075	288,939	(91,988)
71 Interest on long-term debt	10,888,015	-	14,520,582	3,632,567
81 Facilities Acquisition	3,769,838	2,340,977	338,996	(1,089,865)
93 Payments related to shared services arrangements	11,000	-	11,000	-
95 Payments to Juvenile Justice Alternative	131,621	-	-	(131,621)
Total governmental activities	<u>\$ 225,974,240</u>	<u>\$ 5,591,040</u>	<u>\$ 70,088,672</u>	<u>\$ (150,294,528)</u>
General revenues:				
Taxes:				
				24,106,298
				2,948,716
				115,296,468
				1,638,247
				8,262,586
				10,033,727
				<u>162,286,042</u>
				11,991,514
				92,771,514
				<u>\$ 104,763,028</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2006**

Data Control Codes	199 General Fund	627 PFC Bond Fund	695 2005 Bond Fund	Other Governmental Funds	Total	
					2006 Governmental Funds	2005 Governmental Funds
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ 29,784,908	\$ 24,732,694	\$ 1,457,595	\$ 46,149,653	\$ 102,124,850	\$ 69,310,657
Receivables:						
1220 Property Taxes - Delinquent	3,290,467	-	-	466,114	3,756,581	3,531,782
1230 Allowance for Uncollectible Taxes	(460,666)	-	-	(65,256)	(525,922)	(529,767)
1240 Due From Other Governments	13,341,084	-	-	7,267,643	20,608,727	21,297,752
1250 Accrued Interest	-	85,357	7,799	16,909	110,065	663,397
1260 Due From Other Funds	1,717,971	-	-	766,146	2,484,117	4,797,372
1290 Other Receivables	132,779	-	-	44,584	177,363	841,184
1310 Inventories, at cost	1,489,889	-	-	-	1,489,889	910,178
1410 Deferred Expenditures	181,739	-	-	-	181,739	157,093
1910 Long Term Investments	-	7,804,719	58,094,850	388,714	66,288,283	124,800,759
1000 Total Assets and Other Debits	<u>49,478,171</u>	<u>32,622,770</u>	<u>59,560,244</u>	<u>55,034,507</u>	<u>196,695,692</u>	<u>225,780,407</u>
LIABILITIES:						
2100 Bank Overdraft	160,869	-	-	6,365,718	6,526,587	3,504,342
2110 Accounts Payable	3,128,985	3,096,465	268,031	4,250,468	10,743,949	9,748,614
2150 Payroll Deductions and Withholdings	140,820	-	-	-	140,820	365,943
2160 Accrued Wages Payable	6,140,723	-	-	86,713	6,227,436	7,520,613
2170 Due to Other Funds	1,667,667	209,543	343,622	263,285	2,484,117	4,797,372
2180 Due to Other Governments	9,812,350	-	-	14,380	9,826,730	7,389,449
2300 Unearned Revenue	4,203,536	-	-	1,022,806	5,226,342	3,942,862
2000 Total Liabilities	<u>25,254,950</u>	<u>3,306,008</u>	<u>611,653</u>	<u>12,003,370</u>	<u>41,175,981</u>	<u>37,269,195</u>
FUND BALANCE:						
Reserved Fund Balances:						
3410 Investments in Inventory	1,489,889	-	-	-	1,489,889	828,089
3420 Retirement of Long-Term Debt	-	-	-	11,669,155	11,669,155	9,427,615
3440 Outstanding Encumbrances	1,585,456	-	-	-	1,585,456	-
3450 Reserved for Child Nutrition	2,480,136	-	-	-	2,480,136	4,504,080
Capital Acquisition and Contractual						
3470 Obligations	6,971,990	-	-	-	6,971,990	-
Unreserved Fund Balances:						
3510 Designated for Construction	-	29,316,762	58,948,591	26,664,183	114,929,536	147,046,196
3590 Designated for Child Nutrition/ Equipment/Building Improvements	3,075,750	-	-	-	3,075,750	2,697,057
3600 Undesignated Fund Balance	8,620,000	-	-	-	8,620,000	24,008,175
3600 Undesignated reported in non-major:						
Special Revenue Funds						
	-	-	-	4,697,799	4,697,799	-
3000 Total Fund Balance	<u>24,223,221</u>	<u>29,316,762</u>	<u>58,948,591</u>	<u>43,031,137</u>	<u>155,519,711</u>	<u>188,511,212</u>
4000 Total Liabilities and Fund Equity, and Other Credits	<u>\$ 49,478,171</u>	<u>\$ 32,622,770</u>	<u>\$ 59,560,244</u>	<u>\$ 55,034,507</u>	<u>\$ 196,695,692</u>	<u>\$ 225,780,407</u>
Fund Balance:						
General Fund	\$ 13,604,303					
2006 PPFCO	5,712,375					
Child Nutrition	3,646,928					
Child Nutrition- PPFC	1,259,615					
	<u>\$ 24,223,221</u>					

**LAREDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET ASSETS**

Total fund balances--governmental funds (Exhibit C-1)	\$ 155,519,711
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.	261,900,837
Accumulated depreciation used in governmental activities are not reported in the funds.	(79,004,947)
Payables for bond principal which are not due in the current period are not recorded in the funds.	(262,914,390)
Payables for loan principal which are not due in the current period are not recorded in the funds.	(20,480,000)
Bond issuance costs used in government activities are not reported in the funds.	3,673,116
Payables for compensated absences are not recorded in the funds	(1,252,056)
Record interest payable not recorded in the funds	(810,127)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	3,147,869
Record current asset additions and reverse capital outlay expenditures not recorded in the funds.	51,652,104
Record current year depreciation expense not in the funds	(2,256,372)
Reverse principal payments recorded in the funds	10,535,000
Record accrued interest payable not recorded in the funds	(309,293)
Record current year loan premiums not in the funds	(23,032)
Record current year amortization of bond premiums not in the funds	1,707,478
Record current year amortization of bond issuance costs not in the funds	191,422
To remove loan proceeds used in government activities that are reported in the funds.	(14,000,000)
To record capital appreciation bond interest payable not in the funds	(2,335,441)
Recognize change in deferred revenue and increase allowance for delinquent taxes	82,791
Record compensated absences not included in the funds.	(261,642)
Total net assets--governmental activities (Exhibit B-1)	\$ 104,763,028

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	199 General Fund	627 PFC Bond Fund	695 2005 Bond Fund	Other Governmental Funds	Total		
					2006 Governmental Funds	2005 Governmental Funds	
REVENUES:							
5700	Total Local and Intermediate Sources	\$ 35,861,961	\$ 1,626,352	\$ 2,665,627	\$ 8,024,508	\$ 48,178,448	\$ 41,001,387
5800	State Program Revenues	122,534,952	-	-	23,229,318	145,764,270	147,661,908
5900	Federal Program Revenues	13,263,059	-	-	30,677,186	43,940,245	41,093,471
5020	Total Revenues	171,659,972	1,626,352	2,665,627	61,931,012	237,882,963	229,756,766
EXPENDITURES:							
Current:							
0011	Instruction	90,412,798	-	-	30,264,930	120,677,728	121,436,722
0012	Instructional Resources & Media Services	4,001,419	-	-	782,228	4,783,647	4,722,348
0013	Curriculum & Instructional Staff Devpt.	962,987	-	-	3,193,466	4,156,453	4,112,502
0021	Instructional Leadership	3,185,421	-	-	1,852,821	5,038,242	3,995,905
0023	School Leadership	10,247,163	-	-	87,060	10,334,223	10,199,530
0031	Svcs.	6,453,046	-	-	1,395,338	7,848,384	7,655,899
0032	Social Work Services	1,535,584	-	-	342,420	1,878,004	1,725,654
0033	Health Services	1,602,604	-	-	1,230,483	2,833,087	2,703,162
0034	Student (Pupil) Transportation	3,360,638	-	-	646,206	4,006,844	3,557,405
0035	Food Services	13,460,629	-	-	599,849	14,060,478	11,112,037
0036	Cocurricular/Extracurricular Activities	4,164,543	-	-	37,384	4,201,927	4,121,958
0041	General Administration	6,180,429	-	-	281,948	6,462,377	6,013,067
0051	Plant Maintenance and Operations	19,711,559	-	-	480,314	20,191,873	17,890,818
0052	Security and Monitoring Services	3,503,294	-	-	145,980	3,649,274	2,560,883
0053	Data Processing Services	2,801,689	-	-	288,009	3,089,698	3,550,847
0061	Community Service	96,658	-	-	285,116	381,774	405,884
Debt Service:							
0071	Principal on Long-Term Debt	994,052	(110,697)	(37,202)	19,831,028	20,677,181	26,921,211
Capital Outlay:							
0081	Facilities Acquisition and Construction	2,220,467	31,018,384	3,532,816	13,712,242	50,483,909	36,178,910
Intergovernmental:							
0093	Payments to Fiscal Agent/Mem.	-	-	-	11,000	11,000	6,000
0095	Pymts. to Juvenile Justice Alternative Ed.	131,393	-	-	-	131,393	200,600
6030	Total Expenditures	175,026,373	30,907,687	3,495,614	75,467,822	284,897,496	269,071,342
Excess(Deficiency) of Revenues Over							
1100	(Under) Expenditures	(3,366,401)	(29,281,335)	(829,987)	(13,536,810)	(47,014,533)	(39,314,576)
OTHER FINANCING SOURCES (USES):							
7914	Issuance of Loans	6,000,000	-	-	8,000,000	14,000,000	-
7911	Issuance of Bonds	-	-	-	-	-	182,135,630
7916	Premium Issuance of Bond	-	-	-	-	-	5,815,205
7949	Premium Issuance of Loans	23,032	-	-	-	23,032	-
8949	Redemption of Refunded Bonds	-	-	-	-	-	(54,145,000)
8949	Payment to Refunded Bonds Escrow Agents	-	-	-	-	-	-
7020	Transfers In	669,292	-	-	7,467,979	8,137,271	9,745,939
8911	Transfers Out	(7,887,680)	-	(221,422)	(28,169)	(8,137,271)	(9,745,939)
	Total Other Financing Sources (Uses)	(1,195,356)	-	(221,422)	15,439,810	14,023,032	133,805,835
1200	Net Changes in Fund Balances	(4,561,757)	(29,281,335)	(1,051,409)	1,903,000	(32,991,501)	94,491,259
0100	Fund Balance - September 1 (Beginning)	28,784,978	58,598,097	60,000,000	41,128,137	188,511,212	94,019,953
	Adjustment to Fund Balance	-	-	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ 24,223,221	\$ 29,316,762	\$ 58,948,591	\$ 43,031,137	\$ 155,519,711	\$ 188,511,212

**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, 2006**

Net change in fund balances--total governmental funds (Exhibit C-2)	\$ (32,991,501)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Record current asset additions and reverse capital outlay expenditures not recorded in the funds.	51,652,104
Record current year depreciation expense not in the funds	(2,256,372)
Reverse principal payments recorded in the funds	10,535,000
Record accrued interest payable not recorded in the funds	(309,293)
Record current year loan premiums	(23,032)
Record current year amortization of bond premiums not in the funds	1,707,478
Record current year amortization of bond issuance costs not in the funds	191,422
To remove loan proceeds used in government activities that are reported in the funds.	(14,000,000)
To record capital appreciation bond interest payable not in the funds	(2,335,441)
Recognize change in deferred revenue and increase allowance for delinquent taxes	82,791
Record compensated absences not included in the funds.	<u>(261,642)</u>
Change in net assets of governmental activities (Exhibit B-1)	<u><u>\$ 11,991,514</u></u>

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		2006 Actual	Variance with Final Budget	2005 Actual	
	Original	Final		Positive (Negative)		
REVENUES:						
5700	Local and Intermediate Sources	\$ 34,093,201	\$ 34,093,201	\$ 35,861,961	\$ 1,768,760	\$ 33,638,530
5800	State Program Revenues	120,112,809	121,469,309	122,534,952	1,065,643	125,706,128
5900	Federal Program Revenues	12,249,900	12,249,900	13,263,059	1,013,159	11,713,525
5020	Total Revenues	<u>166,455,910</u>	<u>167,812,410</u>	<u>171,659,972</u>	<u>3,847,562</u>	<u>171,058,183</u>
EXPENDITURES:						
Current:						
0011	Instruction	92,991,115	97,160,261	90,412,798	6,747,463	89,411,350
0012	Instructional Resources and Media Services	4,231,595	4,453,182	4,001,419	451,763	4,027,172
0013	Curriculum Dev. & Instructional Staff Dev.	1,204,832	1,228,407	962,987	265,420	1,109,259
0021	Instructional Leadership	2,722,093	3,393,433	3,185,421	208,012	2,460,455
0023	School Leadership	10,437,619	10,464,304	10,247,163	217,141	10,124,390
0031	Guidance, Counseling and Evaluation Services	6,388,714	6,673,558	6,453,046	220,512	6,399,361
0032	Social Services	1,732,465	1,745,359	1,535,584	209,775	1,411,695
0033	Health Services	1,632,596	1,677,157	1,602,604	74,553	1,532,338
0034	Student (Pupil) Transportation	3,473,872	4,167,026	3,360,638	806,388	3,424,662
0035	Food Service	17,574,073	18,232,641	13,460,629	4,772,012	10,464,463
0036	Curricular/Extracurricular Activities	3,244,194	4,223,693	4,164,543	59,150	4,094,265
0041	General Administration	6,171,264	6,506,329	6,180,429	325,900	5,963,258
0051	Plant Maintenance and Operations	17,086,652	20,787,183	19,711,559	1,075,624	17,693,071
0052	Security and Monitoring Services	3,158,466	4,070,245	3,503,294	566,951	2,517,823
0053	Data Processing Services	2,706,922	3,167,729	2,801,689	366,040	2,897,546
0061	Community Services	12,290	104,798	96,658	8,140	85,396
Debt Service:						
0071	Debt Service	965,098	965,098	994,052	(28,954)	851,520
Capital Outlay:						
0081	Facilities Acquisition and Construction	4,291	3,771,079	2,220,467	1,550,612	3,766,534
Intergovernmental Charges:						
0095	Payment to Juvenile Justice Alternative Education	200,000	200,000	131,393	68,607	200,600
6030	Total Expenditures	<u>175,938,151</u>	<u>192,991,482</u>	<u>175,026,373</u>	<u>17,965,109</u>	<u>168,435,158</u>
Excess(Deficiency) of Revenues Over (Under)						
1100	Expenditures	(9,482,241)	(25,179,072)	(3,366,401)	(14,117,547)	2,623,025
OTHER FINANCING SOURCES (USES):						
7911	Issuance of Loans	4,000,000	10,000,000	6,000,000	4,000,000	-
7949	Premium Issuance of Loans	36,695	36,695	23,032	13,663	-
7915	Operating Transfers In	680,000	680,000	669,292	10,708	680,000
8911	Operating Transfers Out	(8,551,977)	(8,939,661)	(7,887,680)	1,051,981	(9,745,939)
7080	Total Other Financing Sources (Uses)	<u>(3,835,282)</u>	<u>1,777,034</u>	<u>(1,195,356)</u>	<u>5,076,352</u>	<u>(9,065,939)</u>
1200	Net Changes in Fund Balances	(13,317,523)	(23,402,038)	(4,561,757)	26,889,023	(6,442,914)
0100	Fund Balance - September 1 (Beginning)	28,784,978	28,784,978	28,784,978	-	35,227,892
3000	Fund Balance - August 31 (Ending)	<u>\$ 15,467,455</u>	<u>\$ 5,382,940</u>	<u>\$ 24,223,221</u>	<u>\$ 26,889,023</u>	<u>\$ 28,784,978</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2006**

Data Control Codes		<u>Private-Purpose Trust Fund</u> 829 Scholarship Program Fund	<u>Agency Fund</u> 865 Student Activity Fund
ASSETS:			
1110	Cash and Temporary Investments, at cost	\$ 70,166	\$ 252,460
1000	Total Assets	<u>70,166</u>	<u>252,460</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	(2,000)	-
2190	Due To Student Groups	<u>-</u>	<u>252,460</u>
2000	Total Liabilities	<u>(2,000)</u>	<u>252,460</u>
NET ASSETS:			
3800	Held in Trust	<u>72,166</u>	-
3000	Total Net Assets	<u>\$ 72,166</u>	<u>\$ -</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FISCAL YEAR ENDING AUGUST, 31, 2006

	Private-purpose Trust Fund
	829
	Scholarship Program Fund
ADDITIONS:	
Gifts and Bequests	\$ 29,000
Interest Earnings	5,451
Total Additions	34,451
DEDUCTIONS:	
Materials and Supplies	10,459
Capital Outlay	15,850
Scholarships	35,425
Total Deductions	61,734
Change in Net Assets	(27,283)
Net Assets-Beginning of the Year	99,449
Net Assets-End of the Year	\$ 72,166



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**LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2006**

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, 2006, 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

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:

- Scholarship Program Fund: This fund is 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 \$460,666 and \$65,256 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. Land and Construction in Progress are not depreciated.

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

A. Summary of Significant Accounting Policies (continued)

consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

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

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	\$ 161,382,695	\$ 16,325,496	\$ 177,708,191
General Fund - Child Nutrition	14,555,456	727,835	15,283,291
Debt Service Fund	15,027,004	-	15,027,004
PFC Debt Service Fund	4,726,133	100	4,726,233
	<u>\$ 195,691,288</u>	<u>\$ 17,053,431</u>	<u>\$ 212,744,719</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, 2006.

