



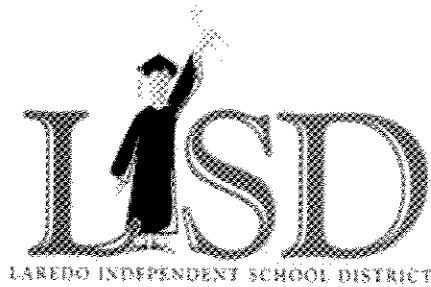
Laredo Independent
School District

FOR THE YEAR ENDING
AUGUST 31, 2007

Comprehensive Annual Financial Report



www.laredoisd.org



Laredo Independent School District

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

Comprehensive Annual Financial Report For the Year Ended August 31, 2007

Issued by:
Alvaro Perez, Interim Chief Financial Officer
Flor Ayala, CPA, Director of Financial Management

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

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	iii
District Officials, Staff, and Consultants	x
Superintendent and Board of Trustees	xi
Organizational Chart	xv
GFOA Certificate of Achievement	xvi
ASBO Certificate of Excellence	xvii
Certificate of Board	xviii
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of the Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	17
Statement of Fiduciary Net Assets – Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	19
Notes to the Financial Statements	20
OTHER SUPPLEMENTAL INFORMATION	
Combining Balance Sheet – Non Major Governmental Funds	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non Major Governmental Funds	48
GOVERNMENTAL FUNDS	
Special Revenue Funds	
Combining Balance Sheet Non Major Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds	56
Debt Service Fund	
Combining Balance Sheet Non Major Governmental Fund	63
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds	64
Budgetary Comparison Schedule- Debt Service Fund	65
Budgetary Comparison Schedule- PFC Service Fund	66
Capital Project Fund	
Combined Balance Sheet Non Major Governmental Funds	67
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds	69
FIDUCIARY FUNDS	
Private Purpose Trust Funds	
Combining Balance Private-Purpose Trust Funds	71
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Private-Purpose Trust Funds	72
Combining Statement of Changes in Assets and Liabilities Agency Funds	73

CAPITAL ASSETS

Schedule of Capital Assets - By Location and Activity74
Schedule of Changes in Capital Assets - By Location and Activity76
Schedule of Changes in Capital Assets - By Function and Activity78

STATISTICAL SECTION

Net Assets by component- Last Six Fiscal Years.....79
Expenses, Program Revenue, and Net (Expense)/Revenue – Last Five Fiscal Years.....80
General Revenues and Total Changes in Net Assets – Last Five Fiscal Years81
Fund Balances Governmental Funds – Last Ten Fiscal Years.....82
Governmental Funds Revenues – Last Ten Fiscal Years.....84
Governmental Funds Expenditures and Debt Service Ration – Last Ten Fiscal Years.....86
Other Financing Sources and Uses and Nets Change in Fund Balances, Government Funds _ Last Ten Fiscal Years88

REVENUE CAPACITY INFORMATION

Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years90
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years91
Principal Property Taxpayers - Current Year and Nine Years Ago92
Property Tax Levies and Collections - Last Ten Fiscal Years93

DEBT CAPACITY INFORMATION

Outstanding Debt by type – Last Ten Fiscal Years94
Direct and Overlapping Governmental Activities Debt – As of August 31, 200795
Legal Debt Margin Information – Lat Ten Fiscal Years96

DEMO GRAPHIC AND ECONOMIC INFORMATION

Demographics and Economic Statistics – Last Ten Years97
Principal Employers – Current Year and Nine Years Ago.....98

OPERATING INFORMATION

Full – Time-Equivalent District Employees by Type – Last Ten Fiscal Years99
Operating Statistics – Last Ten Fiscal Years100
Teacher Base Salaries - Last Ten Fiscal Years101
Measures of Capacity.....102

COMPLIANCE SCHEDULES

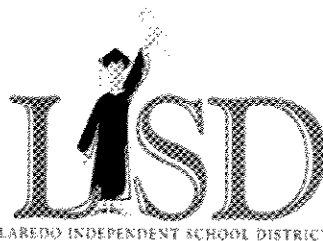
Schedule of Delinquent Taxes Receivables103
Schedule of Expenditures for Computation of Indirect Cost for 2007-2008
General Fund & Special Revenue Funds.....104
Fund Balance and Cash Flow Calculation Worksheet105
National School Breakfast and Lunch Program Budgetary Comparison Schedule.....106

SINGLE AUDIT SECTION

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 Standards107
Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control Over Compliance in Accordance with OMB Circular A-133109
Schedule of Findings and Questioned Costs111
Corrective Action Plan115
Schedule of Prior Audit Findings116
Schedule of Expenditures of Federal Awards117
Notes to Schedule of Expenditures of Federal Awards119



Introductory Section



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

LETTER OF TRANSMITTAL

Veronica F. Guerra
Superintendent of Schools

February 26, 2008

Board of Education

John Peter Montalvo
President

Board of Trustees and Taxpayers of
Laredo Independent School District

Jesus Justo Guerra
Vice President

1702 Houston Street
Laredo, Texas 78040

Guillermina Montes
Secretary

Dear Board Members and Taxpayers:

Jorge L. Rodriguez
Parliamentarian

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Laredo Independent School District (the "District") for the fiscal year ended August 31, 2007. The report was prepared by the District's Division of Finance. The basic financial statements have been audited by the independent accounting firm of Garza/Gonzalez & Associates, whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

Members

George M. Beckelhymer

Daniel Rigal

Jose A. Valdez

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in 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.

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

Reporting Entity

The District is an independent school district, founded in 1882, governed by a seven-member Board of Trustees (the Board). The Board has governance responsibility over all activities related to public school education within the District. The Board of Trustee is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board Statement No. 14. The District has one blended component unit which is the Laredo Independent School District Public Facility Corporation (the "Corporation").

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

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

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.

Laredo Independent School District Public Facility 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. To accomplish the financing of these facilities, the Corporation has issued lease revenue bonds and entered into a lease with the option to purchase agreement with the District. The District will pay to the Corporation such lease payments at such times and in such amounts as will be required to pay principal and interest on the bonds.

District officials must comply with state and federal laws and regulations, but the Board of Trustees has complete authority, including adoption and setting of tax rates. 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.

Services Provided

Laredo Independent School District provides a safe and learning environment that ensures a quality education. Beginning in the 20 elementary schools, four middle schools, and extending through the three high schools, students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. In addition, in the four middle schools a diversified group of elective subjects is added to the required studies, including home economics, art, band, choir, orchestra, mariachi band and foreign languages. Individual needs continue 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 2006-2007 was 27,193 students of which 6,290 students were enrolled at the high school level, 3,685 at the middle school level, and 12,257 at the elementary level.

Over 95.88% of our students are classified as economically disadvantaged; 68.15% as Bilingual/English as a Second Language education, 11.33% as Special Education, and 7.49% participate in gifted and talented courses. In addition, 23.70% 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 for 2006-2007 outlined in the District Plan are as follows:

I. Governance

By the year 2009, the Laredo Independent School District Board of Trustees will be recognized as an Honor Board by the Texas Association of School Boards.

The Board will produce evidence of:

- Effective board meetings focused on student achievement,
- A culture of continuous learning in reform governance,
- Developing reform policies to make the Laredo Independent School District a high performing system; and
- A clear understanding and practice regarding roles and responsibilities.

- II. Academics
By the year 2010, the District will receive an exemplary rating by the State Accountability System and meet the Annual Yearly Progress as required by No Child Left Behind (NCLB).
- III. Student Support
Starting in the year 2006, all students will have an opportunity to fully develop their social skills.
- IV. Finance
Starting in 2006, the District will develop a strategic plan to ensure sound fiscal management.
- V. Technology
By the year 2010, the Laredo Independent School District will have state of the art technology services to support academic and operational goals.
- VI. Communication
By the year 2009, the District will have efficient and effective communication with all stakeholders.
- VII. Facilities and Construction
By October of 2006, the "Citizens Oversight Committee" will meet to oversee the Construction Improvement Program and determine future needs assessments.

Achievements

The District received a fifth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2006. 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 231,470, 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, Texas, 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, procurement, tax office collections, risk management 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 Dell file servers as well as numerous personal computers and laptops. 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 a Site-Based Decision Making (SBDM) committee made up of the campus principal, teachers, and administrators. Their role is to build consensus and support all efforts consistent with reaching the campus goals and objectives. SBDM committee members, department directors and administrators are involved in the budgetary cycle.

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

Cash Management

The District awarded the depository agreement to International Bank of Commerce 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.

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:

Employee Health Insurance and Workers’ Compensation Insurance programs are described in detail in the notes to the financial statements; therefore, 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 \$20,000 of basic life to each TRS qualified employee. The cost for this employee benefit is fully funded by the District. The insurance carrier is Ft. Dearborn.

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

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 a Site-Based Decision Making (SBDM) committee made up of the campus principal, teachers, and administrators. Their role is to build consensus and support all efforts consistent with reaching the campus goals and objectives. SBDM committee members, department directors and administrators are involved in the budgetary cycle.

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

Cash Management

The District awarded the depository agreement to International Bank of Commerce 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.

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:

Employee Health Insurance and Workers' Compensation Insurance programs are described in detail in the notes to the financial statements; therefore, 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 \$20,000 of basic life to each TRS qualified employee. The cost for this employee benefit is fully funded by the District. The insurance carrier is Ft. Dearborn.

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

may range from \$0 - \$100,000. Total insurable values less exclusions for buildings were estimated at \$220,222,907 and were provided by the appraisal services of Maximus, Inc. The insurable values for contents were estimated at \$66,439,215 and vehicle insurable values were estimated at \$7,000,517. Insurable values for contents and vehicles are estimated at cost, but insured at a replacement cost recovery basis. The maintenance of this value and cost information is monitored and updated by the district's Fixed Assets Department.

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

Tax Sheltered Annuities The District provides employees 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 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.

Financial Policies and Long-Term Financial Planning

The Superintendent's office and the executive staff oversee and coordinate all the elements involved in the strategic and financial planning process of the District. The 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. The District'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 construction projects in which every school will either be renovated or newly constructed. The construction projects began in 1999 with the sale of \$144,000,000 bonds. With the addition of more bond sales, issuance of QZABs, and interest earnings, it is currently at approximately \$296,000,000. The estimated final completion date for these projects is December 2010.

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

Other Information

The Texas Education Agency requires that an annual audit of the books of account, financial records, and transactions of all administrative departments of the school district be performed by an independent certified public accountant(s). The firm of Garza/Gonzalez & Associates was selected and approved by the 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, 2006. 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, 2006.

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 first time that the District submits and receives this prestigious award.

Lastly, the District received the Popular Annual Financial Report (PAFR) for the year ended August 31, 2006. 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 and the leadership of the Superintendent.

We would also like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, Garza/Gonzalez and Associates.

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

Sincerely,



Alvaro Perez
Interim Chief Financial Officer

DISTRICT OFFICIALS, CONSULTANTS & ADVISORS

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
John P. Montalvo President	8 Years	Nov. 2009	Retired
Jesus Justo Guerra Vice-President	7 Years	Nov. 2008	Retired
Guillermina Montes Secretary	5 Years	Nov. 2009	Retired Educator
Jorge Luis Rodriguez Parliamentarian	8 Years	Nov. 2008	Realtor
George M. Beckelhymer Trustee	5 Years	Nov. 2008	Business Owner
Daniel Rigal Trustee	2 Years	Nov. 2009	Territory Manger (Philip Morris)
Jose A. Valdez Trustee	11 Years	Nov. 2008	South Tex. Coord. Of the Retired Senior Vol. Program

CONSULTANTS & ADVISORS

Financial Advisor.....	Estrada-Hinojosa & Company, Inc. Dallas and San Antonio, Texas
Bond Counsel	Escamilla & Poneck, Inc. San Antonio, Texas
Certified Public Accountants	Garza/Gonzalez & Associates San Antonio, Texas
General Counsel.....	Kazen, Meurer & Perez, Attorneys-at-Law Laredo, Texas

LAREDO INDEPENDENT SCHOOL DISTRICT

Board of Trustees



John P. Montalvo
President
District 3



Guillermina Montes
Secretary
District 6



Jesus J. Guerra
Vice President
District 7



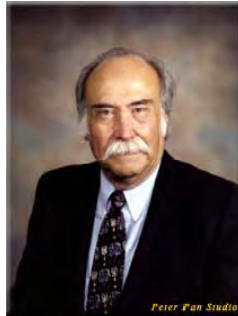
Jorge Luis Rodriguez
Parliamentarian
District 2



George M. Beckelhymer
Trustee
District 4



Daniel Rigal
Trustee
District 5



Jose A. Valdez
Trustee
District 1

Superintendent & Administrative Officials



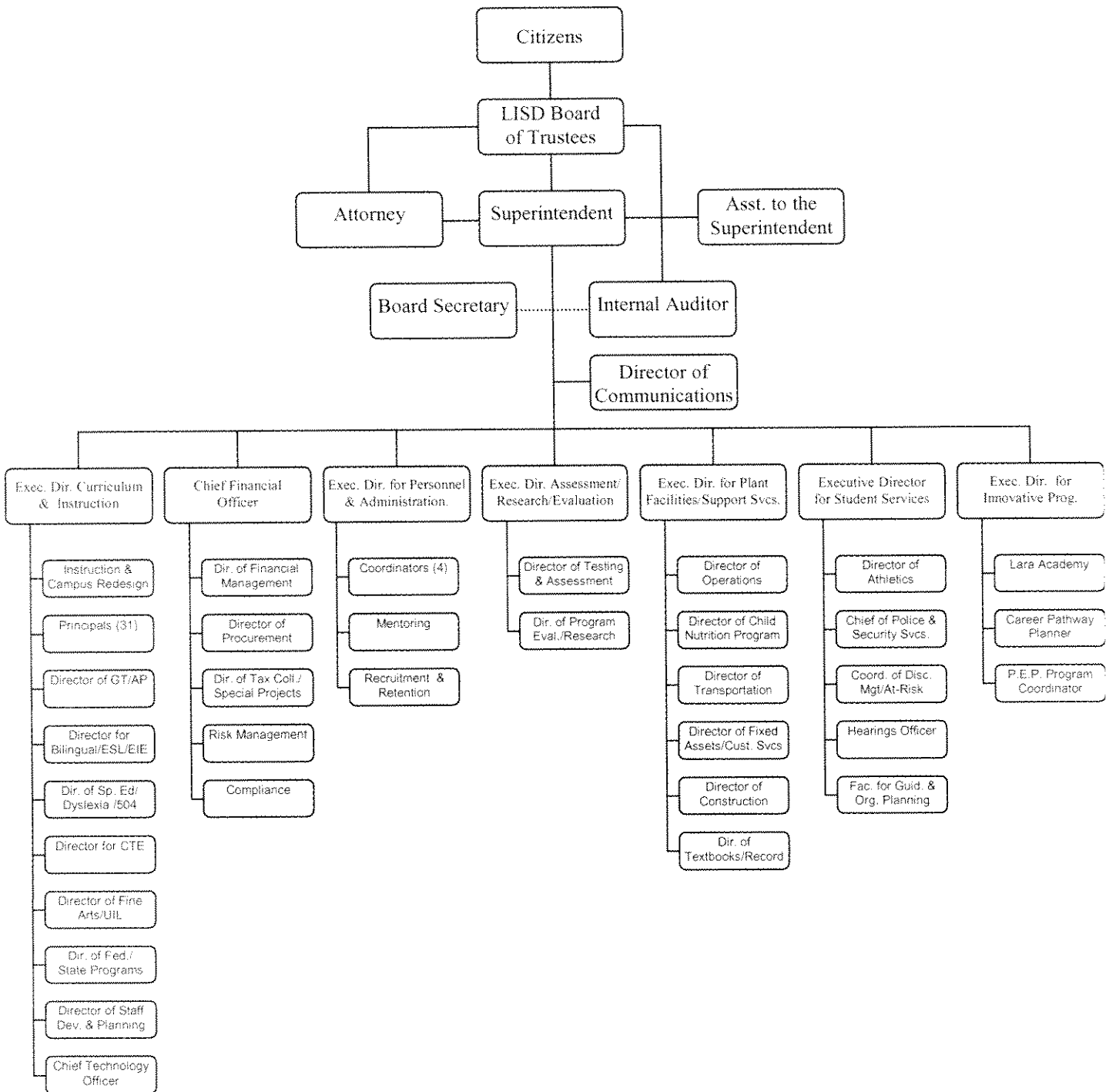
Superintendent of Schools
Veronica F. Guerra

NAME

POSITION

David Garza	Executive Director for Curriculum & Instruction
Alvaro Perez	Interim Chief Financial Officer
Elsa Arce	Executive Director for Student Services
Ernesto Guajardo	Executive Director for Human Resources
Raul Cisneros	Interim Executive Director for Plant Facilities/Support Services
Severita Sanchez	Executive Director for Administrative Compliance &
Accountability	

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, 2006

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.



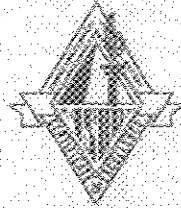
Charles S. Cox

President

Jeffrey R. Enen

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, 2006
upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence Program


President


Executive Director

CERTIFICATE OF BOARD

Laredo Independent School District

Webb

240-901

Name of School District

County

County District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2007, at a meeting of the Board of Trustees of such school district on the 17th day of December, 2008.