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 31st, the District invested part of its money with Lone Star and MBIA, which hold an 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, 2006 are as follows:

Cash in bank or on hand - primary government	\$ 19,077,339	
Cash equivalents		
Investment Pool accounts:		
MBIA	31,250,400	
Lonestar	20,476,903	
PFC - Texas Daily	18,716,144	
Money Market accounts:		
PFC - Wells Fargo	<u>6,018,625</u>	
Total Cash and Cash Equivalents		\$ 95,539,411
Letter of Credit		381,480
Investments		<u>66,288,283</u>
Total deposits and investments - primary government		<u><u>\$162,209,174</u></u>

C. Deposits and Investments (continued)

Deposits:

At August 31, 2006, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$25,091,964 and the bank balance was \$21,881,291. The District also had \$4,000 in petty cash. The District's cash deposits at August 31, 2006 and during the year ended August 31, 2006, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Commerce Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$187,668,556.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$116,518,490 and occurred during the month of February 2006.
- 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 PFIA 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, 2006, 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, 2006. 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, 2006 are shown below:

Investment	Fair Value	Investment Maturities in Years			
		Less than 1	1 to 2	2 to 3	More than 3
<i>Agency Bonds and Discount Notes</i>					
FHLB Note	\$ 388,714	\$ -	\$ 388,714	\$ -	\$ -
FFCB	7,804,719	7,804,719	-	-	-
Flex Repurchase	58,094,850	-	-	-	58,094,850
Sub Total	66,288,283	7,804,719	388,714	-	-
<i>Investment Pools</i>					
MBIA	31,250,400	31,250,400	-	-	-
Lonestar	20,476,903	20,476,903	-	-	-
PFC - Texas Daily	18,716,144	18,716,144	-	-	-
Sub Total	70,443,447	70,443,447	-	-	-
<i>Money Market Investments</i>					
PFC - Wells Fargo	6,018,265	6,018,265	-	-	-
<i>Letter of Credit</i>					
IBC - Commerce	381,480	381,480	-	-	-
Total Fair Value	\$143,131,475	\$84,647,911	\$ 388,714	\$ -	\$58,094,850

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2006

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, 2006 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	\$ -	\$ 7,813,835	\$ 5,527,249	\$ 13,341,084
Special Revenue Funds	86,162	4,750,872	2,430,609	7,267,643
	<u>\$ 86,162</u>	<u>\$ 12,564,707</u>	<u>\$ 7,957,858</u>	<u>\$ 20,608,727</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, 2006 consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,717,971	\$ 1,667,667
Special Revenue Funds:		
Summer Food Service Program	486,139	239,487
TX Reading First	1	-
ESEA Title VI Innovative Ed.	21	-
TIP 2	267	-
E-Rate	221,422	-
Debt Service Fund	76	-
Capital Projects Fund	58,220	576,963
	<u>\$ 2,484,117</u>	<u>\$ 2,484,117</u>

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

2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
General Fund	Technology	\$ 2,950,076	Transfer the gain of sale of WADA for Technology Expenditures.
General Fund	Debt Service	2,769,657	Transfer to cover for interest and principals costs for loans.
General Fund	E-Rate	507,555	Transfer to cover local share of grant.
General Fund	Athletics	669,293	Transfer to cover Athletics cost for all schools.
General Fund	PFC Debt Service	956,773	Transfer to cover for int. & principal cost for the PFC debt.
General Fund	TRS Supplement	34,326	Transfer to cover employee benefits
Capital Projects	E-Rate	221,422	Transfer to cover local share of grant.
Special Revenue	E-Rate	28,169	Transfer to cover local share of grant.
Total		<u>\$ 8,137,271</u>	

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2006

F. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 10,009,242	\$ 1,026,207	\$ -	\$ 11,035,449
Construction in Progress	86,793,217	47,339,048	-	134,132,265
Total capital assets not being depreciated	<u>96,802,459</u>	<u>48,365,255</u>	<u>-</u>	<u>145,167,714</u>
Capital assets being depreciated:				
Buildings and Improvements	142,345,968	-	-	142,345,968
Equipment	21,254,167	3,286,849	3,141,625	21,399,391
Capital Lease Equipment	1,498,243	-	-	1,498,243
Total capital assets being depreciated	<u>165,098,378</u>	<u>3,286,849</u>	<u>3,141,625</u>	<u>165,243,602</u>
Less accumulated depreciation:				
Building and Improvements	59,050,366	1,347,941	-	60,398,307
Equipment	19,205,581	908,431	3,141,625	16,972,387
Capital Lease Equipment	749,000	-	-	749,000
Total accumulated depreciation	<u>79,004,947</u>	<u>2,256,372</u>	<u>3,141,625</u>	<u>78,119,694</u>
Total capital assets being depreciated, net	<u>86,093,431</u>	<u>1,030,477</u>	<u>-</u>	<u>87,123,908</u>
Governmental activities capital assets, net	<u>\$182,895,890</u>	<u>\$ 49,395,732</u>	<u>\$ -</u>	<u>\$232,291,622</u>

Depreciation was charged to functions as follows:

	<u>Totals</u>
Instruction	\$ 97,885
Resource & Media Services	5,164
Staff Development	574
Instructional Leadership	6,150
School Leadership	466
Guidance & Counseling	794
Social Services	691
Health Services	1,727
Transportation	16,678
Food Service	112,698
Co-Curricular Activities	8,535
General Administration	32,516
Plant & Maintenance	22,564
Security & Monitoring Services	13,174
Data Processing	11,811
Parental Development	61
Facilities Acquisition & Construction	1,924,884
Total Depreciation	<u>\$ 2,256,372</u>

G. Unearned Revenue

Unearned revenue at August 31, 2006 consisted of the following:

	<u>Totals</u>
Child Nutrition	\$ 410,590
General Operating Fund - Escrow Refunds	14,012
General Fund - WADA	949,132
Advanced Placement	5,099
Pregnancy, Education, and Parenting Program	41,702
Pre-Kinder Expansion Grant	561,569
Regional Day School for the Deaf	13,578
	<u>\$ 1,995,682</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, 2013.

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 3.0% to 4.0% and an original term of five years. The final principal and interest payment was 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 2.0% to 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.

A Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 was entered into on October 3, 2005 for the purpose of financing the construction of academics for three middle schools and two high schools. The loan has an interest rate of 0% and an original term of sixteen years. The principal payment of \$8,000,000 is due to mature on October 3, 2021

A loan of \$6,000,000 was issued on August 10, 2006, due to mature purchase of capital equipment as authorized by Texas Local Government code section 271. The loan has an interest rate of 4.0% to 4.25% and an original term of five years. The final principal and interest payment will be made in fiscal year ending August 31, 2011.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2006

H. Loans (continued)

The following is a summary of loan transaction of the district for the year ending August 31, 2006.

Description	Balance Outstanding 9/1/2005	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2006	Amounts Due Within One Year
Loan - September 2, 1998	\$ 1,515,000	\$ -	\$ 480,000	\$ 1,035,000	\$ 505,000
Note - August 23, 2000	8,000,000	-	-	8,000,000	-
Note - August 30, 2001	8,000,000	-	-	8,000,000	-
Loan - December 1, 2001	530,000	-	530,000	-	-
Loan - December 18, 2003	2,435,000	-	795,000	1,640,000	810,000
Note- October 3, 2005	-	8,000,000	-	8,000,000	-
Loan- August 10, 2006	-	6,000,000	-	6,000,000	-
	<u>\$20,480,000</u>	<u>\$14,000,000</u>	<u>\$1,805,000</u>	<u>\$32,675,000</u>	<u>\$1,315,000</u>

Interest paid during the year on loans was \$322,495. All loans are payable from the operating funds which include the Food Service and General Fund.

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

Year Ending August 31, 2006	Principal	Interest	Total
2007	\$ 1,315,000	\$ 550,114	\$ 1,865,114
2008	1,720,000	463,694	2,183,694
2009	1,790,000	410,985	2,200,985
2010	1,875,000	339,385	2,214,385
2011	1,975,000	259,698	2,234,698
2012-2016	16,000,000	263,520	16,263,520
2017-2021	8,000,000	-	8,000,000
	<u>\$ 32,675,000</u>	<u>\$ 2,287,396</u>	<u>\$ 34,962,396</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.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2006

I. Long-Term Obligations (continued)

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2006 are as follows:

Description	Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Unlimited Tax Refunding Bonds:</i>							
Capital Appreciation	3.00%-5.95%	\$ 7,859,391	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Appreciation	5.85%	1,188,644	2,408,621	100,051	2,475,000	33,672	33,672
Capital Appreciation	5.95%	496,558	1,014,174			1,014,174	1,014,174
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	5.50%-6.75%	72,000,000	8,360,000	-	1,900,000	6,460,000	2,020,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	5.25%-6.75%	77,890,000	56,685,000	-	2,505,000	54,180,000	2,605,000
Current Interest	5.00%	18,200,000	2,000,000	-	-	2,000,000	-
Capital Appreciation	5.02%	2,509,910	3,634,447	373,997	-	4,008,444	-
<i>Lease Revenue Bonds</i>							
Series A	4-5%	30,105,000	29,055,000	-	730,000	28,325,000	750,000
Series B	3.6-4.25%	6,345,000	6,120,000	-	160,000	5,960,000	165,000
Series C	3-5%	23,715,000	22,895,000	-	565,000	22,330,000	585,000
Series D	2.05-3.5%	2,140,000	2,060,000	-	50,000	2,010,000	55,000
Series E	2.05-3.5%	1,215,000	1,170,000	-	30,000	1,140,000	30,000
<i>Lease Revenue Bonds</i>							
Series F	3.4-4%	4,615,000	4,430,000	-	115,000	4,315,000	120,000
<i>Unlimited Tax Refunding Bonds :</i>							
Current Interest	3-5%	51,120,000	51,025,000	-	200,000	50,825,000	205,000
Capital Appreciation	4%	3,024,784	3,319,470	134,116	-	3,453,586	-
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	4.02%-5.18%	17,370,000	17,370,000	-	-	17,370,000	1,180,000
Capital Appreciation	3.39-5.18%	42,485,846	42,485,846	1,727,277	-	44,213,123	-
TOTALS		<u>\$ 362,280,133</u>	<u>\$ 254,032,558</u>	<u>\$ 2,335,441</u>	<u>\$ 8,730,000</u>	<u>\$ 247,637,999</u>	<u>\$ 8,762,846</u>

Interest paid on bonded indebtedness during the current year was \$9,725,162.

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

Year Ending August 31, 2006	Principal	Capital Appreciation Bond	Interest	Total
2007	\$ 7,836,379	\$ 926,468	\$ 10,500,745	\$ 19,263,592
2008	10,223,177	107,306	9,507,097	19,837,580
2009	10,393,982	108,326	9,325,260	19,827,568
2010	10,589,518	107,093	9,126,478	19,823,089
2011	10,744,652	108,025	8,956,688	19,809,365
2012-2016	51,772,452	1,491,459	46,462,788	99,726,699
2017-2021	55,337,260	1,387,159	42,667,946	99,392,365
2022-2026	57,154,499	345,244	25,356,451	82,856,194
2027-2030	29,005,000	-	3,388,275	32,393,275
	<u>\$ 243,056,919</u>	<u>\$ 4,581,080</u>	<u>\$ 165,291,728</u>	<u>\$ 412,929,727</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.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2006

J. Accumulated State Personal and Sick Leave Benefits (continued)

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, 2006, the balance for the State Personal and Sick Leave is \$1,513,699. The estimated amount due within a year totals to \$155,730 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, 2006, was as follows:

Description	Balance Outstanding 9/1/2005	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2006	Amounts Due Within One Year
Loans Payable:					
Loans	\$ 20,480,000	\$ 14,000,000	\$ 1,805,000	\$ 32,675,000	\$ 1,315,000
General Obligation Bonds	254,032,558	2,335,441	8,730,000	247,637,999	8,762,846
Bonds Premium Amortization - net	8,881,832	23,032	2,157,788	6,747,076	2,253,516
Total Bonds and Loans Payable	262,914,390	2,358,473	10,887,788	254,385,075	11,016,362
Other Liabilities:					
Compensated Absences	1,252,056	443,342	181,700	1,513,698	155,730
Total Other Liabilities	1,252,056	443,342	181,700	1,513,698	155,730
Total Governmental Activities Long-term Liabilities	\$ 284,646,446	\$ 16,801,815	\$ 12,874,488	\$ 288,573,773	\$ 12,487,092

L. Revenues from Local and Intermediate Sources

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

	General Fund	627 PFC Bond Fund	695 PFC Bond Fund	Other Governmental Funds	Total
Property Taxes	\$23,811,031	\$ -	\$ -	\$2,948,716	\$26,759,747
Food Sales	342,424	-	-	-	342,424
Investment income	2,570,319	1,626,352	2,665,627	2,077,132	8,939,430
Penalties, interest and Other fees	637,622	-	-	93,033	730,655
Co-curricular	210,761	-	-	-	210,761
Sale of WADA	6,640,127	-	-	-	6,640,127
E-Rate	-	-	-	2,340,977	2,340,977
Miscellaneous	1,649,677	-	-	564,650	2,214,327
	\$35,861,961	\$1,626,352	\$2,665,627	\$8,024,508	\$48,178,448

M. General Fund Federal Source Revenues

Federal revenue included in the General Fund as of August 31, 2006 is as follows:

Program or Source	Federal CFDA Number	Amount	Total Grant or Entitlement
General Fund:			
Summer School LEP	84.369A	\$ 65,338	\$ 65,338
ROTC	12.999	162,356	100,000
School Health and Related Services	N/A	1,588,143	150,000
Medicaid	N/A	50,104	50,000
Indirect Cost:			
LEP Program	84.334A	34,525	2,873,673
Safe and Drug Free	84.186A	4,298	353,826
ESEA Title I Part A Disadvantaged Children	84.010A	256,384	15,891,297
ESEA Title I Part C Migrant	84.011A	2,355	308,829
IDEA B-Formula	84.027A	63,721	7,939,594
IDEA B-Preschool	84.173A	655	69,513
IDEA B-Deaf	84.027A	473	40,452
IDEA B-Preschool Deaf	84.027A	14	48,133
ESEA Title V Innovative Education	84.298A	983	183,575
Vocational Education Applied Career & Technology	84.048A	5,554	537,339
Title II Part A	84.367A	42,799	3,481,413
Gear Up	84.334A	1,499	377,000
Title II Part D Technology	84.318X	4,154	324,376
Texas Reading First Grant	84.357A	-	3,711,201
Sub-Total Indirect Cost		417,414	36,140,221
Total General Fund		2,283,355	36,505,559
Child Nutrition Fund:			
National School Lunch Program	10.555	10,292,812	10,930,856
USDA Commodities	10.555	686,892	567,044
Total Food Service Fund		10,979,704	11,497,900
TOTAL		\$ 13,263,059	\$ 48,003,459

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 2006, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past 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, 2006, the district was/is fully insured and maintained workers' compensation programs which allowed full transfer of all liability to a third party, Texas Political Sub Division.

N. Risk Financing Activities (continued)

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

<u>Year</u>	<u>Carrier (1)</u>	<u>8/31/2005 Beginning of Fiscal Year Liability (2)</u>	<u>Current Year Claims &/ or Changes in Estimates</u>	<u>Claim Payments</u>	<u>8/31/2006 Balance at Fiscal Year-End</u>
2003-04	LISD	\$ 153,179	\$ 59,483	\$ 84,312	\$ 128,350
2004-05	TPS	\$ 451,938	\$ 101,104	\$396,450	\$ 156,592
2005-06	TPS	\$ -	\$ 951,158	\$514,023	\$ 437,135

- (1) 03-04 Self-Insured
- 04-05 Fully-Insured
- 05-06 Fully-Insured

- (2) 03-04 Estimated Loss Maximum = \$1,984,676 as claims cost and \$2,294,326 as premiums cost to the District includes administration fixed cost for \$309,650.
- 04-05 Estimated Loss Maximum = unlimited to carrier, \$1,746,945 (audited) to District.
- 05-06 Estimated Loss Maximum = unlimited to carrier, \$1,701,668 (+/- 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 2006, 2005, and 2004 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances, the District is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined, but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of TRS during the fiscal year, and (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize the System's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions made to the System on behalf of the District's employees for the years ended August 31, 2006, 2005, and 2004 were \$8,564,185, \$7,944,470 and \$7,617,598, 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, 2006, 2005, and 2004 were \$ 2,746,169, \$2,465,293 and \$1,628,844, respectively, and were equal to the required contributions for each year. The district contributed 6% totaling \$154,628 for state contributions during the first 90 days of a new member's employment. The district also contributed \$ 29,651 for the pension surcharge for retirees which equals to the sum of the combined state and members contributions (currently 12.4% of salary). In addition the district paid a health benefit surcharge for retirees in the amount of \$22,432. The amount contributed by the Teacher Retirement System of Texas on behalf of the District was recognized as revenues and expenditures which totaled to \$6,758,006.

P. Health Care Coverage

For the term effective 9/1/05-8/31/06, the District continued to be fully-insured with Blue Cross Blue Shield of Texas, Inc. being the medical health provider. The carrier BCBSTX, as well as the local servicing agency, Laurel Insurance, contracted by BCBSTX, administered and serviced the medical program. The program is a fully insured program, but is unique in that it includes a "retention agreement" whereby any savings under the established utilization (loss ratio) threshold of 85.85% may be reimbursed to the District.

The District contributed \$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 offered 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 3,500 or 88% of the eligible employee base of 4,000 and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that "Your District satisfied all of the reporting requirements of the Education Code for the 2005-2006 comparability study; and it has been determined that your district makes available to the employees group health coverage that is comparable to the basic health coverage that is comparable to the basic health coverage provided to state employees under the Texas Employees Uniform Group Insurance Benefits Act (Health Select)."

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, 2006.

R. Construction Commitments

As of August 31, 2006, 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	\$ 121,504,825	\$ 92,223,901	\$ 29,280,924	\$ 2,780,418
Architect Services	7,113,354	4,634,856	2,478,498	-
Fire Alarm	194,331	175,115	19,216	9,217
Environmental Services	286,174	190,957	95,217	-
HVAC Systems	1,032,841	914,645	118,196	48,139
Portable Rentals	2,945,534	2,277,561	667,973	25,348
Demolition	148,549	141,122	7,427	7,427
Electrical	88,605	39,991	48,614	1,427
Total	\$ 133,314,213	\$ 100,598,148	\$ 32,716,065	\$ 2,871,976

*The remaining balance includes the retainage amount payable at August 31, 2006.