Signature of Board Secretary



Signature of Board President

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



Financial Section

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of School 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 the Laredo Independent School District (District) as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2007, and the respective changes in financial position and cash flows, where applicable, 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 20, 2007, 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 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.

207 Arden Grove
San Antonio, TX 78215
210/227-1389
Fax 227-0716

The Management's Discussion and Analysis as listed on the Table of Contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Exhibits and TEA Required Schedules are presented in accordance with the requirements of the Texas Education Agency. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The aforementioned information is not a required part of the basic financial statements of the District. Such information except for the portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section 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.

A handwritten signature in cursive script, appearing to read "D. J. [unclear] / [unclear]".

December 20, 2007

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, 2007. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and related footnote disclosures.

FINANCIAL HIGHLIGHTS

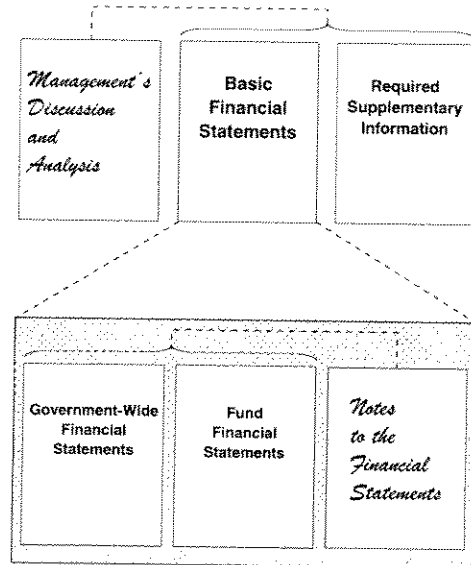
- The District's total combined net assets were \$126,850,340 at August 31, 2007. This was an increase of \$22,087,312.
- During the year, the District's governmental expenditures were \$13,563,232 more than the \$269,123,321 generated in revenues from governmental activities.
- The District's total revenues increased by \$31,240,358, mainly from increased state aid formula grants and additional interest earnings related to construction funds.
- The general fund reported a fund balance this year of \$30,884,087 which is \$6,660,866 more than the previous year end. The unreserved, undesignated portion of fund balance increased by \$4,130,252 to \$12,750,252 and is available for spending at the District's discretion.
- The District also issued \$56,950,000 Unlimited Tax School Building Bonds for the construction and renovation of various schools and facilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government 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.

LAREDO INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

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

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

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.

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(UNAUDITED)

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 \$126,850,340 at August 31, 2007 (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 \$17,481,717. The government-wide increase in net assets was \$21,317,674.

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

	<u>Governmental Activities</u>		Percentage Change
	<u>2007</u>	<u>2006</u>	
Current and other assets	\$ 116,808,301	\$ 127,741,553	-9%
Capital and Non- Current assets	384,571,218	302,191,378	27%
Total Assets	<u>501,379,519</u>	<u>429,932,931</u>	<u>17%</u>
Current Liabilities	30,431,617	46,688,031	-35%
Non-Current Liabilities	344,097,561	277,712,234	24%
Total Liabilities	<u>374,529,178</u>	<u>324,400,265</u>	<u>15%</u>
Net assets:			
Investment in capital assets, net of related debt	88,131,399	64,900,596	36%
Restricted	21,237,224	16,366,954	30%
Unrestricted	17,481,717	24,265,116	-28%
Total Net Assets	<u>\$ 126,850,340</u>	<u>\$ 105,532,666</u>	<u>20%</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(UNAUDITED)

The District's assets were approximately \$501 million. The District's current assets of \$116.8 were sufficient to cover current liabilities of \$30.4 million. This represents a current ratio of 3.84. In addition, receivables consist of taxes, WADA partnerships, interest, and various operating receivables. The District's investment in capital assets was \$264,333,518, net of accumulated depreciation. Investment in capital assets increased because several construction projects were completed, kitchen equipment was purchased, and construction in progress continued.

The District's current liabilities consisted primarily of payroll, interest payable, WADA Partnerships, various payables for operations. Non-current liabilities consisted of long-term debt from the issuance of bonds. The bonds were issued for the construction, renovation, and equipping of several schools and facilities.

Changes in Net Assets

The District's total revenues were \$269,523,613. Only 11.41% of the District's revenue comes from taxes and other local revenues, 57.75% comes from state aid formula grants and other grants, 22.30% from operating grants and contributions, 4.53% from investment earnings and 4.02% from miscellaneous sources.

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

	Governmental Activities		Percentage Change
	2007	2006	
Revenues:			
Program revenues:			
Charges for services	\$ 293,903	\$ 5,591,040	-95%
Operating grants and contributions	60,095,888	70,088,672	-14%
General revenues:			
Property taxes	29,885,445	27,055,014	10%
State aid	155,643,283	115,296,468	35%
Grants and contributions - unrestricted	559,150	1,638,247	-66%
Investment earnings	12,207,337	8,262,586	48%
Miscellaneous	10,838,607	10,033,727	8%
Total Revenues	<u>269,523,613</u>	<u>237,965,754</u>	<u>13%</u>
Expenses			
Instruction	129,599,244	120,826,637	7%
Instructional resources and media services	5,063,766	4,739,042	7%
Curriculum and staff development	4,422,899	4,158,695	6%
Instructional leadership	4,645,809	5,049,862	-8%
School leadership	10,985,322	10,352,434	6%
Guidance, counseling, and evaluation services	8,023,575	7,859,900	2%
Social work services	1,909,811	1,881,254	2%
Health services	2,937,961	2,837,440	4%
Student transportation	3,715,848	3,599,991	3%
Food services	14,169,981	12,512,316	13%
Extracurricular activities	3,733,030	4,175,160	-11%
General administration	6,192,926	6,479,272	-4%
Plant maintenance and operations	20,750,136	19,953,661	4%
Security and monitoring services	3,625,540	3,407,992	6%
Data processing services	3,305,837	2,958,108	12%
Community service	945,323	382,002	147%
Interest on long-term debt	13,274,418	10,888,015	22%
Facilities acquisition and construction	5,235,162	3,769,838	39%
Payments related to shared services arrangements	8,903	11,000	-19%
Payments to Juvenile Justice Alternative Education Program	12,390	131,621	-91%
Total Expenses	<u>242,557,881</u>	<u>225,974,240</u>	<u>7%</u>
Increase in net assets	26,965,732	11,991,514	125%
Net assets at beginning of year	99,884,608	92,774,514	8%
Net assets at end of year	<u>\$ 126,850,340</u>	<u>\$ 104,766,028</u>	<u>21%</u>

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(UNAUDITED)

Fund Balance Analysis

The combined fund balance for all governmental funds at August 31, 2007 was \$199,554,724 compared to \$155,519,711 at the end of fiscal year 2006. The increase in fund balance was due primarily to the issuance of \$56,950,000 Unlimited Tax School Building Bonds. The General Fund experienced a net increase of \$6,660,866 primarily due to receipt of funds from the Webb County Permanent School Fund. Other non-major funds had an increase in fund balance of \$11,480,146 due to a combined increase in due from other funds and interest earnings from investments from the construction bonds. Out of the combined fund balances, \$19,276,296 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:

August 31, 2007	August 31, 2006
General Fund	General Fund
PFC Bond Fund	PFC Bond Fund
2006 Bond Fund	2005 Bond Fund

The General Fund is the primary operating fund of the District. At the end of fiscal year 2007, the fund balance of the General Fund was \$30,884,087, out of which \$7,731,745 was reserved for retirement of long-term debt; \$1,585,456 was reserved for encumbrances; \$1,426,807 was reserved for inventories; \$2,946,546 was reserved for child nutrition capital acquisition; \$1,069,387 was reserved for food service; \$2,675,751 was designated for equipment and building improvements; \$698,143 was reserved for a wellness center; and \$12,750,252 was unreserved, undesignated fund balance.

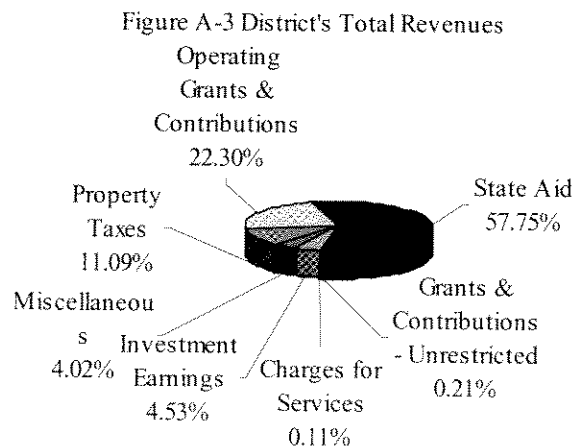
The two major funds were Capital Projects Funds, which were the 2006 Bond Fund and the 2005 Bond Fund. The 2006 Bond Fund and the 2005 Bond Fund was created in order to finance the renovation and building of additional school facilities. Capital outlay in the 2006 Bond and the 2005 Bond was \$423,936 and \$6,415,610, respectively. Overall, the total fund balance for the major Construction Projects Funds was \$119,159,327. This entire amount is committed for future construction.

The Special Revenue Fund had a total fund balance of \$6,576,210. Eighty-four percent of the total fund balance was from the Technology Allotment fund, which was used to purchase software and/or equipment to enhance student learning.

The Debt Service Fund balance at August 31, 2007 was \$11,669,155. The fund balance increased by \$3,042,026 from the prior fiscal year. The available funds are used for the retirement of long-term debt.

Governmental Activities

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



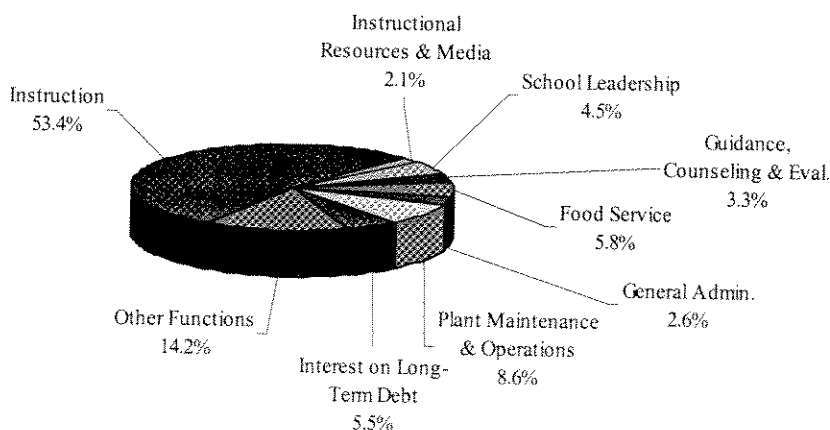
LAREDO INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

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 \$242,557,881.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$29,885,445 or 11.09%.
- Costs paid by those who directly benefited from the programs are \$293,903 or .11%.
- State aid formula grants and contributions totaled \$155,643,283 or 57.75%.

Figure A-4 - District's Functional Expenditures



Business-type Activities

The district did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$261,391,576. The increase in state revenues was a result of changes in the Foundation School Program funding formulas which included additional state aid for tax reduction (maintained target revenue per student in weighted average daily attendance [WADA]), increase salary allotment (\$2,500 for each employee subject to the minimum salary schedule) and high school allotment (\$275 for each 9-12 student in average daily attendance [ADA]). The increase in federal revenues was primarily due to an increase in federal program awards.

General Fund Budgetary Highlights

During the 2007 fiscal year, the general fund budget was amended 23 times. The original appropriation was increased by \$9,273,189, as of the final amended budget. This increase was approximately due to:

- Outstanding purchase orders from the prior year in the amount of \$1.6 million;
- Additional allocations for construction projects, fuel, equipment and leases in the amount of \$4 million;
- Additional kitchen equipment for various campuses in the amount of \$286,690; and
- Inception to date projects totaled \$3.6 million.

Even with these adjustments, actual expenditures were \$14,142,743 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.

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(UNAUDITED)

Other variances were due to on-going capital projects that were not completed by the end of the year resulting in unspent appropriations.

The major budget increases were reflected in the food service, plan maintenance, and capital functions. The food service increase was due to the renovation of the school cafeterias which were not fully completed, yet budgeted, during this fiscal year. In the plant maintenance budget, transfers were made within functions (with no impact to fund balance) to increase the utilities line item due to increases in costs. The capital outlay increase was mainly due to the supplemental budget in the General Fund for the construction projects.

On the other hand, resources available were \$2,106,539 from the final budgeted amount. Property tax collections and interest earnings were higher than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the District had invested \$264,333,518 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represented a net increase (including additions and deductions) of \$32,041,896 or 14% over the previous year.

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

	2007	2006	Percentage Change
Land	\$ 11,270,591	\$ 11,035,449	2%
Buildings and improvements	171,007,792	142,345,968	20%
Equipment	26,073,490	22,897,634	14%
Construction in progress	138,436,573	134,132,265	3%
Totals at historical cost	<u>346,788,446</u>	<u>310,411,316</u>	<u>12%</u>
Total accumulated depreciation	<u>82,454,928</u>	<u>78,119,694</u>	<u>6%</u>
Net capital assets	<u><u>\$264,333,518</u></u>	<u><u>\$232,291,622</u></u>	<u><u>14%</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"

District's fiscal year 2007 capital improvement balance totaled \$147,383,246, which will be used principally for the completion of the Capital Improvement Plan. The District issued approximately \$57,000,000 additional bonds for the construction, acquisition, equipping of school buildings and for the purchase of necessary sites for school buildings. The general fund appropriated funds for construction in the amount of \$400,000. More detailed information about the District's capital assets is presented in the notes to the financial statements (Note F).

The District opened two new replacement schools this year, Christen Middle School and Zachary Elementary School. Other renovations continued at several elementary and secondary schools.

Long Term Debt

At year-end the District had \$344,097,560 in outstanding loans, leases, bonds, arbitrage, 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 (Note K).

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(UNAUDITED)

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

	2007	2006	Percentage Change
Loans payable	\$ 31,360,000	\$ 32,675,000	-4.0%
Leases payable	7,859,060	6,817,689	15.3%
Bonds payable	301,894,348	254,385,075	18.7%
Arbitrage payable	460,762	-	100.0%
Compensated absences	2,523,390	1,513,698	66.7%
Total long term debt payable	<u>\$ 344,097,560</u>	<u>\$ 295,391,462</u>	<u>16.5%</u>

The loans payable decreased by 4.0% due to a \$1,315,000 payment made during the year on two of the outstanding loans. Leases payable increased by 15.3% due to the purchase of additional computers from Dell in the amount of \$4,811,234. The bonds payable increased by 18.7% due to bonds issued in the current year in the amount of \$59,518,138 and payment of \$10,405,000. Arbitrage payable increased because draws on construction projects were delayed due to scope of work changes based on feasibility studies conducted. Lastly, the increase in the compensated absences was 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 2007-08 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Laredo economy. The following factors are highlights of the budget:

- The official opening tax levy for tax year 2007 is \$25,966,124. This levy compared to the previous year's levy is \$1,705,711 lower, which represents a decrease of 6.16%. The budget includes a 96.62% collection rate.
- The District's fiscal year 2007-08 refined average daily attendance is expected to be 22,500, compared to last year's 22,473, approximately 1% increase.

These indicators were taken into account when adopting the general fund budget for 2007-2008. Revenues available for appropriation in the general fund budget are \$194,156,220, a decrease of approximately 1.5% percent over the final 2007 budget of \$197,147,722. The District allocated funds for the payment of the Lease Revenue Bonds issued by the Public Finance Corporation (PFC) which is financed in part by the District's maintenance and operating tax and state contribution.

Expenditures are budgeted to rise nearly 5.8% percent to \$196,659,999. The largest increment is due to the funding of Board approved salary increases.

The District's Goal is to increase the general fund balance to be equivalent to two months average cost, at approximately \$30,000,000. In order to accomplish this goal, the District will have to operate within current budget allocations and a surplus budget in the future.

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 to the Chief Financial Office, at (956) 795-4112.



Basic Financial Statements

Government-Wide Financial Statements

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2007

EXHIBIT A-1

Data Control Codes		<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS		
Current Assets:		
1110	Cash and Investments	\$ 94,669,619
Receivables:		
1220	Delinquent property taxes (net of estimated uncollectible taxes) of	
	\$652,540 - General Fund,	3,099,350
	\$99,050 - Debt Service Fund	345,736
1240	Due from Other Governments	16,238,245
1250	Accrued interest	27,125
1290	Other Receivables	862,021
1300	Inventories	1,566,205
Noncurrent Assets:		
1410	Deferred Expenditures	987,546
1490	Bond Issuance Cost (Net)	3,968,847
Capital Assets:		
1510	Land	11,270,591
1520	Buildings and improvements, net	106,790,965
1530	Equipment, net	7,835,389
1580	Construction in Progress	138,436,573
	Total Capital Assets	<u>264,333,518</u>
1910	Long Term Investments	<u>115,281,307</u>
1000	Total Assets	<u><u>501,379,519</u></u>
LIABILITIES		
Current Liabilities:		
2100	Bank Overdraft	7,973,903
2110	Accounts Payable	8,539,108
2140	Interest Payable	1,000,903
2150	Payroll Deductions and Withholdings	100,621
2160	Accrued Wages Payable	5,130,598
2180	Due to other governments	6,037,884
2300	Unearned revenue	1,648,601
Non-Current Liabilities:		
2501	Due within one year	16,510,747
2502	Due in more than one year	327,586,814
	Total Liabilities	<u>374,529,178</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt Restricted	88,131,399
3810	Federal and State Grants	6,526,044
3820	Debt Service	14,711,181
3900	Unrestricted	17,481,717
3000	Total Net Assets	<u><u>\$ 126,850,340</u></u>

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Total
Primary government:					
Governmental activities:					
11 Instruction	\$ 129,599,244	\$ 815	\$ 34,158,344	\$ (95,440,085)	\$ (95,440,085)
12 Instructional resources and media services	5,063,766	-	540,053	(4,523,713)	(4,523,713)
13 Curriculum and staff development	4,422,899	-	3,680,159	(742,740)	(742,740)
21 Instructional leadership	4,645,809	-	1,676,739	(2,969,070)	(2,969,070)
23 School leadership	10,985,322	-	608,564	(10,376,758)	(10,376,758)
31 Guidance, counseling, and evaluation services	8,023,575	-	1,761,394	(6,262,181)	(6,262,181)
32 Social work services	1,909,811	-	314,561	(1,595,250)	(1,595,250)
33 Health services	2,937,961	-	1,280,270	(1,657,691)	(1,657,691)
34 Student transportation	3,715,848	-	208,811	(3,507,037)	(3,507,037)
35 Food Services	14,169,981	121,443	12,300,285	(1,748,253)	(1,748,253)
36 Extracurricular activities	3,733,030	171,645	102,252	(3,459,133)	(3,459,133)
41 General administration	6,192,926	-	241,251	(5,951,675)	(5,951,675)
51 Plant maintenance and operations	20,750,136	-	1,074,511	(19,675,625)	(19,675,625)
52 Security and monitoring services	3,625,540	-	162,177	(3,463,363)	(3,463,363)
53 Data processing services	3,305,837	-	469,046	(2,836,791)	(2,836,791)
61 Community services	945,323	-	713,420	(231,903)	(231,903)
71 Interest on long-term debt	13,274,418	-	-	(13,274,418)	(13,274,418)
81 Facilities Acquisition and Construction Program	5,235,162	-	795,555	(4,439,607)	(4,439,607)
93 Instruction shared services arrangements	8,903	-	8,499	(404)	(404)
95 Juvenile Justice Alternative Education Program	12,390	-	-	(12,390)	(12,390)
Total governmental activities	<u>\$ 242,557,881</u>	<u>\$ 293,903</u>	<u>\$ 60,095,888</u>	<u>\$ (182,168,090)</u>	<u>(182,168,090)</u>

Data Control Codes	General revenues:		
	Taxes:		
MT	Property taxes, levied for general purposes	\$ 25,493,615	25,493,615
DT	Property taxes, levied for debt service	4,391,830	4,391,830
SF	State aid-unrestricted formula grants	155,643,283	155,643,283
GC	Grants and contributions not restricted to specific programs	559,150	559,150
IE	Investment earnings	12,207,337	12,207,337
MI	Miscellaneous	3,106,862	3,106,862
SI	Special item	7,731,745	7,731,745
TR	Total general revenues, special items, and transfers	209,133,822	209,133,822
CN	Change in net assets	26,965,732	26,965,732
NB	Net assets—Beginning	99,884,608	99,884,608
NE	Net assets—Ending	<u>\$ 126,850,340</u>	<u>\$ 126,850,340</u>

The accompanying notes are an integral part of this statement.

Fund Financial Statements

LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2007

Data Control Codes	10 General Fund	60 2005 Bond Fund	60 2006 Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
1110 Cash and Cash Equivalents	\$ 39,411,432	\$ 269,806	\$ 340,344	\$ 54,648,037	\$ 94,669,619
Receivables:					
1220 Property Taxes - Delinquent	3,291,223	-	-	510,042	3,801,265
1230 Allowance for Uncollectible Taxes	(652,539)	-	-	(99,050)	(751,589)
1240 Due From Other Governments	8,467,382	-	-	7,770,863	16,238,245
1250 Accrued Interest	545	7,471	7,763	11,346	27,125
1260 Due From Other Funds	3,438,664	121,984	24,081	4,679,423	8,264,152
1290 Other Receivables	124,899	-	-	737,122	862,021
1310 Inventories	1,566,205	-	-	-	1,566,205
1410 Deferred Expenditures	987,546	-	-	-	987,546
1910 Long Term Investments	-	55,649,038	59,236,153	396,116	115,281,307
1000 Total Assets	<u>56,635,357</u>	<u>56,048,299</u>	<u>59,608,341</u>	<u>68,653,899</u>	<u>240,945,896</u>
LIABILITIES:					
2100 Bank Overdraft	177,609	-	-	7,796,294	7,973,903
2110 Accounts Payable	2,633,263	654,934	382,525	4,868,386	8,539,108
2150 Payroll Deductions and Withholdings	100,621	-	-	-	100,621
2160 Accrued Wages Payable	5,078,269	-	-	52,329	5,130,598
2170 Due to Other Funds	7,498,025	434,569	25,258	306,300	8,264,152
2180 Due to Other Governments	6,028,680	-	-	9,204	6,037,884
2300 Deferred Revenue	4,234,803	-	-	1,110,103	5,344,906
2000 Total Liabilities	<u>25,751,270</u>	<u>1,089,503</u>	<u>407,783</u>	<u>14,142,616</u>	<u>41,391,172</u>
FUND BALANCE:					
Reserved Fund Balances:					
3410 Investments in Inventory	1,426,807	-	-	-	1,426,807
3420 Retirement of Long-Term Debt	7,731,745	-	-	14,711,181	22,442,926
3440 Outstanding Encumbrances	1,585,456	8,928,104	10,220,805	26,947,721	47,682,086
3450 Reserved for Food Service	1,069,387	-	-	-	1,069,387
3470 Reserved for Capital Acquisition and Contractual Obligations	3,644,689	46,030,692	48,979,753	6,326,337	104,981,471
Unreserved Designated For:					
3590 Food Service/Equipment/Building Improvements	2,675,751	-	-	-	2,675,751
Unreserved and Undesignated:					
3600 Reported in General Fund	12,750,252	-	-	-	12,750,252
3600 Reported in Special Revenue Funds	-	-	-	6,526,044	6,526,044
3000 Total Fund Balance	<u>30,884,087</u>	<u>54,958,796</u>	<u>59,200,558</u>	<u>54,511,283</u>	<u>199,554,724</u>
4000 Total Liabilities and Fund Equity	<u>\$ 56,635,357</u>	<u>\$ 56,048,299</u>	<u>\$ 59,608,341</u>	<u>\$ 68,653,898</u>	<u>\$ 240,945,895</u>

The accompanying notes are an integral part of this statement.

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)	\$ 199,554,724
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.	310,411,316
Accumulated depreciation used in governmental activities are not reported in the funds.	(78,119,694)
Payables for bond and loan principal which are not due in the current period are not recorded in the funds.	(284,952,617)
Record interest payable not recorded in the funds.	(1,326,348)
Recognize change in deferred revenue and increase allowance for delinquent taxes in the debt service fund.	3,230,661
Record current asset additions, depreciation expense and reverse capital outlay expenditures not recorded in the funds.	32,041,896
Record capital leases payable not recorded in the funds.	(6,817,689)
Record current principal payments and bond issuance not recorded in the funds.	(45,521,137)
Record current year principal on capital leases payable not recorded in the funds.	(1,041,371)
Record compensated absences not included in the funds.	(1,009,693)
Recognize change in deferred revenue and increase allowance for delinquent taxes.	861,054
Record arbitrage liability not reported in the funds.	(460,762)
Total net assets--governmental activities (Exhibit B-1)	\$ 126,850,340

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	10 General Fund	60 2005 Bond Fund	60 2006 Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
5700 Total Local and Intermediate Sources	\$ 30,289,691	\$ 2,860,384	\$ 2,600,413	\$ 9,935,951	\$ 45,686,439
5800 State Program Revenues	145,843,512	-	-	23,162,895	169,006,407
5900 Federal Program Revenues	13,282,774	-	-	33,415,956	46,698,730
5020 Total Revenues	<u>189,415,977</u>	<u>2,860,384</u>	<u>2,600,413</u>	<u>66,514,802</u>	<u>261,391,576</u>
EXPENDITURES:					
Current:					
0011 Instruction	96,380,884	-	-	31,185,119	127,566,003
0012 Instructional Resources & Media Services	4,728,395	-	-	388,892	5,117,287
0013 Curriculum & Instructional Staff Development	563,482	-	-	3,844,296	4,407,778
0021 Instructional Leadership	2,979,874	-	-	1,613,606	4,593,480
0023 School Leadership	11,440,309	-	-	56,176	11,496,485
0031 Guidance, Counseling and Evaluation Services	6,437,151	-	-	1,535,964	7,973,115
0032 Social Work Services	1,651,022	-	-	247,179	1,898,201
0033 Health Services	1,648,390	-	-	1,266,319	2,914,709
0034 Student (Pupil) Transportation	4,391,844	-	-	29,851	4,421,695
0035 Food Services	13,443,145	-	-	575,879	14,019,024
0036 Cocurricular/Extracurricular Activities	3,853,446	-	-	12,191	3,865,637
0041 General Administration	6,385,667	-	-	28,410	6,414,077
0051 Plant Maintenance and Operations	20,265,645	-	-	568,299	20,833,944
0052 Security and Monitoring Services	3,653,994	-	-	4,635	3,658,629
0053 Data Processing Services	2,867,125	-	-	378,934	3,246,059
0061 Community Service	202,487	-	-	738,176	940,663
Debt Service:					
0071 Principal on Long-Term Debt	1,359,886	-	593,980	23,417,476	25,371,342
Capital Outlay:					
0081 Facilities Acquisition and Construction Program	485,045	6,415,610	423,936	26,602,541	33,927,132
Intergovernmental:					
0093 Instruction shared services arrangements	-	-	-	8,903	8,903
0095 Juvenile Justice Alternative Education Program	12,390	-	-	-	12,390
6030 Total Expenditures	<u>182,750,181</u>	<u>6,415,610</u>	<u>1,017,916</u>	<u>92,502,846</u>	<u>282,686,553</u>
Excess(Deficiency) of Revenues Over (Under)					
1100 Expenditures	6,665,796	(3,555,226)	1,582,497	(25,988,044)	(21,294,977)
OTHER FINANCING SOURCES (USES):					
7914 Issuance of Loans	-	-	-	-	-
7911 Issuance of Bonds	-	-	56,950,000	-	56,950,000
7916 Premium Issuance of Bond	-	-	668,061	-	668,061
7949 Premium Issuance of Loans	-	-	-	-	-
8911 Transfers In/(Out)	(7,736,675)	(434,569)	-	8,171,244	-
Total Other Financing Sources (Uses)	<u>(7,736,675)</u>	<u>(434,569)</u>	<u>57,618,061</u>	<u>8,171,244</u>	<u>57,618,061</u>
7918 Special Item	7,731,745	-	-	-	7,731,745
1200 Net Changes in Fund Balances	6,660,866	(3,989,795)	59,200,558	(17,816,800)	44,054,829
0100 Fund Balance - September 1 (Beginning) - Restated	24,223,221	58,948,591	-	72,328,083	155,499,895
3000 Fund Balance - August 31 (Ending)	<u>\$ 30,884,087</u>	<u>\$ 54,958,796</u>	<u>\$ 59,200,558</u>	<u>\$ 54,511,283</u>	<u>\$ 199,554,724</u>

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2007

Net change in fund balances--total governmental funds (Exhibit C-2)	\$ 44,054,829
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Depreciation is not recognized as expenditures in the governmental funds since it does not require the use of current financial resources. The 2007 depreciation expense of \$5,564,877 and other adjustments of \$1,229,643 increases accumulated depreciation. The net effect is to decrease net assets.	(4,335,234)
Current year net capital outlays of \$34,418,047 are expenditures in the fund financial statements but should be shown as increases in capital assets. The net effect is to increase net assets.	34,418,047
Current year bond principal payments of \$10,405,001, loan principal payments of \$1,315,000, are expenditures in the fund financial statements, however, should be shown as reductions in liabilities. Additionally, the net effect of the current year bond issuance of \$57,618,061, current year bond premiums of \$2,271,926 accreted interest of \$2,568,138, bond and loan interest expenses of \$325,445 and bond issuance costs of \$347,691 are reflected as increases/decreases in long-term debt. The net effect is to decrease net assets.	(45,521,137)
Current year capital lease principal payments of \$3,769,863 are expenditures in the fund financial statements, however, should be reductions in capital lease liabilities. The increase in current year capital lease obligations were \$4,811,234. The net effect is to decrease net assets.	(1,041,371)
Current year compensated absences of expenditures of \$231,095 are expenditures in the fund financial statements, however, should be reductions in compensated absences liabilities. Current year additions were \$1,240,788. The net effect is to decrease net assets.	(1,009,693)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the fund accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	400,291
Change in net assets of governmental activities (Exhibit B-1)	\$ 26,965,732

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		2007 Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 27,304,408	\$ 27,936,393	\$ 30,289,691	\$ 2,353,298
5800	State Program Revenues	146,454,739	146,454,739	145,843,512	(611,227)
5900	Federal Program Revenues	12,918,306	12,918,306	13,282,774	364,468
5020	Total Revenues	<u>186,677,453</u>	<u>187,309,438</u>	<u>189,415,977</u>	<u>2,106,539</u>
EXPENDITURES:					
Current:					
0011	Instruction	103,039,434	100,560,149	96,380,884	4,179,265
0012	Instructional Resources and Media Services	4,605,900	4,878,009	4,728,395	149,614
0013	Curriculum Dev. & Instructional Staff Dev.	774,220	777,884	563,482	214,402
0021	Instructional Leadership	3,398,409	3,161,865	2,979,874	181,991
0023	School Leadership	10,771,411	11,112,268	11,440,309	(328,041)
0031	Guidance, Counseling and Evaluation Services	6,860,901	6,930,963	6,437,151	493,812
0032	Social Services	1,761,644	1,772,636	1,651,022	121,614
0033	Health Services	1,730,362	2,681,451	1,648,390	1,033,061
0034	Student (Pupil) Transportation	4,373,136	4,785,486	4,391,844	393,642
0035	Food Service	12,748,961	16,553,998	13,443,145	3,110,853
0036	Curricular/Extracurricular Activities	3,337,971	4,270,287	3,853,446	416,841
0041	General Administration	6,336,219	6,678,255	6,385,667	292,588
0051	Plant Maintenance and Operations	19,017,310	21,744,639	20,265,645	1,478,994
0052	Security and Monitoring Services	3,858,353	4,305,358	3,653,994	651,364
0053	Data Processing Services	3,139,947	3,196,109	2,867,125	328,984
0061	Community Services	55,462	217,062	202,487	14,575
Debt Service:					
0071	Debt Service	1,485,930	2,086,105	1,359,886	726,219
Capital Outlay:					
0081	Facilities Acquisition and Construction Program	124,165	1,168,010	485,045	682,965
Intergovernmental Charges:					
0095	Instruction shared services arrangements	200,000	12,390	12,390	-
6030	Total Expenditures	<u>187,619,735</u>	<u>196,892,924</u>	<u>182,750,181</u>	<u>14,142,743</u>
1100	Excess(Deficiency) of Revenues Over (Under) Expenditures	(942,282)	(9,583,486)	6,665,796	16,249,282
OTHER FINANCING SOURCES (USES):					
7911	Issuance of Loans	-	10,000,000	-	(10,000,000)
7949	Premium Issuance of Loans	-	59,728	-	(59,728)
7915	Operating Transfers In	-	-	-	-
8911	Operating Transfers Out	(7,326,847)	(7,726,847)	(7,736,675)	(9,828)
7080	Total Other Financing Sources (Uses)	<u>(7,326,847)</u>	<u>2,332,881</u>	<u>(7,736,675)</u>	<u>(10,069,556)</u>
SPECIAL ITEMS:					
7918	Special Items	-	-	7,731,745	7,731,745
1200	Net Changes in Fund Balances	(8,269,129)	(7,250,605)	6,660,866	13,911,471
0100	Fund Balance - September 1 (Beginning)	24,223,221	24,223,221	24,223,221	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 15,954,092</u>	<u>\$ 16,972,616</u>	<u>\$ 30,884,087</u>	<u>\$ 13,911,471</u>

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2007

Data Control Codes		Private-Purpose Trust Fund	Agency Fund
		829 Trust Fund	865 Student Activity Fund
	ASSETS:		
1110	Cash and Temporary Investments, at cost	\$ 67,516	\$ 272,739
1000	Total Assets	<u>67,516</u>	<u>272,739</u>
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	3,000	-
2190	Due To Student Groups	-	272,739
2000	Total Liabilities	<u>3,000</u>	<u>272,739</u>
	NET ASSETS:		
3800	Held in Trust	64,516	-
3000	Total Net Assets	<u>\$ 64,516</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Private-purpose Trust Fund
	829
	Trust Fund
REVENUES:	
Gifts and Bequests	\$ 12,000
Interest Earnings	7,190
Total Revenues	19,190
EXPENDITURES:	
Contracted Services	4,301
Capital Outlay	3,551
Scholarships	18,988
Total Expenditures	26,840
Change in Net Assets	(7,650)
Net Assets-Beginning of the Year	72,166
Net Assets-End of the Year	\$ 64,516

The accompanying notes are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

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.