S. Shared Service Arrangements

The Laredo Independent School District (L.I.S.D.) participates in the Regional Day School Program for the Deaf (RDSPD), a shared service arrangement with one member District: United Independent School District (U.I.S.D.). The District is acting as the fiscal agent for the party involved. The purpose of the Laredo Independent School District RDSPD is to serve students who are auditory impaired and between 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	\$ 522,715
UISD	<u>242,873</u>
	<u><u>\$ 765,588</u></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 September 1, 2006 the district issued a Maintain Tax Anticipation Note (TAN) in the amount of \$12 million in order to meet the district's short- term cash flow needs created by the timing of TEA disbursements. The interest rate on the TAN note 4.41% and it is estimated that it will cost the District \$453,728 in debt service expenditures; hence the increase. However, this expenditure will be offset by investing the same at a rate of 5.24%, which brings projected interest income of \$438,870 creating a net expense of only \$14,858. This obligation matures on August 1, 2007.

On September 28, 2006 the district received \$57,000,000 for the sale of the 2006 Series, Unlimited Tax School Building Bonds. The district invested \$56,950,000 in a flexible repurchase agreement on November 1, 2006 with the MBIA, Inc. This repurchase allows for drawdowns as needed. The amount of \$ 50,000 remained in the pool to cover operating expenses.

LAREDO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2006

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2006	August 31, 2005	
ASSETS:						
1110	Cash and Temporary Investments, at cost	\$ 4,979,345	\$ 11,272,814	\$ 29,897,494	\$ 46,149,653	\$ 25,835,665
Receivables:						
1220	Property Taxes - Delinquent	-	466,114	-	466,114	451,258
1230	Allowance for Uncollectible Taxes	-	(65,256)	-	(65,256)	(67,689)
1240	Due From Other Governments	7,267,643	-	-	7,267,643	3,542,178
1250	Accrued Interest	-	7,551	9,358	16,909	93,515
1260	Due From Other Funds	707,850	76	58,220	766,146	2,335,959
1290	Other Receivables	44,584	-	-	44,584	759,658
1910	Long Term Investments	-	388,714	-	388,714	17,298,175
1000	Total Assets	<u>12,999,422</u>	<u>12,070,013</u>	<u>29,965,072</u>	<u>55,034,507</u>	<u>50,248,719</u>
LIABILITIES:						
2100	Bank Overdraft	6,365,718	-	-	6,365,718	3,415,691
2110	Accounts Payable	975,404	-	3,275,064	4,250,468	4,106,001
2160	Accrued Wages Payable	84,686	-	2,027	86,713	246,931
2170	Due to Other Funds	239,487	-	23,798	263,285	379,610
2180	Due to Other Governments	14,380	-	-	14,380	3,632
2300	Unearned Revenue	621,948	400,858	-	1,022,806	968,717
2000	Total Liabilities	<u>8,301,623</u>	<u>400,858</u>	<u>3,300,889</u>	<u>12,003,370</u>	<u>9,120,582</u>
FUND BALANCE:						
Reserved Fund Balances:						
3420	Retirement of Indebtedness	-	11,669,155	-	11,669,155	9,427,615
Unreserved Fund Balances:						
3510	Designated for Construction	-	-	26,664,183	26,664,183	28,448,099
3600	Undesignated Fund Balance	4,697,799	-	-	4,697,799	3,252,423
3000	Total Fund Balance	<u>4,697,799</u>	<u>11,669,155</u>	<u>26,664,183</u>	<u>43,031,137</u>	<u>41,128,137</u>
4000	Total Liabilities and Fund Balance	<u>\$ 12,999,422</u>	<u>\$ 12,070,013</u>	<u>\$ 29,965,072</u>	<u>\$ 55,034,507</u>	<u>\$ 50,248,719</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, 2006

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2006	August 31, 2005	
REVENUES:						
5700	Local, Intermediate, Out-of-State	\$ 2,950,447	\$ 3,741,386	\$ 1,332,675	\$ 8,024,508	\$ 6,038,056
5800	State Program Revenues	8,708,736	14,520,582	-	23,229,318	21,955,780
5900	Federal Program Revenues	<u>30,677,186</u>	-	-	<u>30,677,186</u>	<u>29,379,946</u>
5020	Total Revenues	<u>42,336,369</u>	<u>18,261,968</u>	<u>1,332,675</u>	<u>61,931,012</u>	<u>57,373,782</u>
EXPENDITURES:						
Current:						
0010	Instruction and Instructional-Related Services	34,240,624	-	-	34,240,624	35,723,791
0020	Instructional and School Leadership	1,939,881	-	-	1,939,881	1,610,590
0030	Support Services - Student (Pupil)	4,251,680	-	-	4,251,680	3,549,331
0040	Administrative Support Services	281,948	-	-	281,948	49,809
0050	Support Services - Nonstudent Based	914,303	-	-	914,303	894,108
0060	Ancillary Services	285,116	-	-	285,116	320,488
0070	Debt Services	-	19,746,858	84,170	19,831,028	23,163,611
0080	Capital Outlay	2,679,821	-	-	2,679,821	-
0080	Facilities Acquisition and Construction	-	-	11,032,421	11,032,421	22,555,540
0090	Intergovernmental Charges	<u>11,000</u>	-	-	<u>11,000</u>	<u>6,000</u>
6030	Total Expenditures	<u>44,604,373</u>	<u>19,746,858</u>	<u>11,116,591</u>	<u>75,467,822</u>	<u>87,873,268</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,268,004)</u>	<u>(1,484,890)</u>	<u>(9,783,916)</u>	<u>(13,536,810)</u>	<u>(30,499,486)</u>
OTHER FINANCING SOURCES (USES):						
7911	Proceeds of Refunding Bonds	-	-	-	-	54,144,784
7915	Transfers In	3,741,549	3,726,430	-	7,467,979	9,065,939
7916	Premium on Issuance of Bonds	-	-	8,000,000	8,000,000	3,769,839
8911	Transfers Out	(28,169)	-	-	(28,169)	-
8949	Redemption of Refunded Bonds	-	-	-	-	(54,145,000)
7080	Total Other Financing Sources (Uses):	<u>3,713,380</u>	<u>3,726,430</u>	<u>8,000,000</u>	<u>15,439,810</u>	<u>12,835,562</u>
1200	Net Changes in Fund Balance	1,445,376	2,241,540	(1,783,916)	1,903,000	(17,663,924)
0100	Fund Balance - September 1 (Beginning)	<u>3,252,423</u>	<u>9,427,615</u>	<u>28,448,099</u>	<u>41,128,137</u>	<u>58,792,061</u>
3000	Fund Balance - August 31 (Ending)	<u>\$4,697,799</u>	<u>\$11,669,155</u>	<u>\$26,664,183</u>	<u>\$43,031,137</u>	<u>\$41,128,137</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.

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.

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.

IDEA, Part C, Early Intervention Deaf (Fund 253) – to account on a project basis, for funds grant to assist local Regional Day School for the Deaf program and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, ages birth through two years of age. The program provides supplemental and appropriate services to eligible students that are provided by a certified and trained teacher.

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.

Early College High School (Fund 258) - 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.

Technology Immersion Program 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 to 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' first language into an academic asset by allowing them the chance to take advanced courses early and earn college credit in eighth grade.

Community Based Abstinence (Fund 285) – to account on a project basis for funds granted to implement and operate an abstinence-until-marriage training and support program and a high-risk-behavior reduction program to students in grades 7-12.

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.

Emergency Impact Aid (Fund 289) – to provide for the instruction of displaced students served by the LEAs and make immediate impact aid payments to accounts established on behalf of displaced students who are attending eligible Nonpublic schools in the areas served by the LEAs.

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.

Non-Educational Community Base (Fund 392) – to account for on a project basis for funds awarded to teach one self contained student self-help skills and domestic training and to provide generalization training where the family members may learn activities in which to engage the child appropriately and facilitate transition from one environment to another.

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) – to account for on a project basis for funds awarded 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 State Educational goals.

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) –to be 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.

Head Start Ready to Read (Fund 423) –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.

Law Enforcement Officer Standards and Education (LEOSE) (Fund 424) – to account on a project basis for funds granted for expenditures related to the continuing education of persons licensed under law enforcement support personnel in your agency.

Crime Stoppers Program (Fund 426) – to account on a project basis for funds granted 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.

Tobacco Grant (Fund 427) – to 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 granted to support 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.

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.

SECO (Fund 486) – to administer and deliver a variety of energy efficiency and renewable programs, which significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors.

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, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

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
ASSETS:					
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	13,011	27,308	1,227,109	37,289	199,926
1260 Due from Other Funds	-	-	-	-	-
1290 Sundry Receivables	-	-	31	-	1,141
1000 Total Assets	<u>13,011</u>	<u>27,308</u>	<u>1,227,140</u>	<u>37,289</u>	<u>201,067</u>
LIABILITIES:					
2100 Bank Overdraft	13,011	27,308	1,141,094	36,713	166,269
2110 Accounts Payable	-	-	46,805	-	31,258
2160 Accrued Wages	-	-	39,241	576	3,540
2170 Due to Other Funds	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	<u>13,011</u>	<u>27,308</u>	<u>1,227,140</u>	<u>37,289</u>	<u>201,067</u>
FUND EQUITY:					
3600 Unreserved Fund Balance	-	-	-	-	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ 13,011</u>	<u>\$ 27,308</u>	<u>\$ 1,227,140</u>	<u>\$ 37,289</u>	<u>\$ 201,067</u>

225 IDEA Part - B Pre-school	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	253 IDEA Part C Early Intervention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	14,943	805	-	-	-	46,867	-
-	-	-	-	486,139	-	-	-
-	-	-	-	-	-	-	-
-	14,943	805	-	486,139	-	46,867	-
-	9,851	805	-	240,073	-	46,579	-
-	5,092	-	-	6,579	-	288	-
-	-	-	-	-	-	-	-
-	-	-	-	239,487	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	14,943	805	-	486,139	-	46,867	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 14,943	\$ 805	\$ -	\$ 486,139	\$ -	\$ 46,867	\$ -

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

Data Control Codes	255 ESEA Title II Part A	258 Early College High School	261 Texas Reading First	262 Title II Technology	263 LEP Immigrant Program	
ASSETS:						
1110	Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	253,985	33,458	734,991	9,105	150,030
1260	Due from Other Funds	-	-	1	-	-
1290	Sundry Receivables	-	-	-	-	200
1000	Total Assets	<u>253,985</u>	<u>33,458</u>	<u>734,992</u>	<u>9,105</u>	<u>150,230</u>
LIABILITIES:						
2100	Bank Overdraft	231,809	24,159	734,492	9,105	131,868
2110	Accounts Payable	-	2,151	-	-	8,472
2160	Accrued Wages	22,176	7,148	500	-	9,890
2170	Due to Other Funds	-	-	-	-	-
2180	Due to Other Governments	-	-	-	-	-
2300	Unearned Revenues	-	-	-	-	-
2000	Total Liabilities	<u>253,985</u>	<u>33,458</u>	<u>734,992</u>	<u>9,105</u>	<u>150,230</u>
FUND EQUITY:						
3600	Unreserved Fund Balance	-	-	-	-	-
3000	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Equity	<u>\$ 253,985</u>	<u>\$ 33,458</u>	<u>\$ 734,992</u>	<u>\$ 9,105</u>	<u>\$ 150,230</u>

269 ESEA Title VI Innovative Educatoin	280 Technology Immersion Program 2	281 Tools for Schools	282 E-Rate	283 Target Grant	284 Advanced Placement	285 Community Based Abstinence	286 GEAR UP
\$ 172	\$ -	\$ -	\$ -	\$ -	\$ 5,099	\$ -	\$ -
-	161,071	10,500	2,340,977	14,439	-	896	35,156
21	267	-	221,422	-	-	-	-
-	-	-	-	-	-	-	-
<u>193</u>	<u>161,338</u>	<u>10,500</u>	<u>2,562,399</u>	<u>14,439</u>	<u>5,099</u>	<u>896</u>	<u>35,156</u>
-	161,338	10,500	1,913,304	14,439	-	6	35,156
193	-	-	649,095	-	-	-	-
-	-	-	-	-	-	890	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,099	-	-
<u>193</u>	<u>161,338</u>	<u>10,500</u>	<u>2,562,399</u>	<u>14,439</u>	<u>5,099</u>	<u>896</u>	<u>35,156</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 193</u>	<u>\$ 161,338</u>	<u>\$ 10,500</u>	<u>\$ 2,562,399</u>	<u>\$ 14,439</u>	<u>\$ 5,099</u>	<u>\$ 896</u>	<u>\$ 35,156</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

Data Control Codes	289 Emergency Impact Aid	385 Visually Impaired	392 Non-Ed Community Based Support	393 Texas Successful School Prog	394 Pregnancy, Education and Parenting Prog
ASSETS:					
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ 4,567	\$ 66,274	\$ 1,557
1240 Due from Other Governments	43,760	-	-	-	-
1260 Due from Other Funds	-	-	-	-	-
1290 Sundry Receivables	-	2,955	-	-	40,257
1000 Total Assets	<u>43,760</u>	<u>2,955</u>	<u>4,567</u>	<u>66,274</u>	<u>41,814</u>
LIABILITIES:					
2100 Bank Overdraft	43,760	2,955	-	-	-
2110 Accounts Payable	-	-	-	200	112
2160 Accrued Wages	-	-	-	-	-
2170 Due to Other Funds	-	-	-	-	-
2180 Due to Other Governments	-	-	4,567	-	-
2300 Unearned Revenues	-	-	-	-	41,702
2000 Total Liabilities	<u>43,760</u>	<u>2,955</u>	<u>4,567</u>	<u>200</u>	<u>41,814</u>
FUND EQUITY:					
3600 Unreserved Fund Balance	-	-	-	66,074	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,074</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ 43,760</u>	<u>\$ 2,955</u>	<u>\$ 4,567</u>	<u>\$ 66,274</u>	<u>\$ 41,814</u>

397 AP Incentive Program	401 Optional Extended Year	404 Accelerated Reading Program	409 Texas H. S. Completion & Success	411 Technology Allotment	414 TX Accelerated Science Achievement	415 Pre-Kinder Expansion Grant	418 TRS Supplement Compensation
\$ 101,190	\$ 9,813	\$ -	\$ -	\$ 4,119,193	\$ -	\$ 181,171	\$ 98
-	-	821,204	-	-	-	497,102	1,396
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>101,190</u>	<u>9,813</u>	<u>821,204</u>	<u>-</u>	<u>4,119,193</u>	<u>-</u>	<u>678,273</u>	<u>1,494</u>
-	-	807,629	-	-	-	-	-
6,782	-	15,725	-	166,806	-	6,724	-
-	-	(2,150)	-	1,381	-	-	1,494
-	-	-	-	-	-	-	-
-	9,813	-	-	-	-	-	-
-	-	-	-	-	-	561,569	-
<u>6,782</u>	<u>9,813</u>	<u>821,204</u>	<u>-</u>	<u>168,187</u>	<u>-</u>	<u>568,293</u>	<u>1,494</u>
<u>94,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,951,006</u>	<u>-</u>	<u>109,980</u>	<u>-</u>
<u>94,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,951,006</u>	<u>-</u>	<u>109,980</u>	<u>-</u>
<u>\$ 101,190</u>	<u>\$ 9,813</u>	<u>\$ 821,204</u>	<u>\$ -</u>	<u>\$ 4,119,193</u>	<u>\$ -</u>	<u>\$ 678,273</u>	<u>\$ 1,494</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

Data Control Codes	419 Ready To Read Grant	423 Ready To Read Grant Cycle 3	424 Law Enforcement O.S.E.	426 Crime Stoppers	427 Tabacco
ASSETS:					
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ 19,816	\$ 1,155
1240 Due from Other Governments	-	54,238	-	10,333	-
1260 Due from Other Funds	-	-	-	-	-
1290 Sundry Receivables	-	-	-	-	-
1000 Total Assets	<u>-</u>	<u>54,238</u>	<u>-</u>	<u>30,149</u>	<u>1,155</u>
LIABILITIES:					
2100 Bank Overdraft	-	28,964	-	6,787	-
2110 Accounts Payable	-	25,274	-	3,546	-
2160 Accrued Wages	-	-	-	-	-
2170 Due to Other Funds	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>54,238</u>	<u>-</u>	<u>10,333</u>	<u>-</u>
FUND EQUITY:					
3600 Unreserved Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,816</u>	<u>1,155</u>
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,816</u>	<u>1,155</u>
4000 Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 54,238</u>	<u>\$ -</u>	<u>\$ 30,149</u>	<u>\$ 1,155</u>

429 Read to Succeed	435 Regional Day School for the Deaf	482 Dr. Hochman Grant	486 Seco-Clean School Bus	487 La Costa	499 Abstinence Education	2006 Non-Major Special Revenue Funds	2005 Non-Major Special Revenue Funds
\$ 121	\$ 464,366	\$ 4,753	\$ -	\$ -	\$ -	\$ 4,979,345	\$ 4,147,008
-	-	-	465,421	14,600	47,723	7,267,643	3,542,178
-	-	-	-	-	-	707,850	559,652
-	-	-	-	-	-	44,584	41,476
<u>121</u>	<u>464,366</u>	<u>4,753</u>	<u>465,421</u>	<u>14,600</u>	<u>47,723</u>	<u>12,999,422</u>	<u>8,290,314</u>
-	-	-	465,421	14,600	47,723	6,365,718	3,415,691
-	205	97	-	-	-	975,404	498,466
-	-	-	-	-	-	84,686	243,339
-	-	-	-	-	-	239,487	291,616
-	-	-	-	-	-	14,380	3,632
-	13,578	-	-	-	-	621,948	585,147
-	<u>13,783</u>	<u>97</u>	<u>465,421</u>	<u>14,600</u>	<u>47,723</u>	<u>8,301,623</u>	<u>5,037,891</u>
<u>121</u>	<u>450,583</u>	<u>4,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,697,799</u>	<u>3,252,423</u>
<u>121</u>	<u>450,583</u>	<u>4,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,697,799</u>	<u>3,252,423</u>
<u>\$ 121</u>	<u>\$ 464,366</u>	<u>\$ 4,753</u>	<u>\$ 465,421</u>	<u>\$ 14,600</u>	<u>\$ 47,723</u>	<u>\$ 12,999,422</u>	<u>\$ 8,290,314</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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2005