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

b.- FUND ACCOUNTING

Major Governmental Funds

- General Fund - 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.
- 2006 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.

Fiduciary Funds

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

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from Impact Aid received in lieu of property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

3. Financial Statement Amounts

a. Deposits

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

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

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

b. Inventories and Prepaid Items

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 \$652,539 and \$99,050 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. Land and Construction in Progress are not depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. A capitalization threshold of \$5,000 is used.

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

Asset Class	Estimated Useful Lives (Years)
Buildings	15 – 30
Furniture and Equipment	3 – 15
Vehicles	7 – 10

e. Receivable and Payable Balances

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

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are not subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the governmental fund financial statements. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

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

	Original Budget	Increase	Amended Budget
General Fund	\$ 187,619,735	\$ 9,273,189	\$ 196,892,924
General Fund – Child Nutrition	13,168,269	286,690	13,454,959
Debt Service Fund	18,730,650	(45,204)	18,685,446
PFC Debt Service Fund	4,736,633	4,600	4,732,033
	\$ 224,255,287	\$ 9,519,275	\$ 233,765,362

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's liability as of August 31, 2007 was \$460,762.

l. Deferred Revenues

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

m. Long-term Obligations

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

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

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

n. Investment Policy

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

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

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

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or 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.

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

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

A. Summary of Significant Accounting Policies (Continued)

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

Excess Actual Over Budget

General Fund function 23 School Leadership expenditures exceeded the budget by \$328,041. The Nutrition Fund function 35 and 51 exceeded the budget by \$385,405 and \$9,925 respectively. The excess actual over budget instances occurred due to reclassification of expenditures to other functions.

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 waved only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits and investments at August 31, 2007 are as follows:

Cash in Bank or On Hand – Primary Government	\$ 15,690,262
Cash Equivalents	
Investment Pool Accounts:	
MBIA	24,368,690
Lonestar	27,390,959
PFC-Texas Daily	16,365,736
Money Market Accounts:	
PFC-Wells Fargo	2,839,920
Total Cash and Cash Equivalents	<u>\$ 86,655,567</u>
Letter of Credit	395,688
Investments	115,281,307
Total Deposits and Investments – Primary Government	<u>\$ 202,332,562</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

C. Deposits and Investments (Continued)

Deposits:

At August 31, 2007, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$69,675,210 and the bank balance was \$66,847,941. The District also had \$4,000 in petty cash. The District's cash deposits at August 31, 2007 and during the year ended August 31, 2007, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: International Bank of Commerce
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$173,890,340.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$101,676,121 and occurred during the month of August 2007.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$200,000.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

C. Deposits and Investments (Continued)

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.

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, 2007, MBIA was rated AAA/v1+ by Fitch Ratings, Lonestar Investment Pool was rated AA Af-s/t by Standard and Poor's (S&P), and Texas Daily was rated AA Am by Standard and Poor's (S&P). The District did not have any investments in commercial paper as of August 31, 2007. The District's investments in bonds of Federal National Mortgage Company (FNMA) and Repurchase Agreements are rated AAA by S&P.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

C. Deposits and Investments (Continued)

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 Flex Repurchase Agreements (62%), FNMA (0.21%), MBIA (13%), Lonestar (15%), Texas Daily (9%), and Wells Fargo Money Market (2%) and IBC Commerce (0.21%).

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, 2007 are shown below:

Investment	Fair Value	Investment Maturities in Years			
		Less Than 1 Year	1 to 2 Years	2 to 3 Years	More Than 3 Years
Agency Bonds and Discount Notes					
FNMA Note	\$ 396,115	\$ -	\$ -	\$ -	\$ 396,115
Flex Repurchase – Series 2005	55,649,039	-	-	-	55,649,039
Flex Repurchase – Series 2006	59,236,153	-	-	-	59,236,153
Sub Total	115,281,307	-	-	-	115,281,307
Investment Pools					
MBIA	24,368,690	24,368,690	-	-	-
Lonestar	27,390,959	27,390,959	-	-	-
PFC – Texas Daily	16,365,736	16,365,736	-	-	-
Sub Total	68,125,385	68,125,385	-	-	-
Money Market Investments					
PFC – Wells Fargo	2,839,920	2,839,920	-	-	-
Letter of Credit					
IBC – Commerce	395,688	395,688	-	-	-
Total Fair Value	\$ 186,642,300	\$ 71,360,993	\$ -	\$ -	\$ 115,281,307

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

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, 2007 are summarized below and are reported on the government-wide statement of net assets as due from other governments:

	Total
General Fund	\$ 8,467,382
Special Revenue Funds	7,770,864
Total due from Other Government	\$ 16,238,246

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2007 consisted of the following:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 3,438,664	\$ 7,498,025
Special Revenue Funds:		
Title I Disadvantaged Children	441	35
IDEA Part B Formula	1	478
Summer Food Service Program	596,060	269,719
ESEA Title II Part A	-	27
E-Rate	434,689	-
Teaching American History	126	-
Law Enforcement OSE	905	-
Debt Service Fund	3,577,562	641
Capital Projects Fund	69,639	35,400
Bond Fund	24,081	25,258
Bond Fund	121,984	434,569
	\$ 8,264,152	\$ 8,264,152

Transfers between the Special Revenue Funds and the General Fund are to account for amounts due for indirect costs earned. Transfers between Debt Service and Capital Project Funds are related to amounts to be contributed by the General Fund. All amounts due are scheduled to be repaid within one year.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

E. Interfund Balances and Activities (Continued)

2. Transfers To/From Other Funds

Transfers to and from other funds at August 31, 2007 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Technology	\$ 2,400,000	Transfer to cover leases outstanding
General Fund	Debt Service	2,874,757	Transfer to cover for interest and principal costs for loans.
General Fund	E-Rate	1,029,732	Transfer to cover local share of grant.
General Fund	PFC Debt Service	1,032,186	Transfer to cover for interest & principal cost for the PFC debt.
Capital Projects	E-Rate	434,569	To cover local share of grant.
General Fund	Capital Projects	400,000	Transfer to cover construction projects.
		<u>\$ 8,171,244</u>	

F. Capital Assets

Capital asset activity for the year ended August 31, 2007 was as follows:

	Restated Beginning Balance *	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,035,449	\$ 235,142	\$ -	\$ 11,270,591
Construction in Progress	134,132,265	32,966,132	28,661,824	138,436,573
Total Capital Assets, Not Being Depreciated	145,167,714	33,201,274	28,661,824	149,707,164
Capital Assets, Being Depreciated:				
Buildings and Improvements	142,345,968	28,661,824	-	171,007,792
Equipment	24,856,718	2,446,415	1,229,643	26,073,490
Total Capital Assets, Being Depreciated:	167,202,686	31,108,239	1,229,643	197,081,282
Less Accumulated Depreciation:				
Buildings and Improvements	60,398,307	3,818,520	-	64,216,827
Equipment	17,721,387	1,746,357	1,229,643	18,238,101
Total Accumulated Depreciation	78,119,694	5,564,877	1,229,643	82,454,928
Total Capital Assets, Being Depreciated, Net	89,082,992	25,543,362	-	114,626,354
Governmental Activities Capital Assets, Net	\$ 234,250,706	\$ 58,744,636	\$ 28,661,824	\$ 264,333,518

* The beginning balance was restated to reflect equipment with a cost of \$5,000 and over.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

F. Capital Assets (Continued)

Depreciation was charged to functions as follows:

	Amount
Instruction	\$ 507,389
Resource and Media Services	38,980
Staff Development	218
Instructional Leadership	36,926
School Leadership	17,082
Guidance and Counseling	6,670
Social Services	1,928
Health Services	8,271
Transportation	80,065
Food Service	190,598
Co-Curricular Activities	10,852
General Administration	6,310
Plant and Maintenance	59,504
Security and Monitoring Services	44,611
Data Processing	46,220
Parent Development	39
Facilities Acquisition & Construction	4,509,214
Total Depreciation Expense	\$ 5,564,877

G. Deferred Revenue

Deferred revenue at August 31, 2007 consisted of the following:

	Totals
Successor and Interest	\$ 50,351
General Operating – Tax Revenue	2,588,332
Child Nutrition	619,975
General Operating Fund – Escrow Refunds	27,013
General Fund – WADA	949,132
Advanced Placement	5,099
Pregnancy, Education, and Parenting Program	118,865
Pre-Kinder Expansion Grant	561,569
Regional Day School for the Deaf	13,578
Debt Service	410,992
	\$ 5,344,906

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

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 \$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 twelve years. The principal payment of \$8,000,000 is due to mature on October 3, 2021. In connection with the Qualified Zone Academy Limited Maintenance Tax Note, within the Interest and Sinking Fund, there shall be established a "Cumulative Sinking Fund Deposit Account"; provided however that the Cumulative Sinking Fund Deposit Account shall at all times be maintained by the District with, and held by, the Registrar.

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
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

H. Loans (Continued)

The following is a summary of loan transaction of the district for the year ending August 31, 2007.

Description	Balance Outstanding 09/01/06	Issued Current Year	Retired Current Year	Balance Outstanding 08/31/07	Amounts Due Within One Year
Loan – September 2, 1998	\$ 1,035,000	\$ -	\$ 505,000	\$ 530,000	\$ 530,000
Note – August 23, 2000	8,000,000	-	-	8,000,000	-
Note – August 30, 2000	8,000,000	-	-	8,000,000	-
Note – December 18, 2003	1,640,000	-	810,000	830,000	830,000
Note – October 3, 2005	8,000,000	-	-	8,000,000	-
Note – August 10, 2006	6,000,000	-	-	6,000,000	360,000
Total	\$ 32,675,000	\$ -	\$ 1,315,000	\$ 31,360,000	\$ 1,720,000

Interest paid during the year on loans was \$525,218. 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,	Principal	Interest	Total
2008	\$ 1,720,000	\$ 469,069	\$ 2,189,069
2009	1,785,000	415,460	2,200,460
2010	1,880,000	339,598	2,219,598
2011	1,975,000	259,697	2,234,697
2012	8,000,000	175,760	8,175,760
2013-2017	8,000,000	87,760	8,087,760
2018-2022	8,000,000	-	8,000,000
Total	\$ 31,360,000	\$ 1,747,344	\$ 33,107,344

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

Year Ending August 31,	Amount
2008	\$ 389,887
2009	389,887
2010	389,887
2011	389,887
2012	389,887
2013-2017	1,949,435
2018-2022	1,559,548
Total	\$ 5,458,418

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

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.

(Continued)

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

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, 2007 are as follows:

Description	Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	3.0-5.95%	\$ 7,859,391	\$ -	\$ -	\$ -	\$ -	-
Capital Appreciation	5.85%	1,188,644	33,672	-	33,672	-	-
Capital Appreciation	5.95%	496,558	1,014,174	62,154	1,076,328	-	-
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	5.50-6.75%	72,000,000	6,460,000	-	2,020,000	4,440,000	2,150,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	5.25-6.75%	77,890,000	54,180,000	-	2,605,000	51,575,000	2,705,000
Current Interest	5.00%	18,200,000	2,000,000	-	-	2,000,000	-
Capital Appreciation	5.26-5.42%	2,509,910	4,008,444	412,483	-	4,420,927	-
<i>Lease Revenue Bonds</i>							
Series A	4-5%	30,105,000	28,325,000	-	750,000	27,575,000	775,000
Series B	3.6-4.25%	6,345,000	5,960,000	-	165,000	5,795,000	170,000
Series C	3-5%	23,715,000	22,330,000	-	585,000	21,745,000	600,000
Series D	2.05-3.5%	2,140,000	2,010,000	-	55,000	1,955,000	55,000
Series E	2.05-3.5%	1,215,000	1,140,000	-	30,000	1,110,000	30,000
<i>Lease Revenue Bonds</i>							
Series F	3.4-4%	4,615,000	4,315,000	-	120,000	4,195,000	120,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	3-5%	51,120,000	50,825,000	-	205,000	50,620,000	210,000
Capital Appreciation	4%	3,024,784	3,453,586	139,503	-	3,593,089	-
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	5.00%	17,370,000	17,370,000	-	1,180,000	16,190,000	-
Capital Appreciation	3.39-5.18%	42,485,846	44,213,123	1,953,999	-	46,167,122	3,408,177
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	4.125-5.00%	56,950,000	-	56,950,000	1,580,000	55,370,000	1,540,000
TOTALS		\$ 419,230,133	\$ 247,637,999	\$ 59,518,138	\$ 10,405,000	\$ 296,751,137	\$ 11,763,177

Interest paid on bonded indebtedness during the current year was \$12,006,928.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

I. Long-Term Obligations (Continued)

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

Year Ending August 31, 2007	Principal	Interest	Total
2008	\$ 11,763,177	\$ 12,035,696	\$ 23,798,873
2009	11,998,982	11,788,410	23,787,392
2010	12,264,518	11,521,414	23,785,932
2011	12,489,652	11,280,437	23,770,089
2012	11,384,301	12,365,018	23,749,319
2013-2016	50,303,151	44,523,817	94,826,968
2017-2021	67,712,259	50,639,115	118,351,374
2022-2026	72,589,500	30,271,376	102,860,876
2027-2030	40,085,000	4,514,275	44,599,275
	<u>\$ 290,590,540</u>	<u>\$ 188,939,558</u>	<u>\$ 479,530,098</u>

Capital Appreciation Bonds

The total accretion of discount on capital appreciation bonds that is included in the August 31, 2007 ending balance of \$296,751,137 is \$6,160,597.

Capital Leases

The District has entered into lease agreements for financing the acquisition of computers and computer related equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments.

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2007 are as follows:

Year Ending August 31,	Total Requirements
2008	\$ 4,220,264
2009	2,221,610
2010	1,516,183
2011	476,606
2012	23,445
Total Minimum Lease Payments	8,458,108
Less: Amount Representing Interest	599,048
Present Value Minimum Lease Payments	\$ 7,859,060

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

J. Operating Leases

The District leases portable buildings under noncancelable operating leases. Total costs for such leases were \$230,564 for the year ended August 31, 2007. The future minimum lease payments for these leases are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2008	<u>\$ 130,940</u>

K. Accumulated State Personal and Sick Leave Benefits

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

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

Rate for para-professional and auxiliary employees – A paraprofessional or auxiliary employee who retires meeting the eligibility criteria specified above shall be paid for accumulated leave to a maximum of 80 days of leave, of which the first 10 days are at 100%, the next 15 days are at 75%, and the next 55 days are at 50% of the daily rate of pay.

As of August 31, 2007, the balance for the State Personal and Sick Leave is \$2,523,390. The estimated amount due within a year totals to \$231,095 and the General Fund and the Special Revenue Funds are expected to pay for most of these expenses.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

L. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2007, was as follows:

Description	Balance Outstanding 09/01/06	Issued Current Year	Retired Current Year	Balance Outstanding 08/31/07	Amounts Due Within One Year
Loans Payable					
Loans	\$ 32,675,000	\$ -	\$ 1,315,000	\$ 31,360,000	\$ 1,720,000
Leases Payable	6,817,689	4,811,234	3,769,863	7,859,060	4,003,606
General Obligation Bonds	247,637,999	59,518,138	10,405,000	296,751,137	11,763,177
Bonds Premium Amortization - Net	6,747,076	668,061	2,271,926	5,143,211	505,772
Total Bonds and Loans Payable	254,385,075	60,186,199	12,676,926	301,894,348	12,268,949
Other Liabilities					
Compensated Absences	1,513,698	1,240,787	231,095	2,523,390	231,095
Arbitrage Payable	-	460,762	-	460,762	-
Total Other Liabilities	1,513,698	1,701,549	231,095	2,984,152	231,095
Total Governmental Activities Long-term Liabilities	\$ 295,391,462	\$ 66,238,220	\$ 17,992,884	\$ 344,097,560	\$ 18,223,650

M. Revenues from Local and Intermediate Sources

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

	General Fund	2005 Bond Fund	2006 Bond Fund	Other Governmental Funds	Total
Property Taxes	\$ 23,939,866	\$ -	\$ -	\$ 4,277,648	\$ 28,217,514
Penalties & Interest	678,866	-	-	114,182	793,048
Investment Income	3,171,434	2,860,383	2,600,413	4,021,234	12,653,464
Rental of Facilities & Insurance Recovery	13,192	-	-	-	13,192
Co-curricular	528,836	-	-	-	528,836
Miscellaneous	1,957,499	-	-	1,522,887	3,480,386
	\$ 30,289,693	\$ 2,860,383	\$ 2,600,413	\$ 9,935,951	\$ 45,686,440

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

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 2007, the District purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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

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

Year	8/31/2006 Beginning of Fiscal Year Liability (2)	Current Year Claims &/or Changes In Estimated	Claim Payments	8/31/2007 Balance at Fiscal Year-End
2005-06	\$ 491,663	\$ 23,447	\$ 118,784	\$ 396,326
2006-07	\$ 396,326	\$ (101,687)	\$ 64,164	\$ 230,475

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

O. Pension Plan (Continued)

State law provides for fiscal years 2007, 2006, and 2005 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, 2007, 2006, and 2005 were \$9,211,628, \$8,564,185 and \$7,944,470, 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, 2007, 2006, and 2005 were \$ 1,476,489, \$2,746,169 and \$2,465,293, respectively, and were equal to the required contributions for each year. The District contributed 6% totaling \$93,176 for state contributions during the first 90 days of a new member's employment. The District also contributed \$ 52,361 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 \$34,549. The amount contributed by the Teacher Retirement System of Texas on behalf of the District was recognized as revenues and expenditures which totaled to \$6,995,207.

P. Health Care Coverage

For the term effective 9/1/06-8/31/07, 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 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. 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

P. Health Care Coverage

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

R. Construction Commitments

As of August 31, 2007, the District was obligated under the terms of various agreements for the construction of the following projects:

Project Name	Contract Amount	Paid to Date	Commitment Balance Remaining	Retainage Payable Amount
School Construction	\$ 83,447,839	\$ 42,777,407	\$ 40,670,432	\$ 2,351,288
Fire Alarm	120,890	77,316	43,574	3,834
Environmental Services	364,209	222,415	141,794	-
HVAC Systems	262,643	247,586	15,057	29,597
Portable Rentals	2,132,482	1,307,842	824,640	-
Electrical	228,150	111,739	116,411	5,508
Architect Services	11,859,867	7,056,148	4,803,719	133,799
Total	\$ 98,416,080	\$ 51,800,453	\$ 46,615,627	\$ 2,524,026

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	\$ 528,406
UISD	<u>241,914</u>
	<u>\$ 770,320</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

In October 2007, the District entered into a ground lease and joint use agreement with the City of Laredo, Texas for properties pertaining to J.C. Martin Elementary School. The District previously conveyed to City the real property, in which the city subsequently constructed a community center and school facilities for the benefit of City and District. The facilities are known as the J.C. Martin Elementary School. The term of this lease is five (5) years, effective October 2007. The agreement allows the City access and use to certain facilities located on the property owned by the City.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended August 31, 2007

T. Subsequent Events (Continued)

On September 6, 2007, the District issued a Maintain Tax Anticipation Note (TAN) in the amount of \$14million 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 is 4.08% and it is estimated that it will cost the District \$523,600 in debt service expenditures. However, this expenditure will be offset by investing the same at an estimated rate of 4.50%, which brings projected interest income of \$577,500 creating a net expense of only \$53,900. This obligation matures on August 1, 2008.

U. Restatement of Beginning Net Assets

Net Assets -- August 31, 2006	\$	104,763,028
Record Capital Leases Payable		(6,817,689)
Reflect Equipment at September 1, 2006 with a cost of \$5,000 and over		1,959,084
Closing of Crime Stoppers Fund		<u>(19,816)</u>
Restated Net Assets -- September 1, 2006	\$	<u>99,884,607</u>

V. Special Item

Under the Texas Constitution, the county school lands together with investments purchased with the proceeds of land sales constitute the "county permanent school fund". Interest and revenue on county permanent school fund investments are commonly referred to as the "county available school fund". Article VII Section 6b effectively amend the Texas Constitution to authorize commissioners court to distribute all or some of the county permanent school fund corpus to the school districts of the county for paying bonded indebtedness or making permanent improvements.

The District received a one-time, catch up payment of \$7,731,745 million from the Webb County Permanent School Fund in fiscal year 2007. These funds are reported as Reserved Fund Balance at August 31, 2007.



Other Supplemental Information

Nonmajor Governmental Funds

LAREDO INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2007

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2007	August 31, 2006	
ASSETS:						
1110	Cash and Temporary Investments, at cost	\$ 6,250,156	\$ 10,738,806	\$ 37,659,075	\$ 54,648,037	\$ 46,149,653
Receivables:						
1220	Property Taxes - Delinquent	-	510,042	-	510,042	466,114
1230	Allowance for Uncollectible Taxes	-	(99,050)	-	(99,050)	(65,256)
1240	Due From Other Governments	7,770,863	-	-	7,770,863	7,267,643
1250	Accrued Interest	-	-	11,346	11,346	16,909
1260	Due From Other Funds	1,032,222	3,577,562	69,639	4,679,423	766,146
1290	Other Receivables	737,122	-	-	737,122	44,584
1910	Long Term Investments	-	396,116	-	396,116	388,714
1000	Total Assets	<u>\$ 15,790,363</u>	<u>\$ 15,123,476</u>	<u>\$ 37,740,060</u>	<u>\$ 68,653,899</u>	<u>\$ 55,034,507</u>
LIABILITIES:						
2100	Bank Overdraft	\$ 7,796,294	\$ -	\$ -	\$ 7,796,294	\$ 6,365,718
2110	Accounts Payable	386,956	662	4,480,768	4,868,386	4,250,468
2160	Accrued Wages Payable	52,329	-	-	52,329	86,713
2170	Due to Other Funds	270,259	641	35,400	306,300	263,285
2180	Due to Other Governments	9,204	-	-	9,204	14,380
2300	Unearned Revenue	699,111	410,992	-	1,110,103	1,022,806
2000	Total Liabilities	<u>9,214,153</u>	<u>412,295</u>	<u>4,516,168</u>	<u>14,142,616</u>	<u>12,003,370</u>
FUND BALANCE:						
Reserved Fund Balances:						
3420	Retirement of Indebtedness	-	14,711,181	-	14,711,181	11,669,155
Unreserved Fund Balances:						
3510	Designated for Construction	50,166	-	33,223,892	33,274,058	26,664,183
3600	Undesignated Fund Balance	6,526,044	-	-	6,526,044	4,697,799
3000	Total Fund Balance	<u>6,576,210</u>	<u>14,711,181</u>	<u>33,223,892</u>	<u>54,511,283</u>	<u>43,031,137</u>
4000	Total Liabilities and Fund Balance	<u>\$ 15,790,363</u>	<u>\$ 15,123,476</u>	<u>\$ 37,740,060</u>	<u>\$ 68,653,899</u>	<u>\$ 55,034,507</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, 2007

Data Control Codes	Non Major Governmental Fund Types			Totals		
	Special Revenues Funds	Debt Service Fund	Capital Projects Funds	August 31, 2007	August 31, 2006	
REVENUES:						
5700	Local, Intermediate, Out-of-State	\$ 1,661,897	\$ 5,661,947	\$ 2,612,107	\$ 9,935,951	\$ 8,024,508
5800	State Program Revenues	6,272,283	16,890,612	-	23,162,895	23,229,318
5900	Federal Program Revenues	33,415,956	-	-	33,415,956	30,677,186
5020	Total Revenues	<u>41,350,136</u>	<u>22,552,559</u>	<u>2,612,107</u>	<u>66,514,802</u>	<u>61,931,012</u>
EXPENDITURES:						
Current:						
0010	Instruction and Instructional-Related Services	35,418,307	-	-	35,418,307	34,240,624
0020	Instructional and School Leadership	1,669,782	-	-	1,669,782	1,939,881
0030	Support Services - Student (Pupil)	3,667,383	-	-	3,667,383	4,251,680
0040	Administrative Support Services	28,410	-	-	28,410	281,948
0050	Support Services - Nonstudent Based	951,868	-	-	951,868	914,303
0060	Ancillary Services	738,176	-	-	738,176	285,116
0070	Debt Services	-	23,417,476	-	23,417,476	19,831,028
0080	Capital Outlay	-	-	-	-	2,679,821
0080	Facilities Acquisition and Construction Program	833,381	-	25,769,160	26,602,541	11,032,421
0090	Intergovernmental Charges	8,903	-	-	8,903	11,000
6030	Total Expenditures	<u>43,316,210</u>	<u>23,417,476</u>	<u>25,769,160</u>	<u>92,502,846</u>	<u>75,467,822</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,966,074)</u>	<u>(864,917)</u>	<u>(23,157,053)</u>	<u>(25,988,044)</u>	<u>(13,536,810)</u>
OTHER FINANCING SOURCES (USES):						
7915	Transfers In	3,864,301	3,906,943	400,000	8,171,244	7,467,979
7916	Premium on Issuance of Bonds	-	-	-	-	8,000,000
8911	Transfers Out	-	-	-	-	(28,169)
7080	Total Other Financing Sources (Uses):	<u>3,864,301</u>	<u>3,906,943</u>	<u>400,000</u>	<u>8,171,244</u>	<u>15,439,810</u>
1200	Net Changes in Fund Balance	1,898,227	3,042,026	(22,757,053)	(17,816,800)	1,903,000
0100	Fund Balance - September 1 (Beginning)	<u>4,677,983</u>	<u>11,669,155</u>	<u>55,980,945</u>	<u>72,328,083</u>	<u>41,128,137</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 6,576,210</u>	<u>\$ 14,711,181</u>	<u>\$ 33,223,892</u>	<u>\$ 54,511,283</u>	<u>\$ 43,031,137</u>



Special Revenue Funds

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	204 Safe Drug-Free Schools and Communities	211 Title I Disadvantage Children	212 Title I Part - C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-school	226 IDEA Part - B Discretionary
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	13,636	1,401,454	50,733	298,633	421	14,004
1260 Due from Other Funds	-	441	-	1	-	-
1290 Other Receivables	50	10,556	-	1,600	-	9,671
1000 Total Assets	<u>13,686</u>	<u>1,412,451</u>	<u>50,733</u>	<u>300,234</u>	<u>421</u>	<u>23,675</u>
LIABILITIES:						
2100 Bank Overdraft	13,636	1,378,711	50,176	293,291	421	11,859
2110 Accounts Payable	50	12,892	-	4,313	-	11,816
2160 Accrued Wages	-	20,813	557	2,152	-	-
2170 Due to Other Funds	-	35	-	478	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-	-
2000 Total Liabilities	<u>13,686</u>	<u>1,412,451</u>	<u>50,733</u>	<u>300,234</u>	<u>421</u>	<u>23,675</u>
FUND EQUITY:						
3590 Other Designated Fund Balance	-	-	-	-	-	-
3600 Unreserved Fund Balance	-	-	-	-	-	-
3000 Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Equity	<u>\$ 13,686</u>	<u>\$ 1,412,451</u>	<u>\$ 50,733</u>	<u>\$ 300,234</u>	<u>\$ 421</u>	<u>\$ 23,675</u>

227	228	242	243	244	253	255	258	261
IDEA Part - B Deaf	IDEA Part B Pre-school Deaf	Summer Feeding Program	Tech Prep Planning/ Implementation	Vocational Education- Basic Grant	IDEA Part C Early Intervention	ESEA Title II Part A	Early College High School	Texas Reading First
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57	-	-	-	50,204	-	294,095	44,483	1,034,874
-	-	596,060	-	-	-	-	-	-
-	-	-	-	-	-	595	(625)	167
<u>57</u>	<u>-</u>	<u>596,060</u>	<u>-</u>	<u>50,204</u>	<u>-</u>	<u>294,690</u>	<u>43,858</u>	<u>1,035,041</u>
1	-	312,114	-	50,204	-	294,438	15,690	1,034,379
-	-	14,227	-	-	-	225	22,629	662
56	-	-	-	-	-	-	5,539	-
-	-	269,719	-	-	-	27	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>57</u>	<u>-</u>	<u>596,060</u>	<u>-</u>	<u>50,204</u>	<u>-</u>	<u>294,690</u>	<u>43,858</u>	<u>1,035,041</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 596,060</u>	<u>\$ -</u>	<u>\$ 50,204</u>	<u>\$ -</u>	<u>\$ 294,690</u>	<u>\$ 43,858</u>	<u>\$ 1,035,041</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	262 Title II Technology	263 LEP Immigrant Program	269 ESEA Title VI Innovative Educatoim	280 TIP2	282 E-Rate	284 Advanced Placement
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,099
1240 Due from Other Governments	10,673	134,521	-	87,747	1,922,998	-
1260 Due from Other Funds	-	-	-	-	434,689	-
1290 Sundry Receivables	-	7,000	-	-	-	-
1000 Total Assets	<u>10,673</u>	<u>141,521</u>	<u>-</u>	<u>87,747</u>	<u>2,357,687</u>	<u>5,099</u>
LIABILITIES:						
2100 Bank Overdraft	10,673	115,765	-	68,887	2,157,232	-
2110 Accounts Payable	-	16,286	-	6,360	200,455	-
2160 Accrued Wages	-	9,470	-	12,500	-	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	-	-	5,099
2000 Total Liabilities	<u>10,673</u>	<u>141,521</u>	<u>-</u>	<u>87,747</u>	<u>2,357,687</u>	<u>5,099</u>
FUND EQUITY:						
3590 Other Designated Fund Balance	-	-	-	-	-	-
3600 Unreserved Fund Balance	-	-	-	-	-	-
3000 Total Fund Equity	-	-	-	-	-	-
4000 Total Liabilities and Fund Equity	<u>\$ 10,673</u>	<u>\$ 141,521</u>	<u>\$ -</u>	<u>\$ 87,747</u>	<u>\$ 2,357,687</u>	<u>\$ 5,099</u>

285	287	289	385	392	393	394	397	401
Community Based Abstinence	Teaching American History	Emergency Impact Aid	Visually Impaired	Non-Ed Community Based Support	Texas Successful School Prog	Pregnancy, Education and Parenting Prog	AP Incentive Program	Optional Extended Year
\$ -	\$ -	\$ -	\$ -	\$ 4,567	\$ 51,425	\$ 76,205	\$ 51,319	\$ -
-	32,602	-	-	-	-	-	-	150,341
-	126	-	-	-	-	-	-	-
-	(28,070)	-	2,329	-	-	43,490	-	-
-	4,658	-	2,329	4,567	51,425	119,695	51,319	150,341
-	4,258	-	2,329	-	-	-	-	150,341
-	400	-	-	-	1,259	830	4,325	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	4,567	-	-	-	-
-	-	-	-	-	-	118,865	-	-
-	4,658	-	2,329	4,567	1,259	119,695	4,325	150,341
-	-	-	-	-	50,166	-	-	-
-	-	-	-	-	-	-	46,994	-
-	-	-	-	-	50,166	-	46,994	-
\$ -	\$ 4,658	\$ -	\$ 2,329	\$ 4,567	\$ 51,425	\$ 119,695	\$ 51,319	\$ 150,341

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	404 Accelerated Reading Program	409 Texas H. S. Completion & Success	411 Technology Allotment	415 Pre-Kinder Expansion Grant	423 Ready To Read Grant Cycle 3	424 Law Enforcement O.S.E.
ASSETS:						
1110 Cash and Temporary Investments, at cost	\$ -	\$ -	\$ 4,874,465	\$ 279,705	\$ -	\$ -
1240 Due from Other Governments	1,203,067	8,284	-	377,852	-	-
1260 Due from Other Funds	-	-	-	-	-	905
1290 Sundry Receivables	-	-	690,359	-	-	-
1000 Total Assets	<u>1,203,067</u>	<u>8,284</u>	<u>5,564,824</u>	<u>657,557</u>	<u>-</u>	<u>905</u>
LIABILITIES:						
2100 Bank Overdraft	1,183,067	8,284	-	-	-	905
2110 Accounts Payable	20,000	-	19,337	10,462	-	-
2160 Accrued Wages	-	-	1,242	-	-	-
2170 Due to Other Funds	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-
2300 Unearned Revenues	-	-	-	561,569	-	-
2000 Total Liabilities	<u>1,203,067</u>	<u>8,284</u>	<u>20,579</u>	<u>572,031</u>	<u>-</u>	<u>905</u>
FUND EQUITY:						
3590 Other Designated Fund Balance	-	-	-	-	-	-
3600 Unreserved Fund Balance	-	-	5,544,245	85,526	-	-
3000 Total Fund Equity	-	-	5,544,245	85,526	-	-
4000 Total Liabilities and Fund Equity	<u>\$ 1,203,067</u>	<u>\$ 8,284</u>	<u>\$ 5,564,824</u>	<u>\$ 657,557</u>	<u>\$ -</u>	<u>\$ 905</u>