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
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-
5900 Federal Program Revenues	330,542	27,308	15,395,651	132,603	4,112,785
5020 Total Revenue	<u>330,542</u>	<u>27,308</u>	<u>15,395,651</u>	<u>132,603</u>	<u>4,112,785</u>
EXPENDITURES:					
0011 Instruction	34,735	21,546	11,322,348	4,924	3,270,786
0012 Instructional Resources & Media Services	687	-	693,923	-	-
0013 Development	12,887	-	1,005,941	-	242,659
0021 Instructional Leadership	-	-	356,415	10,195	164,287
0023 School Administration	-	-	12,616	-	-
0031 Guidance and Counseling Services	196,001	-	716,892	41,311	268,145
0032 Social Work Services	-	-	60,472	-	45,856
0033 Health Services	-	5,762	1,029,833	-	87,912
0034 Student (Pupil) Transportation	-	-	-	-	-
0035 Food Services	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	5,000	-	28,606
0041 General Administration	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	8,986	-	-
0052 Security and Monitoring Services	86,232	-	-	-	-
0053 Data Processing Services	-	-	-	-	-
0061 Community Services	-	-	183,225	76,173	4,534
0081 Facilities Acquisition and Construction	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-
6030 Total Expenditures	<u>330,542</u>	<u>27,308</u>	<u>15,395,651</u>	<u>132,603</u>	<u>4,112,785</u>
Excess (Deficiency) of Revenues Over (Under)					
1100 Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7020 Other Resources	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

225 IDEA Part - B Pre-school	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	253 IDEA Part C Early Intervention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
55,204	40,368	26,915	4,211	486,139	14,276	543,102	597
55,204	40,368	26,915	4,211	486,139	14,276	543,102	597
54,839	20,134	21,914	4,211	-	14,276	346,239	597
-	-	-	-	-	-	-	-
365	9,234	5,001	-	-	-	44,568	-
-	-	-	-	-	-	5,654	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,604	-
-	-	-	-	-	-	115,401	-
-	-	-	-	-	-	-	-
-	-	-	-	479,740	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,399	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,636	-
-	-	-	-	-	-	-	-
-	11,000	-	-	-	-	-	-
55,204	40,368	26,915	4,211	486,139	14,276	543,102	597
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	255 Title II Technology	258 Early College High School	261 Texas Reading First	262 Title II Technology	263 LEP Immigrant Program
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-
5900 Federal Program Revenues	2,429,122	33,458	3,591,880	266,007	2,003,195
5020 Total Revenue	<u>2,429,122</u>	<u>33,458</u>	<u>3,591,880</u>	<u>266,007</u>	<u>2,003,195</u>
EXPENDITURES:					
0011 Instruction	1,265,378	23,688	3,417,129	91,200	1,513,544
0012 Instructional Resources & Media Services	-	-	-	-	8,666
0013 Development	971,938	9,770	74,627	174,807	109,234
0021 Instructional Leadership	177,585	-	99,868	-	357,159
0023 School Administration	-	-	-	-	5,964
0031 Guidance and Counseling Services	14,097	-	-	-	2,105
0032 Social Work Services	-	-	-	-	-
0033 Health Services	-	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-	-
0035 Food Services	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	-	-	315
0041 General Administration	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	1,035
0052 Security and Monitoring Services	124	-	-	-	323
0053 Data Processing Services	-	-	-	-	-
0061 Community Services	-	-	256	-	4,850
0081 Facilities Acquisition and Construction	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-
6030 Total Expenditures	<u>2,429,122</u>	<u>33,458</u>	<u>3,591,880</u>	<u>266,007</u>	<u>2,003,195</u>
Excess (Deficiency) of Revenues Over (Under)					
1100 Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7020 Other Resources	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

269 ESEA Title VI Innovative Educatoin	280 Technology Immersion Program 2	281 Tools for Schools	282 E-Rate	283 Target Grant	284 Advance Placement	285 Community Based Abstinence	286 GEAR UP
\$ -	\$ -	\$ -	\$ 2,340,977	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
100,349	463,310	12,001	-	144,727	4,901	294,695	120,080
100,349	463,310	12,001	2,340,977	144,727	4,901	294,695	120,080
60,533	207,919	-	-	24,625	4,426	-	68,874
36,617	1,060	-	-	-	-	-	-
3,199	209,046	-	-	51,441	-	-	180
-	-	-	-	68,661	-	294,695	46,592
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,434
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	256,187	-	-	-	-
-	-	12,001	264,894	-	-	-	-
-	-	-	-	-	-	-	-
-	45,285	-	16,378	-	-	-	-
-	-	-	-	-	475	-	-
-	-	-	2,560,665	-	-	-	-
-	-	-	-	-	-	-	-
100,349	463,310	12,001	3,098,124	144,727	4,901	294,695	120,080
-	-	-	(757,147)	-	-	-	-
-	-	-	757,147	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	757,147	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	289 Emergency Impact Aid	385 Visually Impaired	392 Non-Ed Community Based Support	393 Texas Successful School Prog	394 Pregnancy, Education and Parenting Prog
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ 14,450
5800 State Program Revenues	-	2,955	257	-	109,508
5900 Federal Program Revenues	43,760	-	-	-	-
5020 Total Revenue	<u>43,760</u>	<u>2,955</u>	<u>257</u>	<u>-</u>	<u>123,958</u>
EXPENDITURES:					
0011 Instruction	43,760	2,955	257	4,739	-
0012 Instructional Resources & Media Services	-	-	-	-	-
0013 Development	-	-	-	-	780
0021 Instructional Leadership	-	-	-	-	998
0023 School Administration	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-
0032 Social Work Services	-	-	-	-	94,431
0033 Health Services	-	-	-	-	356
0034 Student (Pupil) Transportation	-	-	-	-	25,397
0035 Food Services	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	-	1,952	-
0041 General Administration	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	1,996
0052 Security and Monitoring Services	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-
0061 Community Services	-	-	-	-	-
0081 Facilities Acquisition and Construction	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-
6030 Total Expenditures	<u>43,760</u>	<u>2,955</u>	<u>257</u>	<u>6,691</u>	<u>123,958</u>
Excess (Deficiency) of Revenues Over (Under)					
1100 Expenditures	-	-	-	(6,691)	-
OTHER FINANCING SOURCES (USES):					
7020 Other Resources	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	(6,691)	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	72,765	-
Adjustment to Fund Balance	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,074</u>	<u>\$ -</u>

397 AP Incentive Program	401 Optional Extended Year	404 Accelerated Reading Program	409 Texas H. S. Completion & Success	411 Technology Allotment	414 TX Accelerated Science Achievement	415 Pre-Kinder Expansion Grant	418 TRS Supplement Compensation
\$ -	\$ -	\$ -	\$ -	\$ 234,121	\$ -	\$ -	\$ -
40,712	156,581	1,652,258	3,337	635,569	72,974	2,750,045	1,774,666
-	-	-	-	-	-	-	-
40,712	156,581	1,652,258	3,337	869,690	72,974	2,750,045	1,774,666
11,668	136,554	1,545,331	3,337	2,057,665	62,537	2,734,979	1,082,807
-	-	-	-	-	-	-	41,275
-	-	106,927	-	125,048	3,335	-	2,098
-	9,233	-	-	37,254	7,102	31,653	15,924
-	-	-	-	-	-	-	68,480
-	-	-	-	-	-	-	56,757
-	-	-	-	-	-	-	26,260
-	-	-	-	-	-	-	28,659
-	-	-	-	-	-	-	80,446
-	-	-	-	-	-	-	120,109
-	-	-	-	-	-	-	1,511
-	-	-	-	-	-	-	25,761
-	-	-	-	-	-	-	185,003
-	-	-	-	-	-	-	55,272
-	-	-	-	190,814	-	-	14,896
-	10,794	-	-	-	-	-	3,734
-	-	-	-	119,156	-	-	-
-	-	-	-	-	-	-	-
11,668	156,581	1,652,258	3,337	2,529,937	72,974	2,766,632	1,808,992
29,044	-	-	-	(1,660,247)	-	(16,587)	(34,326)
-	-	-	-	2,950,076	-	-	34,326
-	-	-	-	(28,169)	-	-	-
-	-	-	-	2,921,907	-	-	34,326
29,044	-	-	-	1,261,660	-	(16,587)	-
65,364	-	-	-	2,689,346	-	126,567	-
-	-	-	-	-	-	-	-
\$ 94,408	\$ -	\$ -	\$ -	\$ 3,951,006	\$ -	\$ 109,980	\$ -

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, 2006
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	419 Ready To Read Grant	423 Ready To Read Grant Cycle 3	424 Law Enforcement O.S.E.	426 Crime Stoppers	427 Tabacco
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 9,862	\$ -
5800 State Program Revenues	76,775	314,086	4,029	51,837	-
5900 Federal Program Revenues	-	-	-	-	-
5020 Total Revenue	<u>76,775</u>	<u>314,086</u>	<u>4,029</u>	<u>61,699</u>	<u>-</u>
EXPENDITURES:					
0011 Instruction	42,470	161,995	-	-	-
0012 Instructional Resources & Media Services	-	-	-	-	-
0013 Development	15,444	1,926	-	10,000	-
0021 Instructional Leadership	19,381	150,165	-	-	-
0023 School Administration	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	49,178	-
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	-	-	4,029	-	-
0053 Data Processing Services	-	-	-	-	-
0061 Community Services	-	-	-	-	-
0081 Facilities Acquisition and Construction	-	-	-	-	-
0093 Payment to Fiscal Agent	-	-	-	-	-
6030 Total Expenditures	<u>77,295</u>	<u>314,086</u>	<u>4,029</u>	<u>59,178</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)					
1100 Expenditures	(520)	-	-	2,521	-
OTHER FINANCING SOURCES (USES):					
7020 Other Resources	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	(520)	-	-	2,521	-
0100 Fund Balance - Sept. 1 (Beginning)	520	-	-	17,295	1,155
Adjustment to Fund Balance	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,816</u>	<u>\$ 1,155</u>

							Total	
429	435	482	486	487	499	2006	2005	
Read to Succeed	Regional Day School for the Deaf	Dr. Hochman Grant	Seco-Clean School Bus	La Costa	Abstinence Education	Non-Major Special Revenue Funds	Non-Major Special Revenue Funds	
\$ -	\$ 242,873	\$ 5,000	\$ -	\$ 25,203	\$ 77,961	\$ 2,950,447	\$ 1,271,596	
69	522,715	-	540,363	-	-	8,708,736	7,281,932	
-	-	-	-	-	-	30,677,186	29,379,946	
<u>69</u>	<u>765,588</u>	<u>5,000</u>	<u>540,363</u>	<u>25,203</u>	<u>77,961</u>	<u>42,336,369</u>	<u>37,933,474</u>	
-	550,936	4,947	-	24,128	-	30,264,930	32,025,372	
-	-	-	-	-	-	782,228	695,176	
-	3,011	-	-	-	-	3,193,466	3,003,243	
-	-	-	-	-	-	1,852,821	1,535,450	
-	-	-	-	-	-	87,060	75,140	
-	35,814	-	-	-	-	1,395,338	1,256,537	
-	-	-	-	-	-	342,420	313,958	
-	-	-	-	-	77,961	1,230,483	1,170,825	
-	-	-	540,363	-	-	646,206	132,744	
-	-	-	-	-	-	599,849	647,574	
-	-	-	-	-	-	37,384	27,693	
-	-	-	-	-	-	281,948	49,809	
-	-	-	-	-	-	480,314	197,747	
-	-	-	-	-	-	145,980	43,061	
-	-	-	-	-	-	288,009	653,300	
-	-	-	-	1,075	-	285,116	320,488	
-	-	-	-	-	-	2,679,821	380,295	
-	-	-	-	-	-	11,000	6,000	
<u>-</u>	<u>589,761</u>	<u>4,947</u>	<u>540,363</u>	<u>25,203</u>	<u>77,961</u>	<u>44,604,373</u>	<u>42,534,412</u>	
<u>69</u>	<u>175,827</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,268,004)</u>	<u>(4,600,938)</u>	
-	-	-	-	-	-	3,741,549	5,489,934	
-	-	-	-	-	-	(28,169)	-	
-	-	-	-	-	-	3,713,380	5,489,934	
69	175,827	53	-	-	-	1,445,376	888,996	
52	274,756	4,603	-	-	-	3,252,423	2,363,427	
-	-	-	-	-	-	-	-	
<u>\$ 121</u>	<u>\$ 450,583</u>	<u>\$ 4,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,697,799</u>	<u>\$ 3,252,423</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, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

Data Control Codes	511 Debt Service	512 PFC Debt Service	Total		
			2006 Non Major Debt Service Funds	2005 Non Major Debt Service Funds	
ASSETS:					
1110	Cash and Temporary Investments, at cost	\$ 10,824,072	\$ 448,742	\$ 11,272,814	\$ 3,695,853
1210	Property Taxes Receivable	466,114	-	466,114	451,258
1230	Allowance for Uncollectible Taxes	(65,256)	-	(65,256)	(67,689)
1250	Accrued Interest	7,551	-	7,551	40,767
1260	Due from Other Funds	76	-	76	1,674,035
1290	Other Receivables	-	-	-	718,182
1910	Long Term Investments	388,714	-	388,714	3,299,175
1000	Total Assets	<u>11,621,271</u>	<u>448,742</u>	<u>12,070,013</u>	<u>9,811,581</u>
LIABILITIES:					
2170	Due To Other Funds	-	-	-	396
2300	Unearned Revenue	400,858	-	400,858	383,570
2000	Total Liabilities	<u>400,858</u>	<u>-</u>	<u>400,858</u>	<u>383,966</u>
FUND EQUITY:					
3420	Reserved for Retirement of Indebtedness	11,220,413	448,742	11,669,155	9,427,615
3000	Total Fund Equity	<u>11,220,413</u>	<u>448,742</u>	<u>11,669,155</u>	<u>9,427,615</u>
4000	Total Liabilities and Fund Equity	<u>\$ 11,621,271</u>	<u>\$ 448,742</u>	<u>\$ 12,070,013</u>	<u>\$ 9,811,581</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, 2006
 WITH COMPARATIVE TOTALS FOR YEAR ENDED AUGUST 31, 2005

Data Control Codes	Debt Service Fund	PFC Debt Service Fund	Total		
			2006 Non Major Debt Service Funds	2005 Non Major Debt Service Funds	
REVENUES:					
5700	Local, Intermediate, and Out-of-State	\$ 3,667,729	\$ 73,657	\$ 3,741,386	\$ 3,811,464
5800	State Program Revenues	10,766,222	3,754,360	14,520,582	14,673,848
5020	Total Revenues	<u>14,433,951</u>	<u>3,828,017</u>	<u>18,261,968</u>	<u>18,485,312</u>
EXPENDITURES:					
0071	Principal on Long - Term Debt	5,933,012	1,650,000	7,583,012	10,165,000
0071	Interest on Long - Term Debt	9,082,492	3,061,132	12,143,624	8,775,226
0071	Other Fees	5,213	15,009	20,222	4,223,385
6030	Total Expenditures	<u>15,020,717</u>	<u>4,726,141</u>	<u>19,746,858</u>	<u>23,163,611</u>
Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	<u>(586,766)</u>	<u>(898,124)</u>	<u>(1,484,890)</u>	<u>(4,678,299)</u>
OTHER FINANCING SOURCES (USES):					
7911	Proceeds of Refunding Bonds	-	-	-	54,144,784
7916	Premium on Issuance of Bonds	-	-	-	3,769,839
7020	Transfer In	2,769,657	956,773	3,726,430	3,576,005
8949	Redemption of Refunded Bonds	-	-	-	(54,145,000)
7080	Total Other Financing Sources (Uses):	<u>2,769,657</u>	<u>956,773</u>	<u>3,726,430</u>	<u>7,345,628</u>
1200	Net Changes in Fund Balance	2,182,891	58,649	2,241,540	2,667,329
0100	Fund Balance - Sept. 1 (Beginning)	9,037,522	390,093	9,427,615	6,760,286
3000	Fund Balance - August 31 (Ending)	<u>\$11,220,413</u>	<u>\$ 448,742</u>	<u>\$ 11,669,155</u>	<u>\$ 9,427,615</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		2006 Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,088,679	\$ 3,088,679	\$ 3,667,729	\$ 579,050
5800	State Program Revenues	10,603,652	10,603,652	10,766,222	162,570
5020	Total Revenues	<u>13,692,331</u>	<u>13,692,331</u>	<u>14,433,951</u>	<u>741,620</u>
EXPENDITURES:					
0071	Principal on Long-Term Debt	5,933,012	5,933,012	5,933,012	-
0171	Interest on Long-Term Debt	9,082,492	9,082,492	9,082,492	-
0171	Other Fees	11,500	11,500	5,213	6,287
6030	Total Expenditures	<u>15,027,004</u>	<u>15,027,004</u>	<u>15,020,717</u>	<u>6,287</u>
OTHER FINANCING SOURCES (USES):					
7020	Transfer In	3,169,657	3,169,657	2,769,657	(400,000)
7080	Total Other Financing Sources (Uses)	<u>3,169,657</u>	<u>3,169,657</u>	<u>2,769,657</u>	<u>(400,000)</u>
1200	Net Changes in Fund Balances	1,834,984	1,834,984	2,182,891	347,907
0100	Fund Balance - September 1 (Beginning)	9,037,522	9,037,522	9,037,522	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 10,872,506</u>	<u>\$ 10,872,506</u>	<u>\$ 11,220,413</u>	<u>\$ 347,907</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
PFC DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		2006 Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,000	\$ 5,100	\$ 73,657	\$ 68,557
5800	State Program Revenues	3,858,889	3,754,360	3,754,360	-
5020	Total Revenues	<u>3,863,889</u>	<u>3,759,460</u>	<u>3,828,017</u>	<u>68,557</u>
EXPENDITURES:					
0071	Principal on Long-Term Debt	1,650,000	1,650,000	1,650,000	-
0171	Interest on Long-Term Debt	3,061,133	3,061,133	3,061,132	1
0171	Other Fees	15,000	15,100	15,009	91
6030	Total Expenditures	<u>4,726,133</u>	<u>4,726,233</u>	<u>4,726,141</u>	<u>92</u>
OTHER FINANCING SOURCES (USES):					
7020	Transfer In	852,244	956,773	956,773	-
7080	Total Other Financing Sources (Uses)	<u>852,244</u>	<u>956,773</u>	<u>956,773</u>	<u>-</u>
1200	Net Changes in Fund Balances	(10,000)	(10,000)	58,649	68,649
0100	Fund Balance - September 1 (Beginning)	390,093	390,093	390,093	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 380,093</u>	<u>\$ 380,093</u>	<u>\$ 448,742</u>	<u>\$ 68,649</u>



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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 which 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 which consists of Christen Middle, Cigarroa Middle, Memorial Middle, Cigarroa High, and Martin High School issued on 8/30/01.