426	427	428	429	430	435	482	486	487
Crime Stoppers	Tabacco	High School Allotment	Texas Excellence Award	Ready To Read	Regional Day School for the Deaf	Dr. Hochman Grant	Seco-Clean School Bus	La Costa
\$ -	\$ 1,155	\$ 253,723	\$ -	\$ -	\$ 642,516	\$ 5,340	\$ 4,637	\$ -
336	-	-	620,000	-	-	-	-	14,025
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>336</u>	<u>1,155</u>	<u>253,723</u>	<u>620,000</u>	<u>-</u>	<u>642,516</u>	<u>5,340</u>	<u>-</u>	<u>14,025</u>
336	-	-	620,000	-	-	-	-	14,025
-	-	16,649	-	-	23,228	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,637	-
-	-	-	-	-	13,578	-	-	-
<u>336</u>	<u>-</u>	<u>16,649</u>	<u>620,000</u>	<u>-</u>	<u>36,806</u>	<u>-</u>	<u>4,637</u>	<u>14,025</u>
-	-	-	-	-	-	-	-	-
-	1,155	237,074	-	-	605,710	5,340	-	-
-	1,155	237,074	-	-	605,710	5,340	-	-
<u>\$ 336</u>	<u>\$ 1,155</u>	<u>\$ 253,723</u>	<u>\$ 620,000</u>	<u>\$ -</u>	<u>\$ 642,516</u>	<u>\$ 5,340</u>	<u>\$ 4,637</u>	<u>\$ 14,025</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	Totals		
	499 Abstinence Education	2007 Non-Major Special Revenue Funds	2006 Non-Major Special Revenue Funds
ASSETS:			
1110 Cash and Temporary Investments, at cost	\$ -	\$ 6,250,156	\$ 4,979,345
1240 Due from Other Governments	5,823	7,770,863	7,267,643
1260 Due from Other Funds	-	1,032,222	707,850
1290 Other Receivables	-	737,122	44,584
1000 Total Assets	<u>5,823</u>	<u>15,790,363</u>	<u>12,999,422</u>
LIABILITIES:			
2100 Bank Overdraft	5,272	7,796,294	6,365,718
2110 Accounts Payable	551	386,956	975,404
2160 Accrued Wages	-	52,329	84,686
2170 Due to Other Funds	-	270,259	239,487
2180 Due to Other Governments	-	9,204	14,380
2300 Unearned Revenues	-	699,111	621,948
2000 Total Liabilities	<u>5,823</u>	<u>9,214,153</u>	<u>8,301,623</u>
FUND EQUITY:			
3590 Other Designated Fund Balance	-	50,166	
3600 Unreserved Fund Balance	-	6,526,044	4,697,799
3000 Total Fund Equity	-	<u>6,576,210</u>	<u>4,697,799</u>
4000 Total Liabilities and Fund Equity	<u>\$ 5,823</u>	<u>\$ 15,790,363</u>	<u>\$ 12,999,422</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, 2007
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	204 Safe Drug-Free Schools and Communities	211 Title I Disadvantage Children	212 Title I Part - C Migrant	224 IDEA Part - B Formula	225 IDEA Part - B Pre-school	226 IDEA Part - B Discretionary
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-	-
5900 Federal Program Revenues	170,167	15,444,425	270,688	3,569,595	48,695	46,178
5020 Total Revenue	<u>170,167</u>	<u>15,444,425</u>	<u>270,688</u>	<u>3,569,595</u>	<u>48,695</u>	<u>46,178</u>
EXPENDITURES:						
0011 Instruction	972	11,236,384	7,129	2,451,266	48,073	15,176
0012 Instructional Resources & Media Services	-	339,081	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	1,170,264	-	150,453	622	20,784
0021 Instructional Leadership	-	276,150	58,193	529,273	-	718
0023 School Administration	-	13,026	-	-	-	-
0031 Guidance and Counseling Services	169,195	752,522	44,774	277,427	-	-
0032 Social Work Services	-	23,199	-	41,491	-	-
0033 Health Services	-	1,070,522	-	103,434	-	-
0034 Student (Pupil) Transportation	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	1,993	-	9,505	-	-
0041 General Administration	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	15,108	971	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	-
0061 Community Services	-	546,176	159,621	6,746	-	597
0081 Facilities Acquisition and Construction Program	-	-	-	-	-	-
0093 Instruction shared services arrangements	-	-	-	-	-	8,903
6030 Total Expenditures	<u>170,167</u>	<u>15,444,425</u>	<u>270,688</u>	<u>3,569,595</u>	<u>48,695</u>	<u>46,178</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):						
7020 Other Resources	-	-	-	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	-	-	-	-	-	-
1200 Net Changes in Fund Balance	-	-	-	-	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

227 IDEA Part - B Deaf	228 IDEA Part B Pre-school Deaf	242 Summer Feeding Program	243 Tech Prep Planning/ Implementation	244 Vocational Education- Basic Grant	253 IDEA Part C Early Intervention	255 Title II Technology	258 Early College High School	261 Texas Reading First
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
18,928	3,933	596,060	10,988	462,179	1,427	3,165,183	236,797	3,509,755
18,928	3,933	596,060	10,988	462,179	1,427	3,165,183	236,797	3,509,755
18,776	3,933	-	10,988	267,773	1,427	1,745,324	219,872	3,311,627
-	-	-	-	-	-	-	-	-
152	-	-	-	44,438	-	1,237,685	16,645	120,121
-	-	-	-	7,080	-	182,174	-	78,007
-	-	-	-	-	-	-	-	-
-	-	-	-	100,108	-	-	-	-
-	-	-	-	-	-	-	280	-
-	-	-	-	-	-	-	-	-
-	-	570,414	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	25,646	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	42,780	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
18,928	3,933	596,060	10,988	462,179	1,427	3,165,183	236,797	3,509,755
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2007
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	262 Title II Technology	263 LEP Immigrant Program	269 ESEA Title VI Innovative Education	280 TIP 2	282 E-Rate	284 Advance Placement
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-	-
5900 Federal Program Revenues	176,532	2,456,236	65,444	559,263	-	-
5020 Total Revenue	<u>176,532</u>	<u>2,456,236</u>	<u>65,444</u>	<u>559,263</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
0011 Instruction	-	1,859,528	32,631	342,398	-	-
0012 Instructional Resources & Media Services	-	14,045	29,542	-	-	-
0013 Curriculum and Instructional Staff Development	176,532	302,550	3,271	154,916	-	-
0021 Instructional Leadership	-	260,772	-	-	-	-
0023 School Administration	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-
0036 Co-curricular/Extracurricular Activities	-	-	-	-	-	-
0041 General Administration	-	-	-	-	28,410	-
0051 Plant Maintenance and Operations	-	1,340	-	-	494,895	-
0052 Security and Monitoring Services	-	251	-	-	-	-
0053 Data Processing Services	-	-	-	61,949	117,490	-
0061 Community Services	-	17,750	-	-	-	-
0081 Facilities Acquisition and Construction Program	-	-	-	-	823,506	-
0093 Instruction shared services arrangements	-	-	-	-	-	-
6030 Total Expenditures	<u>176,532</u>	<u>2,456,236</u>	<u>65,444</u>	<u>559,263</u>	<u>1,464,301</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)						
1100 Expenditures	-	-	-	-	(1,464,301)	-
OTHER FINANCING SOURCES (USES):						
7020 Other Resources	-	-	-	-	1,464,301	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,464,301</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	-	-	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

285 Community Based Abstinence	287 Teaching American History	289 Emergency Impact Aid	385 Visually Impaired	392 Non-Ed Community Based Support	393 Texas Successful School Prog	394 Pregnancy, Education and Parenting Prog	397 AP Incentive Program	401 Optional Extended Year
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,381	\$ -	\$ -
-	-	-	-	-	-	86,974	4,050	150,341
10	139,357	-	3,384	-	-	-	-	-
10	139,357	-	3,384	-	-	108,355	4,050	150,341
-	20,367	-	3,384	-	10,315	-	51,464	122,825
-	-	-	-	-	-	-	-	-
-	110,878	-	-	-	4,804	2,759	-	14,681
10	8,112	-	-	-	-	400	-	7,898
-	-	-	-	-	789	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	76,990	-	-
-	-	-	-	-	-	269	-	-
-	-	-	-	-	-	23,938	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,999	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,937
-	-	-	-	-	-	-	-	-
10	139,357	-	3,384	-	15,908	108,355	51,464	150,341
-	-	-	-	-	(15,908)	-	(47,414)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(15,908)	-	(47,414)	-
-	-	-	-	-	66,074	-	94,408	-
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,166	\$ -	\$ 46,994	\$ -

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, 2007
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	404 Accelerated Reading Program	409 Texas H. S. Completion & Success	411 Technology Allotment	415 Pre-Kinder Expansion Grant	423 Ready To Read Grant Cycle 3	424 Law Enforcement O.S.E.
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ -	\$ 1,295,664	\$ -	\$ -	\$ -
5800 State Program Revenues	2,310,391	16,832	617,576	2,841,920	47,269	2,563
5900 Federal Program Revenues	-	-	-	-	-	-
5020 Total Revenue	<u>2,310,391</u>	<u>16,832</u>	<u>1,913,240</u>	<u>2,841,920</u>	<u>47,269</u>	<u>2,563</u>
EXPENDITURES:						
0011 Instruction	2,117,765	16,141	2,311,524	2,793,982	45,446	-
0012 Instructional Resources & Media Services	-	-	-	-	-	-
0013 Curriculum and Instructional Staff Development	192,626	-	115,274	-	-	-
0021 Instructional Leadership	-	-	128,522	72,392	1,823	-
0023 School Administration	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	691	-	-	-	-
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	-	-	-	-	-	2,563
0053 Data Processing Services	-	-	154,806	-	-	-
0061 Community Services	-	-	-	-	-	-
0081 Facilities Acquisition and Construction Program	-	-	9,875	-	-	-
0093 Instruction shared services arrangements	-	-	-	-	-	-
6030 Total Expenditures	<u>2,310,391</u>	<u>16,832</u>	<u>2,720,001</u>	<u>2,866,374</u>	<u>47,269</u>	<u>2,563</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(806,761)	(24,454)	-	-
OTHER FINANCING SOURCES (USES):						
7020 Other Resources	-	-	2,400,000	-	-	-
8030 Other (Uses)	-	-	-	-	-	-
7080 Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Changes in Fund Balance	-	-	1,593,239	(24,454)	-	-
0100 Fund Balance - Sept. 1 (Beginning)	-	-	3,951,006	109,980	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,544,245</u>	<u>\$ 85,526</u>	<u>\$ -</u>	<u>\$ -</u>

426	427	428	429	430	435	482	486	487
Crime Stoppers	Tabacco	H. School Alltm	Texas Excellence Award	Ready to Read	Regional Day School for the Deaf	Dr. Hochman Grant	Seco-Clean School Bus	La Costa
15,000	\$ -	\$ -	\$ -	\$ -	\$ 241,914	\$ 5,000	\$ -	\$ 14,025
-	-	1,491,671	620,000	22	528,406	-	-	-
15,000	-	1,491,671	620,000	22	770,320	5,000	-	14,025
6,898	-	1,032,231	499,700	143	562,668	4,316	-	12,673
-	-	-	6,224	-	-	-	-	-
2,947	-	586	1,308	-	-	-	-	-
-	-	-	2,082	-	-	-	-	-
-	-	-	42,361	-	-	-	-	-
5,155	-	215,174	18,501	-	52,525	-	-	-
-	-	-	5,391	-	-	-	-	-
-	-	-	7,325	-	-	-	-	576
-	-	5,913	-	-	-	-	-	-
-	-	-	5,465	-	-	-	-	-
-	-	693	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	26,340	-	-	-	-	-
-	-	-	1,821	-	-	-	-	-
-	-	-	1,909	-	-	-	-	-
-	-	-	1,573	-	-	-	-	776
-	-	-	-	-	-	-	-	-
15,000	-	1,254,597	620,000	143	615,193	4,316	-	14,025
-	-	237,074	-	(121)	155,127	684	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	237,074	-	(121)	155,127	684	-	-
-	1,155	-	-	121	450,583	4,656	-	-
-	-	-	-	-	-	-	-	-
\$ -	\$ 1,155	\$ 237,074	\$ -	\$ -	\$ 605,710	\$ 5,340	\$ -	\$ -

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, 2007
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Totals		
	499	2007	2006
	Abstinence Education	Non-Major Special Revenue Funds	Non-Major Special Revenue Funds
REVENUES			
5700	\$ 83,913	\$ 1,661,897	\$ 2,950,447
5800	-	8,733,015	8,708,736
5900	-	30,955,224	30,677,186
5020	<u>83,913</u>	<u>41,350,136</u>	<u>42,336,369</u>
EXPENDITURES:			
0011	-	31,185,119	30,264,930
0012	-	388,892	782,228
0013	-	3,844,296	3,193,466
0021	-	1,613,606	1,852,821
0023	-	56,176	87,060
0031	-	1,535,964	1,395,338
0032	-	247,179	342,420
0033	83,913	1,266,319	1,230,483
0034	-	29,851	646,206
0035	-	575,879	599,849
0036	-	12,191	37,384
0041	-	28,410	281,948
0051	-	568,299	480,314
0052	-	4,635	145,980
0053	-	378,934	288,009
0061	-	738,176	285,116
0081	-	833,381	2,679,821
0093	-	8,903	11,000
6030	<u>83,913</u>	<u>43,316,210</u>	<u>44,604,373</u>
Excess (Deficiency) of Revenues Over (Under)			
1100	-	(1,966,074)	(2,268,004)
OTHER FINANCING SOURCES (USES):			
7020	-	3,864,301	3,741,549
8030	-	-	(28,169)
7080	-	<u>3,864,301</u>	<u>3,713,380</u>
1200	-	1,898,227	1,445,376
0100	-	4,677,983	3,252,423
	-	-	-
3000	<u>\$ -</u>	<u>\$ 6,576,210</u>	<u>\$ 4,697,799</u>



Debt Service Funds

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUND - DEBT SERVICES
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	511 Debt Service	512 PFC Debt Service	Total		
			2007 Non Major Debt Service Funds	2006 Non Major Debt Service Funds	
ASSETS:					
1110	Cash and Temporary Investments, at cost	\$ 10,728,402	\$ 10,404	\$ 10,738,806	\$ 11,272,814
1210	Property Taxes Receivable	510,042	-	510,042	466,114
1230	Allowance for Uncollectible Taxes	(99,050)	-	(99,050)	(65,256)
1250	Accrued Interest	-	-	-	7,551
1260	Due from Other Funds	3,036,503	541,059	3,577,562	76
1910	Long Term Investments	396,116	-	396,116	388,714
1000	Total Assets	<u>\$ 14,572,013</u>	<u>\$ 551,463</u>	<u>\$ 15,123,476</u>	<u>\$ 12,070,013</u>
LIABILITIES:					
2110	Accounts Payable	662	-	662	-
2170	Due To Other Funds	641	-	641	-
2300	Unearned Revenue	410,992	-	410,992	400,858
2000	Total Liabilities	<u>412,295</u>	<u>-</u>	<u>412,295</u>	<u>400,858</u>
FUND EQUITY:					
3420	Reserved for Retirement of Indebtedness	14,159,718	551,463	14,711,181	11,669,155
3000	Total Fund Equity	<u>14,159,718</u>	<u>551,463</u>	<u>14,711,181</u>	<u>11,669,155</u>
4000	Total Liabilities and Fund Equity	<u>\$ 14,572,013</u>	<u>\$ 551,463</u>	<u>\$ 15,123,476</u>	<u>\$ 12,070,013</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, 2007
 WITH COMPARATIVE TOTALS FOR YEAR ENDED AUGUST 31, 2006

Data Control Codes	511 Debt Service Fund	512 PFC Debt Service Fund	Total		
			2007 Non Major Debt Service Funds	2006 Non Major Debt Service Funds	
REVENUES:					
5700	Local, Intermediate, and Out-of-State	\$ 5,553,861	\$ 108,086	\$ 5,661,947	\$ 3,741,386
5800	State Program Revenues	13,196,130	3,694,482	16,890,612	14,520,582
5020	Total Revenues	<u>18,749,991</u>	<u>3,802,568</u>	<u>22,552,559</u>	<u>18,261,968</u>
EXPENDITURES:					
0071	Principal on Long - Term Debt	8,216,379	1,705,000	9,921,379	7,583,012
0071	Interest on Long - Term Debt	10,465,604	3,011,633	13,477,237	12,143,624
0071	Other Fees	3,460	15,400	18,860	20,222
6030	Total Expenditures	<u>18,685,443</u>	<u>4,732,033</u>	<u>23,417,476</u>	<u>19,746,858</u>
Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	<u>64,548</u>	<u>(929,465)</u>	<u>(864,917)</u>	<u>(1,484,890)</u>
OTHER FINANCING SOURCES (USES):					
7020	Transfer In	<u>2,874,757</u>	<u>1,032,186</u>	<u>3,906,943</u>	<u>3,726,430</u>
7080	Total Other Financing Sources (Uses):	<u>2,874,757</u>	<u>1,032,186</u>	<u>3,906,943</u>	<u>3,726,430</u>
1200	Net Changes in Fund Balance	2,939,305	102,721	3,042,026	2,241,540
0100	Fund Balance - Sept. 1 (Beginning)	11,220,413	448,742	11,669,155	9,427,615
3000	Fund Balance - August 31 (Ending)	<u>\$ 14,159,718</u>	<u>\$ 551,463</u>	<u>\$ 14,711,181</u>	<u>\$ 11,669,155</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT H-3