QZAB #3 (Fund 630) – 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 which consists of Martin High, Nixon High, Cigarroa High, Christen Middle, Lamar Middle, J.C. Martin Elementary, and D.D. Hachar Elementary issued on 10/3/05.

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, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

Data Control Codes	625 QZAB #1 Bond Issue	626 QZAB#2 Bond Issue	630 QZAB #3 Bond Issue	697 IFA #2 Bond Issue
ASSETS:				
1110 Cash and Temporary Investments, at cost	\$ 3,715,962	\$ 3,802,872	\$ 6,595,556	\$ 9,151,587
1250 Accrued Interest	6,828	-	-	2,530
1260 Due from Other Funds	-	58,220	-	-
1910 Long Term Investments	-	-	-	-
1000 Total Assets	<u>3,722,790</u>	<u>3,861,092</u>	<u>6,595,556</u>	<u>9,154,117</u>
LIABILITIES:				
2110 Accounts Payable	462,484	304,191	608,794	1,566,284
2160 Accrued Wages	-	-	-	-
2170 Due to Other Funds	23,798	-	-	-
2000 Total Liabilities	<u>486,282</u>	<u>304,191</u>	<u>608,794</u>	<u>1,566,284</u>
FUND EQUITY:				
Unreserved:				
3510 Designated for Constructions	<u>3,236,508</u>	<u>3,556,901</u>	<u>5,986,762</u>	<u>7,587,833</u>
3000 Total Fund Equity	<u>3,236,508</u>	<u>3,556,901</u>	<u>5,986,762</u>	<u>7,587,833</u>
4000 Total Liabilities and Fund Equity	<u>\$ 3,722,790</u>	<u>\$ 3,861,092</u>	<u>\$ 6,595,556</u>	<u>\$ 9,154,117</u>

699 IFA #1 Bond Issue	Total	
	2006 Non Major Capital Project Funds	2005 Non Major Capital Project Funds
\$ 6,631,517	\$ 29,897,494	\$ 17,992,804
-	9,358	52,748
-	58,220	102,272
-	-	13,999,000
<u>6,631,517</u>	<u>29,965,072</u>	<u>32,146,824</u>
333,311	3,275,064	3,607,535
2,027	2,027	3,592
-	23,798	87,598
<u>335,338</u>	<u>3,300,889</u>	<u>3,698,725</u>
<u>6,296,179</u>	<u>26,664,183</u>	<u>28,448,099</u>
<u>6,296,179</u>	<u>26,664,183</u>	<u>28,448,099</u>
<u>\$ 6,631,517</u>	<u>\$ 29,965,072</u>	<u>\$ 32,146,824</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, 2006
 WITH COMPARATIVE TOTALS FOR YEAR ENDED AUGUST 31, 2005

Data Control Codes	625 QZAB #1 Bond Issue	626 QZAB #2 Bond Issue	630 QZAB #3 Bond Issue	697 IFA #2 Bond Issue
REVENUES:				
5700 Local, Intermediate, and Out-of-State	\$ 152,861	\$ 138,201	\$ 302,317	\$ 428,861
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>152,861</u>	<u>138,201</u>	<u>302,317</u>	<u>428,861</u>
EXPENDITURES:				
0071 Debt Services	-	-	84,170	-
0081 Facilities Acquisition and Construction	1,919,762	663,960	2,231,385	4,219,570
6030 Total Expenditures	<u>1,919,762</u>	<u>663,960</u>	<u>2,315,555</u>	<u>4,219,570</u>
OTHER RESOURCES (USES):				
7916 Premium on Issuance of Bonds	-	-	8,000,000	-
Total Other Resources (Uses)	<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(1,766,901)</u>	<u>(525,759)</u>	<u>5,986,762</u>	<u>(3,790,709)</u>
0100 Fund Balance - Sept. 1 (Beginning)	5,003,409	4,082,660	-	11,378,542
Adjustment to Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,236,508</u>	<u>\$ 3,556,901</u>	<u>\$ 5,986,762</u>	<u>\$ 7,587,833</u>

699 IFA #1 Bond Issue	Total	
	2006 Non Major Capital Project Funds	2005 Non Major Capital Project Funds
\$ 310,435	\$ 1,332,675	\$ 954,996
-	-	-
-	-	-
<u>310,435</u>	<u>1,332,675</u>	<u>954,996</u>
-	84,170	-
<u>1,997,744</u>	<u>11,032,421</u>	<u>22,175,245</u>
<u>1,997,744</u>	<u>11,116,591</u>	<u>22,175,245</u>
-	8,000,000	-
-	8,000,000	-
<u>(1,687,309)</u>	<u>(1,783,916)</u>	<u>(21,220,249)</u>
7,983,488	28,448,099	49,668,348
-	-	-
<u>\$ 6,296,179</u>	<u>\$ 26,664,183</u>	<u>\$ 28,448,099</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:

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.

Agency Funds

Agency Funds are used to account for assets held by the District as an agent for certain individuals and organizations. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations:

Student Activity Fund – This fund is used to account for the receipt and disbursement of funds for the various student groups and organizations at each school campus. (Fund 865)

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 PRIVATE-PURPOSE TRUST FUNDS
 AUGUST 31, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

Data Control Codes	Scholarship Program Fund	Total	
		2006	2005
ASSETS:			
1110 Cash and Temporary Investment, at Cost	\$ 70,166	\$ 70,166	\$ 101,449
1260 Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
1000 Total Assets	<u><u>70,166</u></u>	<u><u>70,166</u></u>	<u><u>101,449</u></u>
LIABILITIES:			
2110 Accounts Payable	(2,000)	(2,000)	2,000
2170 Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
2000 Total Liabilities	<u><u>(2,000)</u></u>	<u><u>(2,000)</u></u>	<u><u>2,000</u></u>
NET ASSETS:			
3490 Held in Trust	<u>72,166</u>	<u>72,166</u>	<u>99,449</u>
3000 Total Net Assets	<u><u>\$ 72,166</u></u>	<u><u>\$ 72,166</u></u>	<u><u>\$ 99,449</u></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, 2006
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2005

	Scholarship Program Fund	Total	
		2006	2005
Additions:			
Gifts and Bequest	\$ 29,000	\$ 29,000	\$ 4,500
Interest Earnings	5,451	5,451	2,891
Total Additions	<u>34,451</u>	<u>34,451</u>	<u>7,391</u>
Deductions:			
Materials and Supplies	10,459	10,459	2,463
Capital Outlay	15,850	15,850	2,747
Scholarships	35,425	35,425	48,947
Total Deductions	<u>61,734</u>	<u>61,734</u>	<u>54,157</u>
Changes in Net Assets	<u>(27,283)</u>	<u>(27,283)</u>	<u>(46,766)</u>
Net Assets - Beginning of the Year	<u>99,449</u>	<u>99,449</u>	<u>146,215</u>
Net Assets - End of the Year	<u>\$ 72,166</u>	<u>\$ 72,166</u>	<u>\$ 99,449</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

STUDENT ACTIVITY FUND	Balance September 1, 2005	Additions	Deductions	Balance August 31, 2006
ASSETS:				
Cash and Temporary Investments, at cost	\$ 301,425	\$ 120,832	\$ 169,797	\$ 252,460
Total Assets	<u>301,425</u>	<u>120,832</u>	<u>169,797</u>	<u>252,460</u>
LIABILITIES:				
Due to Student Groups	301,425	120,832	169,797	252,460
Total Liabilities	<u>\$ 301,425</u>	<u>\$ 120,832</u>	<u>\$ 169,797</u>	<u>\$ 252,460</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, 2006

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Assets in Service	\$72,367,779	\$4,043,237	\$67,252,051	\$ 1,072,488
High Schools				
Martin	13,043,217	10,973	12,101,757	930,487
Nixon	2,457,132	816,478	940,985	699,669
Cigarroa	1,193,949	15,212	206,683	972,054
VMT Communications & Arts	152,109	-	24,373	127,736
Francisco Lara Academy	896,680	-	367,381	529,299
Middle Schools				
Christen	1,044,013	94,076	293,058	656,879
Lamar	920,319	-	88,641	831,678
Cigarroa	635,024	-	62,007	573,017
Memorial	526,105	168,439	115,526	242,140
Elementary Schools				
Bruni	8,595,612	1,517,025	6,755,993	322,593
Buenos Aires	571,519	409,678	129,502	32,339
Daiches	281,156	21,746	49,422	209,988
Farias	6,791,493	148,325	6,621,483	21,685
Heights	557,664	399,113	17,315	141,236
Tarver	354,456	-	287,050	67,406
Leyendecker	235,161	-	49,537	185,624
Macdonell	6,877,579	1,340,863	5,324,355	212,361
Milton	5,674,835	-	5,429,523	245,312
Alma Pierce	7,468,999	-	7,162,438	306,561
Ryan	417,737	106,851	79,630	231,256
Santa Maria	6,766,400	-	6,655,137	111,263
Santo Nino	5,370,383	-	5,227,258	143,125
D. D. Hachar	603,619	326,769	179,636	97,214
J. C. Martin	433,669	-	326,404	107,265
H. B. Zachry	1,928,115	-	1,812,417	115,698
J. Kawas	4,029,988	-	3,847,613	182,375
Dovalina	3,875,948	-	3,749,825	126,123
H. Ligarde	446,410	129,588	212,049	104,773
T. Sanchez/Ochoa	5,564,635	-	5,260,178	304,457
Other Departments				
Construction Department	1,099,108	375,385	662,376	61,347
Pregnancy Ed., & Parenting Program	33,689	-	-	33,689
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	78,136	-	1,574	76,562
Risk Management	64,759	-	6,850	57,909
Financial Management	187,553	-	-	187,553
Human Resources	182,422	-	-	182,422
Procurement	110,532	-	-	110,532
Office of Public Information	20,348	-	1,620	18,728
Safety & Occupational Health Dept.	36,441	-	-	36,441
Student Services	14,799	-	-	14,799
Internal Auditor	6,922	-	-	6,922
Hearings Officer	5,479	-	-	5,479
Assets Management	89,423	-	-	89,423

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2006

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Records & Assets	141,861	-	-	141,861
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	119,750	-	-	119,750
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	16,374	-	-	16,374
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	58,798	-	22,745	36,053
Computer Assisted Instruction	3,458	-	3,458	-
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	86,188	-	-	86,188
Academic Ldr. Wellness	49,130	-	-	49,130
Department of Assessment	12,757	-	-	12,757
Section 504	6,966	-	-	6,966
Administration	37,317	-	-	37,317
District Wide	1,060,099	1,060,099	-	-
Crimestoppers	2,555	-	-	2,555
Instructional Technology	304,248	-	-	304,248
Guidance and Counseling	3,052	-	-	3,052
Health Services	16,349	-	1,687	14,662
Pupil Transportation	1,057,408	1,250	47,907	1,008,251
Athletic	326,104	-	-	326,104
Special Education	646,068	-	-	646,068
Discipline Management	7,437	-	-	7,437
Printing/Creative Services	106,658	-	-	106,658
Instructional Television	186,086	-	3,246	182,840
Postal Services	16,273	-	-	16,273
Information Technology	2,121,316	-	7,586	2,113,730
Division of Operations	1,136,333	-	145,150	991,183
LISD Police Department	343,308	-	-	343,308
Energy Conservation Prog.	410,789	-	-	410,789
Child Nutrition Program	5,288,311	2,000	550,599	4,735,712
Title I Migrant	14,348	-	-	14,348
Title VI	5,905	-	-	5,905
Drug Free Schools	6,158	-	-	6,158
ADA	276,102	48,342	227,760	-
Total Assets by Location	103,911,275	6,992,212	75,093,917	21,825,146
Total Assets in Service	176,279,054	11,035,449	142,345,968	22,897,634
Construction in Progress	134,132,265	-	-	-
Total General Fixed Assets	\$310,411,316	\$11,035,449	\$142,345,968	\$22,897,634

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
 AUGUST 31, 2006

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets in Service	\$ 72,365,060	\$ 2,720	\$ -	\$ 72,367,780
HIGH SCHOOLS:				
Martin	13,132,778	-	89,561	13,043,217
Nixon	2,457,133	-	1	2,457,132
Cigarroa	794,032	399,917	-	1,193,949
VMT Communications & Arts	152,109	-	-	152,109
Francisco Lara Academy	896,681	-	1	896,680
MIDDLE SCHOOLS:				
Christen	687,951	356,062	-	1,044,013
Lamar	1,020,318	-	99,999	920,319
Cigarroa	326,893	308,131	-	635,024
Memorial	520,109	5,996	-	526,105
ELEMENTARY SCHOOLS:				
Bruni	8,741,966	-	146,354	8,595,612
Buenos Aires	98,163	473,356	-	571,519
Daiches	56,987	224,169	-	281,156
Farias	6,791,493	-	-	6,791,493
Heights	85,715	471,949	-	557,664
Tarver	354,457	-	1	354,456
Leyendecker	104,641	130,520	-	235,161
Macdonell	7,166,828	-	289,249	6,877,579
Milton	5,544,228	130,607	-	5,674,835
Alma Pierce	7,523,960	-	54,960	7,469,000
Ryan	32,423	385,314	-	417,737
Santa Maria	6,798,046	-	31,646	6,766,400
Santo Nino	5,253,703	116,680	-	5,370,383
D. D. Hachar	377,468	226,151	-	603,619
J. C. Martin	252,392	181,277	-	433,669
H. B. Zachry	1,825,834	102,281	-	1,928,115
J. Kawas	4,065,651	-	35,663	4,029,988
Dovalina	3,765,362	110,586	-	3,875,948
H. Ligarde	462,729	-	16,319	446,410
T. Sanchez/Ochoa	5,487,476	77,159	-	5,564,635
OTHER DEPARTMENTS:				
Construction Dept.	1,045,430	53,678	-	1,099,108
Pregnancy Ed., & Parenting Program	41,718	-	8,029	33,689
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	1,351	-	-	1,351
Non Public Schools	5,812	-	-	5,812
Summer Programs	9,185	-	-	9,185
Board Room	119,382	-	-	119,382
Tax Office	78,135	-	-	78,135
Risk Management	64,759	-	-	64,759
Financial Management	187,553	-	-	187,553
Human Resources	182,422	-	-	182,422
Procurement & Asset Management	49,848	60,684	-	110,532
Office of Public Information	20,348	-	-	20,348
Safety & Occupational Health Dept.	36,441	-	-	36,441
Student Services	14,799	-	-	14,799

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
 AUGUST 31, 2006

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Internal Auditor	6,992	-	70	6,922
Hearings Officer	5,478	-	-	5,478
Assets Management	48,020	41,403	-	89,423
Records & Assets	96,885	44,976	-	141,861
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	117,650	2,100	-	119,750
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	16,374	-	-	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	350	-	43,429
Special Programs/Planning	58,798	-	-	58,798
Computer Assisted Instruction	111,723	-	108,265	3,458
Med Prep Program	2,917	500	-	3,417
State Deaf	10,707	-	-	10,707
Instructional Department	153,539	-	97,569	55,970
Academic Ldr. Communications	33,790	85,206	-	118,996
Staff Development	1,293	-	-	1,293
Career & Technology	57,260	28,928	-	86,188
Academic Ldr. Wellness	67,694	-	18,564	49,130
Department of Assessment	11,507	1,250	-	12,757
Section 504	6,965	1	-	6,966
Administration	18,753	18,564	-	37,317
District Wide	2,604,003	-	1,543,904	1,060,099
Crimestoppers	1,055	1,500	-	2,555
Instructional Technology	304,248	-	-	304,248
Guidance and Counseling	3,052	-	-	3,052
Health Services	16,349	-	-	16,349
Pupil Transportation	967,839	89,569	-	1,057,408
Athletic	320,104	6,000	-	326,104
Special Education	642,620	3,448	-	646,068
Discipline Management	10,913	-	3,476	7,437
Printing/Creative Services	39,956	66,702	-	106,658
Instructional Television	176,709	9,377	-	186,086
Postal Services	15,830	443	-	16,273
Information Technology	2,121,316	-	-	2,121,316
Division of Operations	1,119,476	16,857	-	1,136,334
Support Services	547	-	547	-
LISD Police Dept.	329,354	13,954	-	343,308
Energy Conservation Prg.	464,467	-	53,678	410,789
Child Nutrition Program	5,226,895	61,416	-	5,288,311
Title I Regular	541,356	-	541,356	-
Title I Migrant	14,348	-	-	14,348
Title VI	5,904	-	-	5,904
Drug Free Schools	2,883	3,275	-	6,158
Worker's Compensation	1,421	-	1,421	-
ADA	276,244	-	142	276,102
Total Assets by Location	<u>102,742,559</u>	<u>4,310,336</u>	<u>3,141,625</u>	<u>103,911,271</u>
Total Assets in Service	175,107,619	4,313,056	3,141,625	176,279,051
Construction in Progress	86,793,218	47,339,047	-	134,132,265
Total General Fixed Assets	<u>\$ 261,900,837</u>	<u>\$ 51,652,103</u>	<u>\$ 3,141,625</u>	<u>\$ 310,411,316</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDING AUGUST 31, 2006

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$10,009,242	\$ 142,345,968	\$ 22,752,410	\$ 86,793,217	\$261,900,837
Instruction	-	-	6,301	-	6,301
Instructional Resources & Media Services	-	-	-	-	-
Curriculum & Instructional Staff Development	-	-	-	-	-
Instructional Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Guidance and Counseling Services	-	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	123,906	-	123,906
Food Services	-	-	7,254	-	7,254
Cocurricular/Extracurricular Activities	-	-	2,606	-	2,606
General Administration	-	-	2,093	-	2,093
Plant Maintenance and Operations	-	-	3,064	-	3,064
Security and Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	-	-	-
Community Services	-	-	-	-	-
Facilities Acquisition and Construction	1,026,207	-	-	47,339,048	48,365,255
Total Expenditures	<u>\$11,035,449</u>	<u>\$ 142,345,968</u>	<u>\$ 22,897,634</u>	<u>\$ 134,132,265</u>	<u>\$310,411,316</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION
AUGUST 31, 2006**

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

<u>Contents</u>	<u>Page</u>
Financial Trends	85-95
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	96-99
<i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	
Debt Capacity	100-102
<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	103-104
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	
Operating Information	105-108
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	

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



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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 40,115,453	\$ 50,622,049	\$ 53,428,494	\$ 55,002,128	\$ 66,799,496
Restricted					
Federal and State Grants	-	3,694,433	-	3,252,423	4,697,799
Debt Service	8,696,790	4,557,510	-	9,427,615	11,669,155
Food Service	5,200,510	-	3,995,241	-	-
General Fund	-	434,764	5,928,141	-	-
Unrestricted	<u>11,795,249</u>	<u>21,288,169</u>	<u>28,993,925</u>	<u>25,089,348</u>	<u>21,596,578</u>
Total primary government net assets	<u><u>\$ 65,808,002</u></u>	<u><u>\$ 80,596,925</u></u>	<u><u>\$ 92,345,801</u></u>	<u><u>\$ 92,771,514</u></u>	<u><u>\$ 104,763,028</u></u>

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

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Governmental activities:					
11 Instruction	\$ 94,243,209	\$ 107,384,297	\$ 115,680,810	\$ 122,230,466	\$ 120,826,637
12 Instructional Resources & Media Svcs.	3,953,289	4,430,854	5,701,079	4,785,344	4,739,042
13 Curriculum & Instructional Staff Devpt.	2,067,932	2,078,259	3,495,915	4,116,945	4,158,695
21 Instructional Leadership	3,026,813	3,523,053	3,481,745	4,057,212	5,049,862
23 School Leadership	8,613,562	9,466,283	9,888,715	10,234,352	10,352,434
31 Guidance, Counseling, and Evaluation Svcs.	5,816,409	6,216,697	7,187,656	7,669,776	7,859,900
32 Social Work Services	1,207,654	1,308,360	1,592,854	1,732,213	1,881,254
33 Health Services	2,354,961	2,530,252	2,735,815	2,710,696	2,837,440
34 Student (Pupil) Transportation	1,770,885	2,248,431	2,253,072	3,242,862	3,599,991
35 Food Services	8,206,161	9,311,871	9,568,655	10,567,413	12,512,316
36 Cocurricular/Extracurricular Activities	2,613,675	2,828,939	3,057,706	4,179,704	4,175,160
41 General Administration	4,861,219	5,696,593	5,240,709	6,060,603	6,479,272
51 Plant Maintenance & Operations	12,856,097	13,666,070	14,941,942	18,032,667	19,953,661
52 Security & Monitoring Services	1,601,273	1,960,551	1,400,411	2,590,090	3,407,992
53 Data Processing Services	1,548,157	1,904,632	2,325,266	1,599,846	2,958,108
61 Community Services	694,255	784,825	743,336	405,919	382,002
71 Interest on Long-Term Debt	10,104,964	7,726,182	7,463,089	13,408,938	10,888,015
72 Bond Issuance Costs and Fees	626,186	-	-	-	-
81 Facilities Acquisition	1,938,734	111,087	3,903,541	11,208,722	3,769,838
93 Payments to Fiscal Agents/Mem.	6,875	6,200	6,675	6,000	11,000
95 Payments to Juvenile Justice Alternative Ed.	262,668	305,738	140,892	200,600	131,621
Total primary government expenses	<u>168,374,978</u>	<u>183,489,172</u>	<u>200,809,883</u>	<u>229,040,368</u>	<u>225,974,240</u>
Program Revenues					
Governmental activities:					
Charges for services					
Instruction	2,624,178	-	356,998	1,043,355	2,779,468
Instructional Resources & Media Svcs.	105,530	-	-	-	-
Curriculum & Instructional Staff Devpt.	23,621	-	6,296	108,159	-
Instructional Leadership	67,844	-	-	-	-
School Leadership	276,212	98,673	-	-	-
Guidance, Counseling, and Evaluation Svcs.	169,427	-	-	20,329	9,132
Social Work Services	30,654	-	170,975	889	14,450
Health Services	42,738	-	87,435	86,840	77,961
Student (Pupil) Transportation	66,173	-	-	-	-
Food Services	211,153	-	223,343	275,521	367,977
Extracurricular Activities	251,698	209,986	175,860	-	-
General Administration	157,990	397,638	-	-	-
Plant Maintenance and Operations	410,997	24,387	8,284	-	-
Security & Monitoring Services	49,245	-	-	70	-
Data Processing Services	49,027	-	-	-	-
Community Services	1,995	-	-	-	1,075
Facilities Acquisition	8,731	-	-	-	2,340,977
Payments to Juvenile Justice Alternative Ed.	8,462	-	-	-	-
Operating grants and contributions	28,999,674	59,067,943	61,466,594	69,202,608	70,088,672
Total primary government program revenues	<u>33,555,349</u>	<u>59,798,627</u>	<u>62,495,785</u>	<u>70,737,771</u>	<u>75,679,712</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>\$ 134,819,629</u>	<u>\$ 123,690,545</u>	<u>\$ 138,314,098</u>	<u>\$ 158,302,597</u>	<u>\$ 150,294,528</u>

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

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue					
Total primary government net expense	\$ 134,819,629	\$ 123,690,545	\$ 138,314,098	\$ 158,302,597	\$ 150,294,528
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes levied for general purposes	17,962,585	18,472,060	19,709,398	21,699,472	24,106,298
Property taxes levied for debt service	1,416,112	2,498,668	2,640,215	2,486,421	2,948,716
Unrestricted State Aid Formula Grants	105,480,527	108,117,088	127,590,082	118,829,241	115,296,468
Unrestricted grants and contributions	18,614,033	620,371	389,943	389,804	1,638,247
Investment earnings	5,085,365	2,750,735	1,522,487	5,147,041	8,262,586
Miscellaneous	2,135,895	6,020,515	6,897,219	10,176,331	10,033,727
Loss on Sale of Capital Assets	-	-	(8,686,372)	-	-
Total primary government	<u>150,694,517</u>	<u>138,479,437</u>	<u>150,062,972</u>	<u>158,728,310</u>	<u>162,286,042</u>
Change in Net Assets					
Total primary government	<u>\$ 15,874,888</u>	<u>\$ 14,788,892</u>	<u>\$ 11,748,874</u>	<u>\$ 425,713</u>	<u>\$ 11,991,514</u>

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

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

FISCAL YEAR	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund					
Reserved	\$ 2,398,980	\$ 662,319	\$ 4,138,895	\$ 3,504,810	\$ 4,345,266
Unreserved, Designated	7,230,763	4,363,335	1,988,739	2,670,000	2,832,000
Unreserved	<u>8,309,601</u>	<u>8,633,186</u>	<u>1,145,632</u>	<u>8,066,608</u>	<u>10,636,980</u>
Total general fund	<u>\$ 17,939,344</u>	<u>\$ 13,658,840</u>	<u>\$ 7,273,266</u>	<u>\$ 14,241,418</u>	<u>\$ 17,814,246</u>
All Other Governmental Funds					
Unreserved, Designated for Construction	\$ 1,053,705	\$ 1,915,065	\$ 658,966	\$ 80,286,727	\$ 88,738,530
Unreserved, Designated for Debt Service	1,254,382	-	-	2,693,244	2,956,866
Unreserved, reported in Special Revenue Funds	-	<u>1,136,761</u>	<u>238,887</u>	<u>1,235,903</u>	<u>571,158</u>
Total all other governmental funds	<u>\$ 2,308,087</u>	<u>\$ 3,051,826</u>	<u>\$ 897,853</u>	<u>\$ 84,215,874</u>	<u>\$ 92,266,554</u>

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	5,517,460	\$ 4,684,864	\$ 4,823,330	\$ 9,024,994	\$ 12,527,471
	8,423,861	9,707,813	15,313,568	7,604,288	3,075,750
	<u>12,972,814</u>	<u>11,206,652</u>	<u>15,090,994</u>	<u>12,155,696</u>	<u>8,620,000</u>
\$	<u>26,914,135</u>	<u>\$ 25,599,329</u>	<u>\$ 35,227,892</u>	<u>\$ 28,784,978</u>	<u>\$ 24,223,221</u>
\$	125,175,957	\$ 79,045,740	\$ 49,668,348	\$ 147,046,196	\$ 114,929,536
	2,582,073	4,557,512	6,760,286	9,427,615	11,669,155
	<u>3,030,654</u>	<u>3,694,431</u>	<u>2,363,427</u>	<u>3,252,423</u>	<u>4,697,799</u>
\$	<u>130,788,684</u>	<u>\$ 87,297,683</u>	<u>\$ 58,792,061</u>	<u>\$ 159,726,234</u>	<u>\$ 131,296,490</u>

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

FISCAL YEAR	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Federal sources:					
Federal grants	\$ 5,097,932	\$ 15,841,058	\$ 13,366,855	\$ 17,413,460	\$ 15,479,064
Food services	<u>6,143,832</u>	<u>6,691,167</u>	<u>7,042,741</u>	<u>7,584,017</u>	<u>8,459,605</u>
Total federal sources	<u>11,241,764</u>	<u>22,532,225</u>	<u>20,409,596</u>	<u>24,997,477</u>	<u>23,938,669</u>
State sources:					
Per Capita and Foundation	83,017,220	87,168,383	91,312,106	96,323,830	97,023,045
Instructional Facilities Allotment	-	-	-	6,242,364	6,246,279
Teacher Retirement System on Behalf	4,619,863	5,025,706	5,246,079	5,368,792	5,262,434
Other State Programs	2,633,978	2,430,440	1,099,783	1,135,477	1,147,188
Other Governmental Agencies	<u>95,978</u>	<u>30,807</u>	<u>74,308</u>	<u>460,962</u>	<u>1,313,909</u>
Total state sources	<u>90,367,039</u>	<u>94,655,336</u>	<u>97,732,276</u>	<u>109,531,425</u>	<u>110,992,855</u>
Local sources:					
Property Taxes	-	-	-	-	-
Food service sales	-	-	-	-	-
Investment Income	-	-	-	-	-
Penalties, Interest, and Other Fees	-	-	-	-	-
Co-Curricular	-	-	-	-	-
Sale of WADA	-	-	-	-	-
Other revenues	-	-	-	-	-
Local Revenues	* <u>19,674,270</u>	<u>11,643,287</u>	<u>21,198,179</u>	<u>27,173,632</u>	<u>29,413,492</u>
Total local sources	<u>19,674,270</u>	<u>11,643,287</u>	<u>21,198,179</u>	<u>27,173,632</u>	<u>29,413,492</u>
Total revenues	\$ <u>121,283,073</u>	\$ <u>128,830,848</u>	\$ <u>139,340,051</u>	\$ <u>161,702,534</u>	\$ <u>164,345,016</u>

Notes: * = Local revenue breakdown was not available.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	16,626,672	\$ 23,092,971	\$ 25,877,336	\$ 29,906,211	\$ 32,960,541
	<u>9,317,479</u>	<u>9,458,795</u>	<u>10,649,535</u>	<u>11,187,260</u>	<u>10,979,704</u>
	<u>25,944,151</u>	<u>32,551,767</u>	<u>36,526,871</u>	<u>41,093,471</u>	<u>43,940,245</u>
	109,242,308	111,916,178	131,713,457	119,915,636	121,242,425
	10,741,406	10,763,283	10,665,674	14,673,848	12,006,055
	5,445,715	8,696,250	7,981,849	6,356,609	8,532,673
	1,577,947	1,902,723	3,089,194	6,662,788	3,390,917
	<u>100,414</u>	<u>882,222</u>	<u>8,140</u>	<u>53,027</u>	<u>592,200</u>
	<u>127,107,790</u>	<u>134,160,656</u>	<u>153,458,314</u>	<u>147,661,908</u>	<u>145,764,270</u>
	18,802,149	20,310,907	22,072,076	23,948,120	26,759,747
	216,005	98,673	91,252	275,421	342,424
	5,085,365	2,852,918	1,522,487	1,468,715	8,939,430
	715,659	82,882	715,290	5,898,531	730,655
	191,057	209,986	175,860	185,958	210,761
	3,943,211	5,260,737	5,025,976	7,043,169	6,640,127
	2,383,625	2,760,105	1,498,481	2,181,473	4,555,304
	-	-	-	-	-
	<u>31,337,071</u>	<u>31,576,208</u>	<u>31,101,422</u>	<u>41,001,387</u>	<u>48,178,448</u>
\$	<u>184,389,011</u>	<u>198,288,631</u>	<u>221,086,607</u>	<u>229,756,766</u>	<u>237,882,963</u>

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
11 Instruction	\$ 73,567,993	\$ 78,286,989	\$ 82,877,647	\$ 88,242,553	\$ 87,320,665
12 Instructional Resources & Media Svcs.	3,712,353	3,632,857	4,173,678	3,431,296	4,070,386
13 Curriculum & Instructional Staff Devpt.	1,169,531	1,463,853	1,804,342	189,749	2,115,236
21 Instructional Leadership	3,193,585	3,040,139	3,177,818	2,842,999	2,759,544
23 School Leadership	7,058,853	7,937,947	7,739,046	7,618,999	7,969,685
31 Guidance, Counseling, and Evaluation Svcs.	4,452,493	4,566,909	5,336,389	5,106,040	5,491,285
32 Social Work Services	709,755	820,130	1,039,786	1,045,903	1,066,743
33 Health Services	1,849,795	1,913,401	2,059,217	2,157,677	2,192,328
34 Student (Pupil) Transportation	1,437,456	2,037,318	1,948,007	1,709,533	2,664,107
35 Food Services	4,725	1,155	7,370,642	7,227,903	7,789,238
36 Cocurricular/Extracurricular Activities	1,806,335	2,453,701	2,474,824	2,519,395	2,482,908
41 General Administration	4,198,490	4,123,578	4,369,011	4,007,453	4,638,056
51 Plant Maintenance & Operations	13,132,888	13,260,153	16,035,304	12,563,512	12,347,392
52 Security & Monitoring Services	745,527	1,017,017	1,028,210	903,531	1,211,915
53 Data Processing Services	1,259,130	863,163	1,055,782	1,266,074	1,323,168
61 Community Services	648,454	650,003	647,398	704,777	674,507
71 Principal	2,574,025	1,744,471	3,609,906	5,365,200	5,141,565
Interest	-	985,936	1,225,381	4,918,420	4,910,491
Other Debt Service Costs	-	3,103	29,547	43,888	44,103
81 Facilities acquisition/construction	4,221,858	4,408,917	6,218,452	1,534,807	5,704,033
Other capital outlay					
93 Payments to Fiscal Agents/Mem.	9,031	17,000	6,000	13,284	9,418
95 Payments to Juvenile Justice Alternative Ed.	50,280	184,108	202,405	32,307	142,839
Total expenditures	\$ 125,802,557	\$ 133,411,848	\$ 154,428,792	\$ 153,445,300	\$ 162,069,612
 Debt service as a percentage of noncapital expenditures	 2.12%	 2.12%	 3.26%	 6.77%	 6.43%

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	94,229,126	\$ 108,533,210	\$ 115,051,643	\$ 121,436,722	\$ 120,677,728
	3,981,668	4,540,795	5,591,014	4,722,348	4,783,647
	2,067,715	2,083,381	3,482,596	4,112,502	4,156,453
	3,025,587	3,517,336	3,677,251	3,995,905	5,038,242
	8,613,079	9,459,702	10,213,257	10,199,530	10,334,223
	5,831,200	6,216,362	7,117,540	7,655,899	7,848,384
	1,206,275	1,307,776	1,584,124	1,725,654	1,878,004
	2,354,821	2,529,828	2,717,525	2,703,162	2,833,087
	2,501,126	2,798,513	3,353,357	3,557,405	4,006,844
	8,344,431	10,705,893	10,488,447	11,112,037	14,060,478
	2,929,220	2,890,288	3,335,203	4,121,958	4,201,927
	4,967,619	5,908,368	5,902,123	6,013,068	6,462,377
	13,023,003	13,772,442	15,823,595	17,890,819	20,191,873
	1,600,958	2,249,899	2,589,363	2,560,883	3,649,274
	1,578,117	2,020,913	2,724,200	3,550,847	3,089,698
	694,253	783,456	743,051	405,884	381,774
	9,405,000	11,510,000	8,230,000	10,940,000	8,378,013
	10,104,964	7,369,225	7,162,878	8,851,746	12,204,644
	965,764	167,651	104,836	7,129,465	94,524
	39,542,651	48,771,194	34,035,840	36,178,910	50,483,909
	6,875	6,200	6,675	6,000	11,000
	<u>262,668</u>	<u>305,738</u>	<u>140,892</u>	<u>200,600</u>	<u>131,393</u>
\$	<u>217,236,120</u>	<u>\$ 247,448,171</u>	<u>\$ 244,075,410</u>	<u>\$ 269,071,342</u>	<u>\$ 284,897,496</u>