Data Control Codes	Budgeted Amounts		2007 Actual	Variance with Final Budget Positive (Negative)	2006 Actual
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 4,317,151	\$ 5,553,860	\$ 5,553,861	\$ 1 \$ 3,667,729
5800	State Program Revenues	13,528,428	13,196,130	13,196,130	- 10,766,222
5020	Total Revenues	<u>17,845,579</u>	<u>18,749,990</u>	<u>18,749,991</u>	<u>1 14,433,951</u>
EXPENDITURES:					
0071	Principal on Long-Term Debt	8,216,379	8,216,379	8,216,379	- 5,933,012
0171	Interest on Long-Term Debt	10,499,271	10,465,604	10,465,604	- 9,082,492
0171	Other Fees	15,000	3,463	3,460	3 5,213
6030	Total Expenditures	<u>18,730,650</u>	<u>18,685,446</u>	<u>18,685,443</u>	<u>3 15,020,717</u>
OTHER FINANCING SOURCES (USES):					
7020	Transfer In	2,864,929	2,874,757	2,874,757	- 2,769,657
8949	Redemption of Refunded Bonds	-	-	-	- -
7080	Total Other Financing Sources (Uses)	<u>2,864,929</u>	<u>2,874,757</u>	<u>2,874,757</u>	<u>- 2,769,657</u>
1200	Net Changes in Fund Balances	1,979,858	2,939,301	2,939,305	4 2,182,891
0100	Fund Balance - September 1 (Beginning)	11,220,413	11,220,413	11,220,413	- 9,037,522
3000	Fund Balance - August 31 (Ending)	<u>\$ 13,200,271</u>	<u>\$ 14,159,714</u>	<u>\$ 14,159,718</u>	<u>\$ 4 \$11,220,413</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
PFC DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT H-4

Data Control Codes	Budgeted Amounts		2007 Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	2006 Actual
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 107,000	\$ 108,086	\$ 108,086	\$ - \$ 73,657
5800	State Program Revenues	3,684,447	3,694,482	3,694,482	- 3,754,360
5020	Total Revenues	3,791,447	3,802,568	3,802,568	- 3,828,017
EXPENDITURES:					
0071	Principal on Long-Term Debt	1,705,000	1,705,000	1,705,000	- 1,650,000
0171	Interest on Long-Term Debt	3,011,633	3,011,633	3,011,633	- 3,061,132
0171	Other Fees	20,000	15,400	15,400	- 15,009
6030	Total Expenditures	4,736,633	4,732,033	4,732,033	- 4,726,141
OTHER FINANCING SOURCES (USES):					
7020	Transfer In	1,032,186	1,032,186	1,032,186	- 956,773
7080	Total Other Financing Sources (Uses)	1,032,186	1,032,186	1,032,186	- 956,773
1200	Net Changes in Fund Balances	87,000	102,721	102,721	- 58,649
0100	Fund Balance - September 1 (Beginning)	448,742	448,742	448,742	- 390,093
3000	Fund Balance - August 31 (Ending)	\$ 535,742	\$ 551,463	\$ 551,463	\$ - \$ 448,742



Capital Projects Funds

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	616 Capital Projects Fund	625 QZAB #1 Bond Issue	626 QZAB#2 Bond Issue	630 QZAB #3 Bond Issue
ASSETS:				
1110 Cash and Temporary Investments, at cost	\$ 112,662	\$ 3,069,251	\$ 3,868,048	\$ 4,898,799
1250 Accrued Interest	-	7,978	-	-
1260 Due from Other Funds	-	-	-	-
1910 Long Term Investments	-	-	-	-
1000 Total Assets	<u>112,662</u>	<u>3,077,229</u>	<u>3,868,048</u>	<u>4,898,799</u>
LIABILITIES:				
2110 Accounts Payable	31,761	243,697	267,772	570,059
2160 Accrued Wages	-	-	-	-
2170 Due to Other Funds	-	15,173	-	-
2000 Total Liabilities	<u>31,761</u>	<u>258,870</u>	<u>267,772</u>	<u>570,059</u>
FUND EQUITY:				
3440 Reserved for Encumbrances	54,673	2,711,473	3,563,645	3,101,887
3470 Reserved for Capital Acquisition and Contractual Obligations	<u>26,228</u>	<u>106,886</u>	<u>36,631</u>	<u>1,226,853</u>
3000 Total Fund Equity	<u>80,901</u>	<u>2,818,359</u>	<u>3,600,276</u>	<u>4,328,740</u>
4000 Total Liabilities and Fund Equity	<u>\$ 112,662</u>	<u>\$ 3,077,229</u>	<u>\$ 3,868,048</u>	<u>\$ 4,898,799</u>

697 IFA #2 Bond Issue	699 IFA #1 Bond Issue	627 2005 Bond Fund	Total	
			2007 Non Major Capital Project Funds	2006 Non Major Capital Project Funds
\$ 3,000,275	\$ 3,506,523	\$ 19,203,517	\$37,659,075	\$ 29,897,494
3,368	-	-	11,346	9,358
303	3,750	65,586	69,639	58,220
-	-	-	-	-
<u>3,003,946</u>	<u>3,510,273</u>	<u>19,269,103</u>	<u>\$37,740,060</u>	<u>29,965,072</u>
530,964	397,000	2,439,515	4,480,768	3,275,064
-	-	-	-	2,027
9,320	10,907	-	35,400	23,798
<u>540,284</u>	<u>407,907</u>	<u>2,439,515</u>	<u>4,516,168</u>	<u>3,300,889</u>
2,028,819	2,578,521	12,908,703	26,947,721	
434,843	523,845	3,920,885	6,276,171	26,664,183
<u>2,463,662</u>	<u>3,102,366</u>	<u>16,829,588</u>	<u>33,223,892</u>	<u>26,664,183</u>
<u>\$ 3,003,946</u>	<u>\$ 3,510,273</u>	<u>\$ 19,269,103</u>	<u>\$ 37,740,060</u>	<u>\$ 29,965,072</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, 2007
 WITH COMPARATIVE TOTALS FOR YEAR ENDED AUGUST 31, 2006

Data Control Codes	616 Capital Projects Fund	625 QZAB #1 Bond Issue	626 QZAB #2 Bond Issue	630 QZAB #3 Bond Issue
REVENUES:				
5700 Local, Intermediate, and Out-of-State	\$ -	\$ 164,298	\$ 204,278	\$ 321,023
5020 Total Revenues	<u>-</u>	<u>164,298</u>	<u>204,278</u>	<u>321,023</u>
EXPENDITURES:				
0071 Debt Services	-	-	-	-
0081 Facilities Acquisition and Construction	319,099	582,447	160,903	1,979,045
6030 Total Expenditures	<u>319,099</u>	<u>582,447</u>	<u>160,903</u>	<u>1,979,045</u>
OTHER RESOURCES (USES):				
7916 Premium on Issuance of Bonds	-	-	-	-
7020 Transfer In	400,000	-	-	-
Total Other Resources (Uses)	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>80,901</u>	<u>(418,149)</u>	<u>43,375</u>	<u>(1,658,022)</u>
0100 Fund Balance - Sept. 1 (Beginning)	-	3,236,508	3,556,901	5,986,762
Adjustment to Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 80,901</u>	<u>\$ 2,818,359</u>	<u>\$ 3,600,276</u>	<u>\$ 4,328,740</u>

697 IFA #2 Bond Issue	699 IFA #1 Bond Issue	627 2005 Bond Fund	Total	
			2007 Non Major Capital Project Funds	2006 Non Major Capital Project Funds
\$ 270,636	\$ 280,556	\$ 1,371,316	\$ 2,612,107	\$ 1,332,675
<u>270,636</u>	<u>280,556</u>	<u>1,371,316</u>	<u>2,612,107</u>	<u>1,332,675</u>
-	-	-	-	84,170
5,394,807	3,474,369	13,858,490	25,769,160	11,032,421
<u>5,394,807</u>	<u>3,474,369</u>	<u>13,858,490</u>	<u>25,769,160</u>	<u>11,116,591</u>
-	-	-	-	8,000,000
-	-	-	400,000	-
-	-	-	<u>400,000</u>	<u>8,000,000</u>
(5,124,171)	(3,193,813)	(12,487,174)	(22,757,053)	(1,783,916)
7,587,833	6,296,179	29,316,762	55,980,945	28,448,099
-	-	-	-	-
<u>\$ 2,463,662</u>	<u>\$ 3,102,366</u>	<u>\$ 16,829,588</u>	<u>\$ 33,223,892</u>	<u>\$ 26,664,183</u>



Fiduciary Funds

Private Purpose Trust Funds

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 PRIVATE-PURPOSE TRUST FUNDS
 AUGUST 31, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

Data Control Codes	Scholarship Program Fund	Total	
		2007	2006
ASSETS:			
1110	Cash and Temporary Investment, at Cost	\$ 67,516	\$ 70,166
1260	Due from Other Funds	-	-
1000	Total Assets	<u>67,516</u>	<u>70,166</u>
LIABILITIES:			
2110	Accounts Payable	3,000	(2,000)
2170	Due to Other Funds	-	-
2000	Total Liabilities	<u>3,000</u>	<u>(2,000)</u>
NET ASSETS:			
3490	Held in Trust	<u>64,516</u>	<u>72,166</u>
3000	Total Net Assets	<u>\$ 64,516</u>	<u>\$ 72,166</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, 2007
 WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006

	Scholarship Program	Total	
	Fund	2007	2006
Additions:			
Gifts and Bequest	\$ 12,000	\$ 12,000	\$ 29,000
Interest Earnings	7,290	7,290	5,451
Total Additions	<u>19,290</u>	<u>19,290</u>	<u>34,451</u>
Deductions:			
Materials and Supplies	-	-	-
Contracted Services	4,301	4,301	10,459
Capital Outlay	3,551	3,551	15,850
Scholarships	18,988	18,988	35,425
Total Deductions	<u>26,840</u>	<u>26,840</u>	<u>61,734</u>
Changes in Net Assets	<u>(7,550)</u>	<u>(7,550)</u>	<u>(27,283)</u>
Net Assets - Beginning of the Year	<u>72,166</u>	<u>72,166</u>	<u>99,449</u>
Net Assets - End of the Year	<u>\$ 64,616</u>	<u>\$ 64,616</u>	<u>\$ 72,166</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

STUDENT ACTIVITY FUND	Balance September 1, 2006	Additions	Deductions	Balance August 31, 2007
ASSETS:				
Cash and Temporary Investments, at cost	\$ 252,460	\$ 20,279		\$ 272,739
Total Assets	<u>252,460</u>	<u>20,279</u>	<u>-</u>	<u>272,739</u>
LIABILITIES:				
Due to Student Groups	252,460	20,279	-	272,739
Total Liabilities	<u>\$ 252,460</u>	<u>\$ 20,279</u>	<u>\$ -</u>	<u>\$ 272,739</u>



Capital Assets

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2007

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Assets in Service	\$70,060,094	\$26,974	\$67,252,051	\$2,781,069
High Schools				
Martin	13,548,172	248,174	12,133,783	1,166,215
Nixon	15,587,064	1,086,582	13,790,197	710,285
Cigarroa	4,101,198	872,258	2,261,851	967,089
VMT Communications & Arts	188,664	62,761	24,373	101,530
Francisco Lara Academy	888,680	-	367,381	521,299
Middle Schools				
Christen	12,515,247	117,596	11,645,132	752,519
Lamar	1,112,345	186,887	88,641	836,817
Cigarroa	719,492	-	92,990	626,502
Memorial	800,642	447,337	115,526	237,779
Elementary Schools				
Brami	7,086,895	6,139	6,758,163	322,593
Buenos Aires	1,115,815	694,545	129,502	291,768
Daiches	297,303	28,111	49,422	219,770
Farias	8,393,929	1,750,761	6,621,483	21,685
Heights	701,891	400,313	17,315	284,263
Tarver	411,436	75,100	287,050	49,286
Leyendecker	369,150	133,989	49,537	185,624
Macdonell	6,889,796	1,348,363	5,329,072	212,361
Milton	5,839,352	164,517	5,429,523	245,312
Alma Pierce	7,516,541	47,542	7,162,438	306,561
Ryan	474,818	224,806	79,630	170,382
Santa Maria	6,769,230	20,950	6,655,137	93,143
Santo Nino	5,521,014	132,267	5,245,622	143,125
D. D. Hachar	768,845	484,686	186,945	97,214
J. C. Martin	667,644	240,525	326,404	100,715
H. B. Zachry	4,204,484	101,298	3,999,538	103,648
J. Kawas	4,268,422	238,434	3,847,613	182,375
Dovalina	3,926,148	35,000	3,765,025	126,123
H. Ligarde	430,123	129,588	213,882	86,653
T. Sanchez/Ochoa	5,666,515	120,000	5,260,178	286,337
Other Departments				
Construction Department	723,724	-	662,377	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	142,837	23,455	-	119,382
Tax Office	87,037	-	10,475	76,562
Risk Management	64,759	-	6,850	57,909
Financial Management	190,387	2,834	-	187,553
Human Resources	182,422	-	-	182,422
Procurement & Asset Management	110,532	-	-	110,532
Office of Public Information	40,467	20,119	1,620	18,728
Safety & Occupational Health Dept.	36,441	-	-	36,441
Student Services	14,799	-	-	14,799

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2007

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Internal Auditor	6,922	-	-	6,922
Hearings Officer	5,479	-	-	5,479
Assets Management	224,470	149,990	-	74,480
Records & Assets	285,310	127,770	-	157,540
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	125,918	-	-	125,918
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	159,196	103,226	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	1,245,586	1,153,325	92,261	-
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	1,181,133	78,925	47,907	1,054,301
Athletic	332,104	-	-	332,104
Special Education	646,068	-	-	646,068
Discipline Management	7,437	-	-	7,437
Printing/Creative Services	146,377	15,201	-	131,176
Instructional Television	298,046	28,647	3,246	266,153
Postal Services	16,273	-	-	16,273
Information Technology	2,393,112	-	7,586	2,385,526
Division of Operations	1,166,232	21,102	149,635	995,495
LISD Police Department	594,617	-	-	594,617
Energy Conservation Prog.	410,789	-	-	410,789
Child Nutrition Program	5,562,517	120,493	550,599	4,891,425
Title I Migrant	14,348	-	-	14,348
Title VI	5,905	-	-	5,905
Drug Free Schools	6,158	-	-	6,158
ADA	227,760	-	227,760	-
Total Assets by Location	<u>138,291,778</u>	<u>\$11,243,616</u>	<u>103,755,741</u>	<u>23,292,421</u>
Total Assets in Service	208,351,872	11,270,590	171,007,792	26,073,490
Construction in Progress	<u>138,436,573</u>	-	-	-
Total Capital Assets	<u>346,788,445</u>	<u>\$11,270,590</u>	<u>\$171,007,792</u>	<u>\$26,073,490</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
 AUGUST 31, 2007

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets in Service	\$ 70,060,094	\$ -	\$ -	\$ 70,060,094
HIGH SCHOOLS:				
Martin	13,280,418	286,499	18,745	13,548,172
Nixon	2,727,236	12,868,828	9,000	15,587,064
Cigarroa	2,050,995	2,069,701	19,498	4,101,198
VMT Communications & Arts	214,870	5,160	31,366	188,664
Francisco Lara Academy	896,680	-	8,000	888,680
MIDDLE SCHOOLS:				
Christen	1,067,533	11,447,714	-	12,515,247
Lamar	1,107,206	5,139	-	1,112,345
Cigarroa	635,024	84,468	-	719,492
Memorial	805,003	5,139	9,500	800,642
ELEMENTARY SCHOOLS:				
Bruni	7,084,725	2,170	-	7,086,895
Buenos Aires	626,100	489,715	-	1,115,815
Daiches	538,024	33,148	273,869	297,303
Farias	8,393,929	-	-	8,393,929
Heights	558,864	143,027	-	701,891
Tarver	429,556	-	18,120	411,436
Leyendecker	369,150	-	-	369,150
Macdonell	6,885,079	4,717	-	6,889,796
Milton	5,839,352	-	-	5,839,352
Alma Pierce	7,516,541	-	-	7,516,541
Ryan	535,692	13,126	74,000	474,818
Santa Maria	6,787,350	-	18,120	6,769,230
Santo Nino	5,502,650	18,364	-	5,521,014
D. D. Hachar	756,681	12,164	-	768,845
J. C. Martin	674,194	-	6,550	667,644
H. B. Zachry	2,029,413	2,187,121	12,050	4,204,484
J. Kawas	4,268,422	-	-	4,268,422
Dovalina	3,910,948	15,200	-	3,926,148
H. Ligarde	446,410	1,833	18,120	430,123
T. Sanchez/Ochoa	5,684,635	-	18,120	5,666,515
OTHER DEPARTMENTS:				
Construction Dept.	723,724	-	-	723,724
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	142,837	-	-	142,837
Tax Office	78,136	8,901	-	87,037
Risk Management	64,759	-	-	64,759
Financial Management	190,387	-	-	190,387
Human Resources	182,422	-	-	182,422
Procurement & Asset Management	110,532	-	-	110,532
Office of Public Information	40,467	-	-	40,467