10.98%

9.50%

7.33%

8.50%

8.78%

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

FISCAL YEAR	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Excess of revenues over (under) expenditures	\$ (4,519,484)	\$ (4,581,000)	\$ (15,088,741)	\$ 6,555,234	\$ 2,275,404
Other Financing Sources (Uses)					
Issuance of Loans	-	2,800,000	4,255,000	80,000,000	8,000,000
Issuance of Bonds	-	-	-	-	-
Lease Proceeds	3,064,447	689,219	-	-	-
Premium Issuance of Bond	-	-	-	-	-
Premium Issuance of Loans	-	-	-	-	-
Redemption of Refunded Bonds	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Transfers in	3,943,801	6,637,160	7,455,195	7,709,595	5,031,536
Transfers out	<u>(3,943,801)</u>	<u>(6,637,160)</u>	<u>(7,455,195)</u>	<u>(7,709,595)</u>	<u>(5,031,536)</u>
Total other financing sources (uses)	<u>3,064,447</u>	<u>3,489,219</u>	<u>4,255,000</u>	<u>80,000,000</u>	<u>8,000,000</u>
Net change in fund balances	<u>\$ (1,455,037)</u>	<u>\$ (1,091,781)</u>	<u>\$ (10,833,741)</u>	<u>\$ 86,555,234</u>	<u>\$ 10,275,404</u>

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ (32,847,108)	\$ (49,157,540)	\$ (22,988,803)	\$ (39,314,576)	\$ (47,014,533)
3,680,000	-	4,000,000	-	14,000,000
72,000,000	4,240,000	-	182,135,630	-
-	-	-	-	-
3,578,158	113,701	80,430	5,815,205	-
-	-	36,695	-	23,032
-	-	-	(54,145,000)	-
-	-	-	-	-
7,320,096	7,580,700	8,282,912	9,745,939	8,137,271
<u>(7,320,094)</u>	<u>(7,580,700)</u>	<u>(8,282,912)</u>	<u>(9,745,939)</u>	<u>(8,137,271)</u>
<u>79,258,160</u>	<u>4,353,701</u>	<u>4,117,125</u>	<u>133,805,835</u>	<u>14,023,032</u>
<u>\$ 46,411,052</u>	<u>\$ (44,803,839)</u>	<u>\$ (18,871,678)</u>	<u>\$ 94,491,259</u>	<u>\$ (32,991,501)</u>

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

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value	Total Direct Rate ^a
	Residential Property	Personal Property			
1997	\$ 1,515,992,302	\$ 211,848,890	\$ 360,060,123	\$ 1,367,781,069	\$ 1.215
1998	1,542,060,098	215,709,566	488,768,529	1,269,001,135	1.185
1999	1,599,017,395	219,186,158	504,850,409	1,313,353,144	1.225
2000	1,663,129,956	228,116,930	561,939,788	1,329,307,098	1.326
2001	1,680,305,275	247,828,421	568,602,929	1,359,530,767	1.386
2002	1,726,945,838	256,727,464	592,553,187	1,391,120,115	1.426
2003	1,796,614,504	258,875,299	624,798,051	1,430,691,752	1.503
2004	1,897,272,357	270,837,330	675,710,242	1,492,399,445	1.503
2005	1,967,477,564	271,781,800	558,089,592	1,681,169,772	1.474
2006	2,087,865,861	277,897,380	565,792,825	1,799,970,416	1.554

Source: LISD Tax Office

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

Schedule 9
Laredo Independent School District
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year	District Direct Rates			Overlapping Rates ^a		
	Maintenance & Operations	Debt Service	Total	Laredo Community College	City of Laredo	Webb County Road & Bridge
1997	\$ 1.024	\$ 0.191	\$ 1.215	\$ 0.153	\$ 0.527	\$ 0.366
1998	0.984	0.201	1.185	0.157	0.540	0.390
1999	1.026	0.199	1.225	0.158	0.540	0.390
2000	1.223	0.103	1.326	0.164	0.569	0.536
2001	1.283	0.103	1.386	0.170	0.576	0.455
2002	1.323	0.103	1.426	0.217	0.576	0.445
2003	1.323	0.180	1.503	0.227	0.631	0.458
2004	1.323	0.180	1.503	0.236	0.642	0.472
2005	1.323	0.151	1.474	0.236	0.637	0.438
2006	1.383	0.171	1.554	0.234	0.637	0.438

Source: LISD Tax Office.

Note:

^a Includes levies for operating and debt service costs.

**Schedule 10
Laredo Independent School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

<u>Taxpayer</u>	2006			1997		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Laredo Texas Hospital Co LP	\$ 89,910,700	1	3.56%	—		—
AEP Texas Central Company	40,519,990	2	1.60%	19,209,710	2	1.11%
Webb Hospital Holdings LLC	18,999,720	3	0.75%	—		—
Southwestern Bell Telephone LP	18,716,000	4	0.74%	21,744,080.00	1	1.26%
International Bk of Commerce	16,575,200	5	0.66%	13,444,946	5	0.78%
HE Butt Grocery Co	14,007,630	6	0.55%	18,044,275.00	3	1.04%
The Laredo National Bank	13,409,960	7	0.53%	13,512,740.00	4	0.78%
La Posada Hotel	10,853,000	8	0.43%	9,669,190	6	0.56%
B I A Acquisiton	10,005,480	9	0.40%	8,284,973	7	0.48%
Texas & Kansas City Cable	10,477,790	10	0.41%	6,536,000	10	0.38%
Union Pacific System	—		—	8,040,320	8	0.47%
Union National Bank, Texas	—		—	7,011,115	9	0.41%
	<u>\$ 243,475,470</u>		<u>9.63%</u>	<u>\$ 125,497,349</u>		<u>7.26%</u>

Source: LISD Tax Office

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 15,323,342	\$ 14,270,245	93.13%	\$ 1,175,050	\$ 15,445,295	100.80%
1998	14,166,069	13,559,076	95.72	624,329	14,183,405	100.12
1999	15,143,118	14,312,047	94.51	789,863	15,101,910	99.73
2000	16,552,059	15,677,007	94.71	894,159	16,571,166	100.12
2001	18,064,678	16,985,143	94.02	697,379	17,682,522	97.88
2002	18,758,999	17,997,443	95.94	624,431	18,621,874	99.27
2003	20,330,602	19,517,103	96.00	595,942	20,113,045	98.93
2004	21,883,429	21,065,822	96.26	(15,742)	21,050,080	96.19
2005	24,424,100	23,634,674	96.77	387,559	24,022,233	98.35
2006	26,852,220	25,887,131	96.41	-	25,887,131	96.41

Source: LISD Tax Office.

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income^a	Per Capita^a
	General Obligation Bonds	Loans			
1997	\$ 17,457,105	\$ 2,550,000	\$ 20,007,105	83.59%	\$ 113
1998	16,086,981	5,350,000	21,436,981	84.16%	117
1999	14,605,443	8,120,000	22,725,443	84.73%	120
2000	91,403,357	6,435,000	97,838,357	333.50%	503
2001	80,321,639	20,670,000	100,991,639	312.50%	503
2002	146,095,695	21,630,000	167,725,695	487.58%	811
2003	140,023,093	20,355,000	160,378,093	441.96%	754
2004	134,411,482	22,225,000	156,636,482	402.89%	716
2005	254,032,558	20,480,000	274,512,558	N/A	1,222
2006	247,637,999	32,675,000	280,312,999	N/A	N/A

Notes: N/A = not available.

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

Schedule 13
Laredo Independent School District
Direct and Overlapping Governmental Activities Debt
As of August 31, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Laredo	\$ 189,145,000	18.130%	\$ 34,291,989
County of Webb	82,275,592	42.000%	34,555,749
Laredo Community College	137,045,591	22.780%	<u>31,218,986</u>
Subtotal, overlapping debt			100,066,723
District direct debt			<u>235,926,919</u>
Total direct and overlapping debt			<u>\$ 335,993,642</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$1,944,741,960
Debt limit (10% of assessed value)	194,474,196
Debt applicable to limit	<u>224,767,220</u>
Legal debt margin	<u>\$ (30,293,024)</u>

<u>Fiscal Year</u>	<u>Debt limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u>
1997	\$ 128,121,627	\$ 16,202,723	\$ 111,918,904	12.65%
1998	126,900,114	10,905,006	115,995,108	8.59%
1999	131,335,314	80,775,194	50,560,120	61.50%
2000	132,930,710	76,606,756	56,323,954	57.63%
2001	135,950,941	73,003,135	62,947,806	53.70%
2002	139,112,012	146,290,098	(7,178,086)	105.16%
2003	149,239,945	133,968,230	15,271,715	89.77%
2004	168,116,972	127,395,117	40,721,855	75.78%
2005	180,836,742	245,496,793	(64,660,051)	135.76%
2006	194,474,196	224,767,220	(30,293,024)	115.58%

Schedule 15
Laredo Independent School District
Demographic and Economic Statistics,
Last Ten Calendar Years

Calendar Year	Population^a	Personal Income^a <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate^b
1997	177,140	\$ 23,935,390	\$ 13,512	10.4%
1998	182,994	25,471,570	13,919	9.50
1999	189,014	26,820,240	14,190	8.70
2000	194,673	29,336,820	15,070	6.20
2001	200,824	32,317,230	16,092	6.60
2002	206,729	34,399,550	16,640	7.30
2003	212,706	36,288,190	17,060	7.40
2004	218,806	38,878,560	17,769	6.70
2005	224,695	N/A	N/A	5.60
2006	N/A	N/A	N/A	4.80 ^c

Notes: N/A = not available.

^a Texas Workforce Commission.

^b Bureau of Labor Statistics.

^c As of October 31, 2006.

Schedule 16
Laredo Independent School District
Principal Employers,
Current Year and Nine Years Ago

<u>Employer</u>	2006			1997		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
United Independent School District	4,876	1	6.03%	2,726	2	4.53%
Laredo Independent School District	3,990	2	4.94%	3,406	1	5.66%
City of Laredo	2,238	3	2.77%	1,862	5	3.09%
McDonald's Restaurants	1,425	4	1.76%	475	10	0.79%
Webb County	1,400	5	1.73%	791	7	1.31%
Laredo Medical Center	1,377	6	1.70%	2,269	4	3.77%
The Laredo National Bank	1,275	7	1.58%	527	8	0.88%
H.E.B. Grocery	1,245	8	1.54%	1,543	6	2.56%
Texas A&M International University	969	9	1.20%	—	—	—
Wal-Mart	917	10	1.13%	—	—	—
Transamerica Natural Gas	—	—	—	2,468	3	4.10%
Laredo Community College	—	—	—	502	9	0.83%
	<u>80,800</u>		<u>24.40%</u>	<u>60,200</u>		<u>27.52%</u>

Source: Laredo Development Foundation.
Texas Workforce Commission.

Schedule 17
Laredo Independent School District
Full-time-Equivalent District Employees by Type,
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of August 31										Percentage Change 1997-2006
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
Teachers											
Pre-K & Kindergarten	N/A	N/A	N/A	N/A	9	158	165	169	188	205	
Elementary	N/A	N/A	N/A	N/A	691	567	620	644	640	638	
Secondary	N/A	N/A	N/A	N/A	472	545	568	566	553	565	
Special Education	N/A	N/A	N/A	N/A	96	167	153	163	177	170	
All Level	N/A	N/A	N/A	N/A	15	9	10	10	12	21	
Total Teachers	<u>1,403</u>	<u>1,418</u>	<u>1,410</u>	<u>1,383</u>	<u>1,283</u>	<u>1,445</u>	<u>1,515</u>	<u>1,553</u>	<u>1,570</u>	<u>1,599</u>	13.99%
Support Staff											
Supervisors	N/A	N/A	N/A	N/A	5	6	6	7	5	5	
Counselors	N/A	N/A	N/A	N/A	50	61	56	61	62	62	
Educ Diagnosticians	N/A	N/A	N/A	N/A	15	14	14	20	18	20	
Librarians	N/A	N/A	N/A	N/A	22	28	28	28	28	27	
Nurses/Physicians	N/A	N/A	N/A	N/A	32	30	35	40	38	40	
Therapists	N/A	N/A	N/A	N/A	15	18	21	23	20	18	
Other Support Staff	N/A	N/A	N/A	N/A	100	139	154	161	179	215	
Total Support Staff	<u>256</u>	<u>249</u>	<u>266</u>	<u>266</u>	<u>238</u>	<u>296</u>	<u>313</u>	<u>338</u>	<u>350</u>	<u>386</u>	50.88%
Administrators											
Admin/Instr Officers	N/A	N/A	N/A	N/A	9	9	7	15	13	24	
Principals	N/A	N/A	N/A	N/A	30	28	28	28	27	28	
Assistant Principals	N/A	N/A	N/A	N/A	34	49	50	54	55	53	
Superintendents	N/A	N/A	N/A	N/A	1	1	-	-	1	1	
Asst Superintendents	N/A	N/A	N/A	N/A	-	-	-	5	4	3	
Total Administrators	<u>82</u>	<u>83</u>	<u>87</u>	<u>86</u>	<u>74</u>	<u>87</u>	<u>85</u>	<u>102</u>	<u>99</u>	<u>108</u>	32.23%
Educational Aides	622	595	582	510	387	531	451	484	482	479	-23.06%
Auxiliary Staff	<u>1,198</u>	<u>1,156</u>	<u>1,117</u>	<u>1,073</u>	<u>1,126</u>	<u>1,025</u>	<u>1,095</u>	<u>1,089</u>	<u>1,235</u>	<u>1,311</u>	9.41%
Total	<u>3,562</u>	<u>3,501</u>	<u>3,461</u>	<u>3,318</u>	<u>3,108</u>	<u>3,384</u>	<u>3,458</u>	<u>3,566</u>	<u>3,736</u>	<u>3,884</u>	9.05%

Notes: N/A = not available.

Source: Texas Education Agency Fall PEIMS Submission

Schedule 18
Laredo Independent School District
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year	Enrollment¹	Operating Expenditures²	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1997	22,987	\$119,006,674	\$5,177	N/A	1,403	16.4	86.60%
1998	22,651	126,269,421	5,575	7.68%	1,418	16.0	89.20%
1999	22,601	143,345,506	6,342	13.77%	1,410	16.0	98.30%
2000	22,524	143,284,985	6,361	0.30%	1,383	16.3	91.40%
2001	22,547	146,269,420	6,487	1.98%	1,283	17.6	91.10%
2002	23,188	157,217,740	6,780	4.51%	1,445	16.0	96.20%
2003	23,881	179,630,101	7,522	10.94%	1,515	15.8	95.50%
2004	24,359	194,541,856	7,986	6.18%	1,553	15.7	95.60%
2005	24,745	205,971,221	8,324	4.22%	1,570	15.8	96.20%
2006	24,876	213,736,406	8,592	3.22%	1,599	15.6	96.80%

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

Notes: N/A = not available.

¹ Enrollment is as of the October reporting date to TEA through the Public Education Information System (PEIMS).

² Operating Expenditures are total governmental fund expenditures less debt service and capital projects.

Schedule 19
Laredo Independent School District
Teacher Base Salaries,
Last Ten Fiscal Years

Fiscal Year	0 Years Experience Salary^a	40+ Years Experience Salary^a	District Average Salary^b	County Average Salary^b	Statewide Average Salary^b
1997	\$ 23,010	\$ 38,150	\$ 33,391	\$ 32,799	\$ 32,426
1998	25,000	39,676	34,042	33,652	33,537
1999	26,000	42,426	36,019	34,428	34,357
2000	29,000	45,426	39,081	37,567	37,624
2001	29,000	48,066	39,756	37,173	38,359
2002	31,000	50,066	40,739	38,001	39,230
2003	32,500	52,066	40,392	38,631	39,972
2004	34,000	53,666	41,801	40,119	40,476
2005	36,000	55,666	43,071	41,800	41,009
2006	37,000	56,666	43,361	42,371	41,743

Sources:

^a District records.

^b Texas Education Agency Fall PEIMS Submission

Note: Amounts do not include additional stipends based on experience or academic credentials, nor fringe benefits such as pension, health insurance, disability, and so on.

Schedule 20
Laredo Independent School District
Measures of Capacity

School	Total Square Feet	Max. Cap. Based on Sq. Feet	Practical Capacity Sq. Feet	Total Classrooms	Max. Cap. Based on Classrooms	Practical Capacity Classrooms	Architect's Capacity	Average Practical Capacity
High Schools								
Cigarroa	-	-	-	54	1,620	1,458	1,500	1,404
Martin	315,000	2,100	1,890	93	2,790	2,511	2,100	2,201
Nixon	92,216	615	553	83	2,490	2,241	1,606	1,467
Nixon Freshman Annex	-	-	-	15	450	405	-	405
Nixon Church Annex	-	-	-	13	390	351	-	351
Total High Schools:	407,216	2,715	2,443	258	7,740	6,966	5,206	5,828
Middle Schools								
Christen	164,000	1,312	1,181	45	1,125	1,013	1,450	1,097
Cigarroa	-	-	-	56	1,400	1,260	1,349	1,237
Lamar	132,380	1,059	953	63	1,575	1,418	1,448	1,185
Memorial	134,245	1,074	967	30	750	675	950	821
Total Middle Schools:	430,625	3,445	3,101	194	4,850	4,366	5,197	4,340
Elementary Schools								
Bruni	79,000	878	790	29	638	574	725	682
Buenos Aires	92,305	1,026	923	29	638	574	870	749
Daiches	-	-	-	-	-	-	873	786
Dovalina	49,108	546	491	28	616	554	603	523
Farias	75,626	840	756	29	638	574	650	665
Hachar	80,986	900	810	29	638	574	650	692
Heights	68,500	761	685	19	418	376	-	531
Kawas	71,541	795	715	34	748	673	850	694
Leyendecker	76,725	853	767	37	814	733	838	750
Ligarde	80,379	893	804	39	858	772	870	788
Macdonell	77,646	863	776	29	638	574	650	675
Martin	72,285	803	723	31	682	614	650	668
Miton	73,695	819	737	38	836	752	873	745
Pierce	86,718	964	867	42	924	832	850	849
Ryan	79,457	883	795	38	836	752	873	773
Sanchez/Ochoa	86,000	956	860	34	748	673	850	767
Santa Maria	78,482	872	785	29	638	574	650	680
Santo Niño	87,536	973	875	43	946	851	850	863
Tarver	78,892	877	789	30	660	594	650	691
Zachry	72,055	801	721	33	726	653	644	687
Total Elem. Schools:	1,466,936	16,303	14,669	620	13,640	12,273	14,469	14,258
Total Campuses:	2,304,777	22,463	20,213	1,072	26,230	23,605	24,872	24,426

Source: Population and Survey Analysts (PASA) Study
Laredo Independent School District

**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2006**

Last	1	2	3	10	20	31	32	40	50
Ten Years Ended August 31	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 9/1/2005	Current Year's Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 08/31/06
	Maintenance	Debt Service							
1997 and prior years	Various	Various		\$ 949,832	-	\$ 38,174	\$ 11,675	\$ (64,087)	\$ 835,896
1998	0.983710	0.201290	1,269,001,135	118,876	-	5,293	1,083	-	112,500
1999	1.026280	0.198720	1,313,353,144	132,062	-	7,471	1,447	-	123,144
2000	1.229100	0.103090	1,329,307,098	143,372	-	14,404	1,214	-	127,754
2001	1.282910	0.103090	1,359,530,767	196,768	-	45,390	3,647	28,624	176,355
2002	1.322910	0.103090	1,391,120,115	239,778	-	65,179	5,079	41,022	210,542
2003	1.322910	0.179800	1,430,691,752	331,828	-	90,859	12,349	44,275	272,895
2004	1.322910	0.179800	1,492,399,445	442,297	-	164,116	22,305	52,592	308,468
2005	1.322910	0.151200	1,681,169,772	976,970	-	518,798	59,295	29,074	427,951
2006	1.382910	0.171200	1,799,970,416	-	26,642,245	22,865,047	2,830,622	214,500	1,161,076
Total Delinquent Taxes Receivable				\$ 3,531,783	\$ 26,642,245	\$ 23,814,731	\$ 2,948,716	\$ 346,000	\$ 3,756,581

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

Column 3 - Assessed /Apraised 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/Apraised 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 8/31/06

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, 2006**

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	\$ 71,199	\$ 282,058	\$ 160,030	\$ 3,444,497	\$ 870,081	\$ -	\$ 4,827,865
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	-	-	-	-	301,736	-	301,736
6212	Audit Services				34,000			34,000
6213	Tax Appraisal & Collection		342,932					342,932
621X	Other Prof. Services	-	21,315	5,458	63,213	174,205	-	264,191
6220	Tuition & Transfer Payments							-
6230	Education Service	-	-	-	-	-	-	-
6240	Contr.Maint. & Repair					324,763		324,763
6250	Utilities					-		-
6260	Rentals	-	372	1,190	53,177	323,059	-	377,798
6290	Misc. Contr.	4,218	-	-	-	14,929	-	19,147
6320	Textbooks & Reading	852	59	287	920	4,702	-	6,820
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies	1,448	13,215	5,148	103,177	22,166	-	145,154
6410	Travel,Sub.,Stipends	21,512	780	7,363	29,922	13,387	-	72,964
6420	Ins. and Bonding	-	-	-	6,998	-	-	6,998
6430	Election Costs	32,663						32,663
6490	Misc. Operating	17,877	18,388	4,723	78,544	222,616	-	342,148
6500	Debt Service							-
6600	Capital Outlay						172,072	172,072
6000-	TOTAL	<u>\$ 149,769</u>	<u>\$ 679,119</u>	<u>\$ 184,199</u>	<u>\$ 3,814,448</u>	<u>\$ 2,271,644</u>	<u>\$ 172,072</u>	<u>\$ 7,271,251</u>

Total expenditures/expenses for General and Special Revenue Funds (9) \$219,630,746

Less: Deductions of Unallowable Costs

Total Capital Outlay (6600)	(10)	\$ 12,670,554
Total Debt & Lease (6500)	(11)	994,052
Plant Maintenance (Function 51, 6100 - 6400)	(12)	19,604,110
Food (Function 35, 6341 and 6499)	(13)	3,485,801
Stipends (6413)	(14)	15,869
Column 4 (above) - Total Indirect Cost		<u>3,814,448</u>

Subtotal: 40,584,834

Net Allowed Direct Cost \$ 179,045,912

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)	\$ 22,897,634
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 - \$808,874.00 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, 2006**

Data Control Code	Explanation	Amount
1	Total General Fund Balance 8/31/06 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 24,223,221
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	12,527,471
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	3,075,750
4	Estimated amount needed to cover fall cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues)	-
5	Estimate of one month's average cash disbursements during the regular school session (9/1/05-5/31/06)	16,245,550
6	Estimate of delayed payments from state sources(58XX) including August payment delays	-
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	7,265,108
8	Estimate of delayed payments from federal sources (59XX)	-
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-
10	Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9)	39,113,879
11	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	\$(14,890,658)

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
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (INCLUDING GENERAL OPERATING FUND, PFCO FUNDS AND ATHLETIC FUND)
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		2006 Actual	Variance with Final Budget	2005 Actual	
	Original	Final		Positive (Negative)		
REVENUES:						
5700	Local and Intermediate Sources	\$ 33,797,121	\$ 33,797,121	\$ 35,301,860	\$ 1,504,739	\$ 33,268,175
5800	State Program Revenues	119,999,509	121,356,009	122,435,468	1,079,459	125,605,093
5900	Federal Program Revenues	752,000	752,000	2,283,355	1,531,355	1,085,690
5020	Total Revenues	<u>154,548,630</u>	<u>155,905,130</u>	<u>160,020,683</u>	<u>4,115,553</u>	<u>159,958,958</u>
EXPENDITURES:						
Current:						
0011	Instruction	92,991,115	97,160,261	90,412,798	6,747,463	89,411,350
0012	Instructional Resources and Media Services	4,231,595	4,453,182	4,001,419	451,763	4,027,172
0013	Curriculum Dev. & Instructional Staff Dev.	1,204,832	1,228,407	962,987	265,420	1,109,259
0021	Instructional Leadership	2,722,093	3,393,433	3,185,421	208,012	2,460,455
0023	School Leadership	10,437,619	10,464,304	10,247,163	217,141	10,124,390
0031	Guidance, Counseling and Evaluation Services	6,388,714	6,673,558	6,453,046	220,512	6,399,361
0032	Social Services	1,732,465	1,745,359	1,535,584	209,775	1,411,695
0033	Health Services	1,632,596	1,677,157	1,602,604	74,553	1,532,338
0034	Student (Pupil) Transportation	3,473,872	4,167,026	3,360,638	806,388	3,424,662
0035	Food Service	4,045,617	4,045,617	1,550,740	2,494,877	832,868
0036	Curricular/Extracurricular Activities	3,244,194	4,223,693	4,164,543	59,150	4,094,265
0041	General Administration	6,171,264	6,506,329	6,180,429	325,900	5,963,258
0051	Plant Maintenance and Operations	16,869,652	20,515,183	19,458,245	1,056,938	17,509,280
0052	Security and Monitoring Services	3,143,466	4,040,978	3,479,062	561,916	2,517,823
0053	Data Processing Services	2,706,922	3,167,729	2,801,689	366,040	2,897,546
0061	Community Services	12,290	104,798	96,658	8,140	85,396
Debt Service:						
0071	Debt Service	170,098	170,098	199,052	(28,954)	76,520
Capital Outlay:						
0081	Facilities Acquisition and Construction	4,291	3,771,079	2,220,467	1,550,612	3,766,534
Intergovernmental Charges:						
0095	Payment to Juvenile Justice Alternative Education	200,000	200,000	131,393	68,607	200,600
6030	Total Expenditures	<u>161,382,695</u>	<u>177,708,191</u>	<u>162,043,938</u>	<u>15,664,253</u>	<u>157,844,772</u>
1100	Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>(6,834,065)</u>	<u>(21,803,061)</u>	<u>(2,023,255)</u>	<u>(11,548,700)</u>	<u>2,114,186</u>
OTHER FINANCING SOURCES (USES):						
7911	Issuance of Loans	4,000,000	10,000,000	6,000,000	4,000,000	-
7949	Premium Issuance of Loans	36,695	36,695	23,032	13,663	-
7915	Operating Transfers In	680,000	680,000	669,292	10,708	680,000
8911	Operating Transfers Out	(8,551,977)	(8,939,661)	(7,887,680)	1,051,981	(9,745,939)
7080	Total Other Financing Sources (Uses)	<u>(3,835,282)</u>	<u>1,777,034</u>	<u>(1,195,356)</u>	<u>5,076,352</u>	<u>(9,065,939)</u>
1200	Net Changes in Fund Balances	<u>(10,669,347)</u>	<u>(20,026,027)</u>	<u>(3,218,611)</u>	<u>24,856,158</u>	<u>(6,951,753)</u>
0100	Fund Balance - September 1 (Beginning)	23,794,904	23,794,904	23,794,904	-	30,746,657
3000	Fund Balance - August 31 (Ending)	<u>\$ 13,125,557</u>	<u>\$ 3,768,877</u>	<u>\$ 20,576,293</u>	<u>\$ 24,856,158</u>	<u>\$ 23,794,904</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2006**

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 296,080	\$ 296,080	\$ 560,101	\$ 264,021
5800	State Program Revenues	113,300	113,300	99,484	(13,816)
5900	Federal Program Revenues	11,497,900	11,497,900	10,979,704	(518,196)
5020	Total Revenues	11,907,280	11,907,280	11,639,289	(267,991)
EXPENDITURES:					
Current:					
Support Services-Student (Pupil):					
0035	Food Services	13,528,456	14,187,024	11,909,889	2,277,135
0051	Plant Maintenance & Operations	217,000	272,000	253,314	18,686
0052	Security & Monitoring Services	15,000	29,267	24,232	5,035
0071	Debt Service	795,000	795,000	795,000	-
	Total Support Services - Student (Pupil)	<u>14,555,456</u>	<u>15,283,291</u>	<u>12,982,435</u>	<u>2,300,856</u>
6030	Total Expenditures	14,555,456	15,283,291	12,982,435	2,300,856
1200	Net Changes in Fund Balances	(2,648,176)	(3,376,011)	(1,343,146)	2,032,865
0100	Fund Balance - September 1 (Beginning)	<u>4,990,074</u>	<u>4,990,074</u>	<u>4,990,074</u>	-
3000	Fund Balance - August 31 (Ending)	\$ 2,341,898	\$ 1,614,063	\$ 3,646,928	\$ 2,032,865



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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, 2006, and have issued our report thereon dated December 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

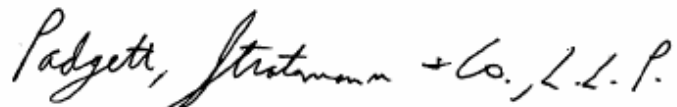
100 N.E. Loop 410, Suite 1100, San Antonio, Texas 78216 • www.padgett-cpa.com
Phone (210) 828-6281 • (800) 879-4966 • Fax (210) 826-8606

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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.



Certified Public Accountants
December 7, 2006



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, 2006. 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, 2006.

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, Stratenman & Co., L.L.P.

Certified Public Accountants
December 7, 2006

Laredo Independent School District

Schedule of Findings and Questioned Costs

Year Ended August 31, 2006

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:

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:

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I, Part A
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>1,267,100</u>
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, 2006

<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
Schedule of Findings and Questioned Costs
Year Ended August 31, 2006

<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, 2006

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Grantor's Number/NOGA ID #	(3) Federal Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>				
199	ROTC	12.999999999	N/A	\$ 162,356
	TOTAL DIRECT PROGRAMS			<u>162,356</u>
Passed Through State Department of Education				
204	Drug Free Schools and Communities Act	84.186A	6691001240901	334,374
204	Drug Free Schools and Communities Act F07	84.186A	7691001240901	466
	Total CFDA Number 84.186A			<u>334,840</u>
206	Support For Homeless			27,308
	Total CFDA Number 84.196	84.196	N/A	<u>27,308</u>
211	ESEA Title I, Part A	84.010A	6610101240901	14,320,923
211	ESEA Title I, Part A F07	84.010A	7610101240901	227,228
211	ESEA Title I School Improvement	84.010A	610104240901001	222,149
211	ESEA Title I School Improvement	84.010A	610104240901002	167,994
211	ESEA Title I School Improvement	84.010A	610104240901003	85,309
211	ESEA Title I School Improvement	84.010A	561010424090102	264,518
211	ESEA Title I School Improvement	84.010A	561010424090103	363,915
	Total CFDA Number 84.010A			<u>15,652,036</u>
212	ESEA Title 1, Part C Migrant	84.011A	6615001240901	113,008
212	ESEA Title 1, Part C Migrant F07	84.011A	7615001240901	21,950
	Total CFDA Number 84.011A			<u>134,958</u>
224	IDEA B, Formula	84.027A	66600012409016600	4,090,211
224	IDEA B, Formula - F07	84.027A	76600012409016600	86,295
	Total CFDA Number 84.027			<u>4,176,506</u>
225	IDEA B, Preschool	84.173A	66610012409016600	55,859
	Total CFDA Number 84.173			<u>55,859</u>
226	IDEA B, Discretionary (Deaf)	84.027A	600022409016673	40,368
	Total CFDA Number 84.027			<u>40,368</u>
227	IDEA B, Formula (Deaf)	84.027A	600012409016601	27,388
	Total CFDA Number 84.027			<u>27,388</u>
228	IDEA B, Preschool (Deaf)	87.173A	610012409016610	4,225
	Total CFDA Number 84.173A			<u>4,225</u>
243	Tech. Prep	84.243A	N/A	14,276
	Total CFDA Number 84.243A			<u>14,276</u>
244	Vocational Education	84.048A	642000624090101	531,910
	Vocational Education - F07	84.048A	742000624090101	16,746
	Total CFDA Number 84.048A			<u>548,656</u>
253	IDEA C Intervention	84.181A	N/A	597
	Total CFDA 84.181A			<u>597</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
255	Title II Part A	84.367A	6694501240901	2,404,461
255	Title II Part A - F07		7694501240901	67,460
	Total CFDA Number 84.367A			<u>2,471,921</u>
258	Early College High School	84.282A	5590057110020	33,458
	Total CFDA Number 84.282A			<u>33,458</u>
261	Texas Reading First	84.357A	66455017110041	3,591,880
	Total CFDA Number 84.357A			<u>3,591,880</u>
262	Title II, Part D Technology	84.318X	6630001240901	270,160
	Total CFDA Number 84.334A			<u>270,160</u>
263	LEP Program	84.365A	6671001240901	2,003,635
	LEP Program - F07	84.365A	7671001240901	34,085
	Total CFDA Number 84.365A			<u>2,037,720</u>
269	ESEA Title V	84.298A	6685001240901	101,332
	Total CFDA Number 84.298			<u>101,332</u>
280	TIP 2	84.318X	56300067110036	463,310
	Total CFDA Number 84.318X			<u>463,310</u>
281	Tools for Schools	66.034	XA97605601	12,001
	Total CFDA Number			<u>12,001</u>
283	Target Grant	84.318X	66300027110036	144,727
	Total CFDA Number 84.318X			<u>144,727</u>
286	Gear Up	84.334A	55110017110008	121,579
	Total CFDA Number 84.334A			<u>121,579</u>
284	Texas Placement Spanish Language	84.330C	551030271213	4,901
	Total CFDA Number 84.330C			<u>4,901</u>
289	Emergency Impact Aid Grant	84.938C	652030124091	43,760
	Total CFDA Number 84.938C			<u>43,760</u>
TOTAL DEPARTMENT OF EDUCATION				<u>30,313,766</u>

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number/NOGA ID #	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
242	Summer Feeding Program	10.559	N/A	486,139
TOTAL U.S. DEPARTMENT OF AGRICULTURE				486,139
U.S. DEPARTMENT OF AGRICULTURE				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
285	Community Based Abstinence Education	93.01	90AE0098	294,695
TOTAL U.S. DEPARTMENT OF HEALTH				294,695
PASSED THROUGH STATE DEPARTMENT OF EDUCATION:				
101	National School Lunch Program	10.555	N/A	10,292,812
101	USDA Donated Commodities	10.555	N/A	686,892
TOTAL DEPARTMENT OF AGRICULTURE				10,979,704
TOTAL FEDERAL ASSISTANCE				\$ 42,236,660
Total Federal Assistance				\$ 42,236,660
199	School Health and Rel Svc	-	N/A	1,588,143
199	Medicaid Adm. Costs	93.778	N/A	50,104
199	Summer School LEP		N/A	65,338
Total Federal Revenue Per Schedule C-2				\$ 43,940,245

*** Federal revenues in the General Fund total \$13,263,059. Of this amount, \$162,356 was for ROTC salaries, and \$10,979,704 was for U.S. Department of Agriculture programs. The federal revenues in the General Fund also include \$50,104 for the Medicaid Administrative Claim Program(MAC Program) and \$1,588,143 for the School Health and Related Services(SHARS) programs for special education students in Medicaid. Indirect costs of \$417,414 are also included in the federal revenues in the General Fund and 65,338 for summer shool LEP.

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

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.



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.