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2007

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
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	239,413	25,095	40,038	224,470
Records & Assets	269,631	15,679	-	285,310
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	119,750	6,168	-	125,918
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	-	-	58,798
Computer Assisted Instruction	3,458	-	-	3,458
Med Prep Program	3,417	-	-	3,417
State Deaf	10,707	-	-	10,707
Instructional Department	159,196	-	-	159,196
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	1,153,325	92,261	-	1,245,586
Crimestoppers	2,555	-	-	2,555
Instructional Technology	304,248	-	-	304,248
Guidance and Counseling	3,052	-	-	3,052
Health Services	16,349	-	-	16,349
Pupil Transportation	1,135,083	664,430	618,380	1,181,133
Athletic	326,104	6,000	-	332,104
Special Education	646,068	-	-	646,068
Discipline Management	7,437	-	-	7,437
Printing/Creative Services	121,859	24,518	-	146,377
Instructional Television	214,733	83,313	-	298,046
Postal Services	16,273	-	-	16,273
Information Technology	2,121,316	277,296	5,500	2,393,112
Division of Operations	1,157,435	21,663	12,866	1,166,232
LISD Police Department	343,308	251,309	-	594,617
Energy Conservation Program	410,789	-	-	410,789
Child Nutrition Program	5,406,804	173,513	17,800	5,562,517
Title I Migrant	14,348	-	-	14,348
Title VI	5,905	-	-	5,905
Drug Free Schools	6,158	-	-	6,158
ADA	227,760	-	-	227,760
Total Assets by Location	<u>108,178,041</u>	<u>31,343,379</u>	<u>1,229,642</u>	<u>138,291,778</u>
Total Assets in Service	178,238,135	31,343,379	1,229,642	208,351,872
Construction in Progress	<u>134,132,265</u>	<u>4,304,308</u>	-	<u>138,436,573</u>
Total Capital Assets	<u>\$ 312,370,400</u>	<u>\$ 35,647,687</u>	<u>\$ 1,229,642</u>	<u>\$ 346,788,445</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDING AUGUST 31, 2007

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 11,035,449	\$ 142,345,968	\$ 24,856,718	\$ 134,132,265	\$ 312,370,400
Instruction	-	-	-	-	-
Instructional Resources & Media Services	-	-	-	-	-
Curriculum & Instructional Staff Development	-	-	-	-	-
Instructional Administration	-	-	6,168	-	6,168
School Administration	-	-	-	-	-
Guidance and Counseling Services	-	-	-	-	-
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-
Food Services	-	-	617,978	-	617,978
Cocurricular/Extracurricular Activities	-	-	-	-	-
General Administration	-	-	-	-	-
Plant Maintenance and Operations	-	-	154,167	-	154,167
Security and Monitoring Services	-	-	201,937	-	201,937
Data Processing Services	-	-	141,820	-	141,820
Community Services	-	-	-	-	-
Facilities Acquisition and Construction	235,141	28,661,824	94,702	4,304,308	33,295,975
Total Expenditures	<u>\$ 11,270,590</u>	<u>\$ 171,007,792</u>	<u>\$ 26,073,490</u>	<u>\$ 138,436,573</u>	<u>\$ 346,788,445</u>



Statistical Section

Statistical Section (Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	79-89
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	90-93
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>	94-96
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	97-98
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	99-102

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

Financial Trends Information

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

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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	\$ 88,131,399
Restricted						
Federal and State Grants	-	3,694,433	-	3,252,423	4,697,799	6,526,044
Debt Service	8,696,790	4,557,510	-	9,427,615	11,669,155	14,711,181
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>	<u>17,481,717</u>
Total primary government net assets	<u>\$ 65,808,002</u>	<u>\$ 80,596,925</u>	<u>\$ 92,345,801</u>	<u>\$ 92,771,514</u>	<u>\$ 104,763,028</u>	<u>\$ 126,850,341</u>

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

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
11 Instruction	\$ 94,243,209	\$ 107,384,297	\$ 115,680,810	\$ 122,230,466	\$ 120,826,637	\$ 129,599,244
12 Instructional Resources & Media Svcs.	3,953,289	4,430,854	5,701,079	4,785,344	4,739,042	5,063,766
13 Curriculum & Instructional Staff Devpt.	2,067,932	2,078,259	3,495,915	4,116,945	4,158,695	4,422,899
21 Instructional Leadership	3,026,813	3,523,053	3,481,745	4,057,212	5,049,862	4,645,809
23 School Leadership	8,613,562	9,466,283	9,888,715	10,234,352	10,352,434	10,985,322
31 Guidance, Counseling, and Evaluation Svcs.	5,816,409	6,216,697	7,187,656	7,669,776	7,859,900	8,023,575
32 Social Work Services	1,207,654	1,308,360	1,592,854	1,732,213	1,881,254	1,909,811
33 Health Services	2,354,961	2,530,252	2,735,815	2,710,696	2,837,440	2,937,961
34 Student (Pupil) Transportation	1,770,885	2,248,431	2,253,072	3,242,862	3,599,991	3,715,848
35 Food Services	8,206,161	9,311,871	9,568,655	10,567,413	12,512,316	14,169,981
36 Cocurricular/Extracurricular Activities	2,613,675	2,828,939	3,057,706	4,179,704	4,175,160	3,733,030
41 General Administration	4,861,219	5,696,593	5,240,709	6,060,603	6,479,272	6,192,926
51 Plant Maintenance & Operations	12,856,097	13,666,070	14,941,942	18,032,667	19,953,661	20,750,136
52 Security & Monitoring Services	1,601,273	1,960,551	1,400,411	2,590,090	3,407,992	3,625,540
53 Data Processing Services	1,548,157	1,904,632	2,325,266	1,599,846	2,958,108	3,305,837
61 Community Services	694,255	784,825	743,336	405,919	382,002	945,323
71 Interest on Long-Term Debt	10,104,964	7,726,182	7,463,089	13,408,938	10,888,015	13,274,418
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	5,235,162
93 Payments to Fiscal Agents/Mem.	6,875	6,200	6,675	6,000	11,000	8,903
95 Payments to Juvenile Justice Alternative Ed.	262,668	305,738	140,892	200,600	131,621	12,390
Total primary government expenses	168,374,978	183,489,172	200,809,883	229,040,368	225,974,240	242,557,881
Program Revenues						
Governmental activities:						
Charges for services						
Instruction	2,624,178	-	356,998	1,043,355	2,779,468	815
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	121,443
Extracurricular Activities	251,698	209,986	175,860	-	-	171,645
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	60,095,888
Total primary government program revenues	33,555,349	59,798,627	62,495,785	70,737,771	75,679,712	60,389,791
Net (Expense)/Revenue						
Total primary government net expense	\$ 134,819,629	\$ 123,690,545	\$ 138,314,098	\$ 158,302,597	\$ 150,294,528	\$ 182,168,090

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

Laredo Independent School District
General Revenues and Total Changes in Net Assets
Last Five Fiscal Years
Unaudited
(accrual basis of accounting)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue						
Total primary government net expense	\$ 134,819,629	\$ 123,690,545	\$ 138,314,098	\$ 158,302,597	\$ 150,294,528	\$ 182,168,090
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	25,493,615
Property taxes levied for debt service	1,416,112	2,498,668	2,640,215	2,486,421	2,948,716	4,391,830
Unrestricted State Aid Formula Grants	105,480,527	108,117,088	127,590,082	118,829,241	115,296,468	155,643,283
Unrestricted grants and contributions	18,614,033	620,371	389,943	389,804	1,638,247	559,150
Investment earnings	5,085,365	2,750,735	1,522,487	5,147,041	8,262,586	12,207,337
Miscellaneous	2,135,895	6,020,515	6,897,219	10,176,331	10,033,727	3,106,862
Loss on Sale of Capital Assets	-	-	(8,686,372)	-	-	-
Special Item	-	-	-	-	-	7,731,745
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>	<u>209,133,822</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>	<u>\$ 26,965,732</u>

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

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

FISCAL YEAR	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund					
Reserved	\$ 662,319	\$ 4,138,895	\$ 3,504,810	\$ 4,345,266	\$ 5,517,460
Unreserved, Designated	4,363,335	1,988,739	2,670,000	2,832,000	8,423,861
Unreserved	<u>8,633,186</u>	<u>1,145,632</u>	<u>8,066,608</u>	<u>10,636,980</u>	<u>12,972,814</u>
Total general fund	<u>\$ 13,658,840</u>	<u>\$ 7,273,266</u>	<u>\$ 14,241,418</u>	<u>\$ 17,814,246</u>	<u>\$ 26,914,135</u>
All Other Governmental Funds					
Reserved, Outstanding Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved, for Capital Acquisition and Contractual Obligations	1,915,065	658,966	80,286,727	88,738,530	125,175,957
Unreserved, Designated for Debt Service	-	-	2,693,244	2,956,866	2,582,073
Unreserved, reported in Special Revenue Funds	<u>1,136,761</u>	<u>238,887</u>	<u>1,235,903</u>	<u>571,158</u>	<u>3,030,654</u>
Total all other governmental funds	<u>\$ 3,051,826</u>	<u>\$ 897,853</u>	<u>\$ 84,215,874</u>	<u>\$ 92,266,554</u>	<u>\$ 130,788,684</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	4,684,864	\$ 4,823,330	\$ 9,024,994	\$ 12,527,471	\$ 15,458,084
	9,707,813	15,313,568	7,604,288	3,075,750	2,675,751
	<u>11,206,652</u>	<u>15,090,994</u>	<u>12,155,696</u>	<u>8,620,000</u>	<u>12,750,252</u>
\$	<u>25,599,329</u>	<u>\$ 35,227,892</u>	<u>\$ 28,784,978</u>	<u>\$ 24,223,221</u>	<u>\$ 30,884,087</u>
\$	-	\$ -	\$ -	\$ -	\$ 46,096,630
	79,045,740	49,668,348	147,046,196	114,929,536	101,336,782
	4,557,512	6,760,286	9,427,615	11,669,155	14,711,181
	<u>3,694,431</u>	<u>2,363,427</u>	<u>3,252,423</u>	<u>4,697,799</u>	<u>6,526,044</u>
\$	<u>87,297,683</u>	<u>\$ 58,792,061</u>	<u>\$ 159,726,234</u>	<u>\$ 131,296,490</u>	<u>\$ 168,670,637</u>

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

FISCAL YEAR	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Federal sources:					
Federal grants	\$ 15,841,058	\$ 13,366,855	\$ 17,413,460	\$ 15,479,064	\$ 16,626,672
Food services	6,691,167	7,042,741	7,584,017	8,459,605	9,317,479
Total federal sources	<u>22,532,225</u>	<u>20,409,596</u>	<u>24,997,477</u>	<u>23,938,669</u>	<u>25,944,151</u>
State sources:					
Per Capita and Foundation	87,168,383	91,312,106	96,323,830	97,023,045	109,242,308
Instructional Facilities Allotment	-	-	6,242,364	6,246,279	10,741,406
Teacher Retirement System on Behalf	5,025,706	5,246,079	5,368,792	5,262,434	5,445,715
Other State Programs	2,430,440	1,099,783	1,135,477	1,147,188	1,577,947
Other Governmental Agencies	30,807	74,308	460,962	1,313,909	100,414
Total state sources	<u>94,655,336</u>	<u>97,732,276</u>	<u>109,531,425</u>	<u>110,992,855</u>	<u>127,107,790</u>
Local sources:					
Property Taxes	-	-	-	-	18,802,149
Food service sales	-	-	-	-	216,005
Investment Income	-	-	-	-	5,085,365
Penalties, Interest, and Other Fees	-	-	-	-	715,659
Co-Curricular	-	-	-	-	191,057
Sale of WADA	-	-	-	-	3,943,211
Other revenues	-	-	-	-	2,383,625
Local Revenues	* <u>11,643,287</u>	<u>21,198,179</u>	<u>27,173,632</u>	<u>29,413,492</u>	<u>-</u>
Total local sources	<u>11,643,287</u>	<u>21,198,179</u>	<u>27,173,632</u>	<u>29,413,492</u>	<u>31,337,071</u>
Total revenues	<u>\$ 128,830,848</u>	<u>\$ 139,340,051</u>	<u>\$ 161,702,534</u>	<u>\$ 164,345,016</u>	<u>\$ 184,389,011</u>

Notes: * = Local revenue breakdown was not available.

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	23,092,971	\$ 25,877,336	\$ 29,906,211	\$ 32,960,541	\$ 34,948,185
	9,458,795	10,649,535	11,187,260	10,979,704	11,750,545
	<u>32,551,767</u>	<u>36,526,871</u>	<u>41,093,471</u>	<u>43,940,245</u>	<u>46,698,730</u>
	111,916,178	131,713,457	119,915,636	121,242,425	140,171,354
	10,763,283	10,665,674	14,673,848	12,006,055	15,000,401
	8,696,250	7,981,849	6,356,609	8,532,673	6,995,207
	1,902,723	3,089,194	6,662,788	3,390,917	6,821,882
	882,222	8,140	53,027	592,200	17,563
	<u>134,160,656</u>	<u>153,458,314</u>	<u>147,661,908</u>	<u>145,764,270</u>	<u>169,006,407</u>
	20,310,907	22,072,076	23,948,120	26,759,747	28,217,513
	98,673	91,252	275,421	342,424	-
	2,852,918	1,522,487	1,468,715	8,939,430	12,653,464
	82,882	715,290	5,898,531	730,655	793,048
	209,986	175,860	185,958	210,761	528,836
	5,260,737	5,025,976	7,043,169	6,640,127	-
	2,760,105	1,498,481	2,181,473	4,555,304	3,493,578
	-	-	-	-	-
	<u>31,576,208</u>	<u>31,101,422</u>	<u>41,001,387</u>	<u>48,178,448</u>	<u>45,686,439</u>
\$	<u>198,288,631</u>	<u>\$ 221,086,607</u>	<u>\$ 229,756,766</u>	<u>\$ 237,882,963</u>	<u>\$ 261,391,576</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
11 Instruction	\$ 78,286,989	\$ 82,877,647	\$ 88,242,553	\$ 87,320,665	\$ 94,229,126
12 Instructional Resources & Media Svcs.	3,632,857	4,173,678	3,431,296	4,070,386	3,981,668
13 Curriculum & Instructional Staff Devpt.	1,463,853	1,804,342	189,749	2,115,236	2,067,715
21 Instructional Leadership	3,040,139	3,177,818	2,842,999	2,759,544	3,025,587
23 School Leadership	7,937,947	7,739,046	7,618,999	7,969,685	8,613,079
31 Guidance, Counseling, and Evaluation Svcs.	4,566,909	5,336,389	5,106,040	5,491,285	5,831,200
32 Social Work Services	820,130	1,039,786	1,045,903	1,066,743	1,206,275
33 Health Services	1,913,401	2,059,217	2,157,677	2,192,328	2,354,821
34 Student (Pupil) Transportation	2,037,318	1,948,007	1,709,533	2,664,107	2,501,126
35 Food Services	1,155	7,370,642	7,227,903	7,789,238	8,344,431
36 Cocurricular/Extracurricular Activities	2,453,701	2,474,824	2,519,395	2,482,908	2,929,220
41 General Administration	4,123,578	4,369,011	4,007,453	4,638,056	4,967,619
51 Plant Maintenance & Operations	13,260,153	16,035,304	12,563,512	12,347,392	13,023,003
52 Security & Monitoring Services	1,017,017	1,028,210	903,531	1,211,915	1,600,958
53 Data Processing Services	863,163	1,055,782	1,266,074	1,323,168	1,578,117
61 Community Services	650,003	647,398	704,777	674,507	694,253
71 Principal	1,744,471	3,609,906	5,365,200	5,141,565	9,405,000
Interest	985,936	1,225,381	4,918,420	4,910,491	10,104,964
Other Debt Service Costs	3,103	29,547	43,888	44,103	965,764
81 Facilities acquisition/construction	4,408,917	6,218,452	1,534,807	5,704,033	39,542,651
Other capital outlay					
93 Payments to Fiscal Agents / Members.	17,000	6,000	13,284	9,418	6,875
95 Payments to Juvenile Justice Alternative Ed.	184,108	202,405	32,307	142,839	262,668
Total expenditures	<u>\$ 133,411,848</u>	<u>\$ 154,428,792</u>	<u>\$ 153,445,300</u>	<u>\$ 162,069,612</u>	<u>\$ 217,236,120</u>
Debt service as a percentage of noncapital expenditures	2.12%	3.26%	6.77%	6.43%	10.98%

^a percentage was calculated as follows: (Debt Service principal + Payment)/(Total expenditures - Capital outlay)
(10,731,378+13,939,432)/(282,686,553-34,418,047)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	108,533,210	\$ 115,051,643	\$ 121,436,722	\$ 120,677,728	127,566,003
	4,540,795	5,591,014	4,722,348	4,783,647	5,117,287
	2,083,381	3,482,596	4,112,502	4,156,453	4,407,778
	3,517,336	3,677,251	3,995,905	5,038,242	4,593,480
	9,459,702	10,213,257	10,199,530	10,334,223	11,496,485
	6,216,362	7,117,540	7,655,899	7,848,384	7,973,115
	1,307,776	1,584,124	1,725,654	1,878,004	1,898,201
	2,529,828	2,717,525	2,703,162	2,833,087	2,914,709
	2,798,513	3,353,357	3,557,405	4,006,844	4,421,695
	10,705,893	10,488,447	11,112,037	14,060,478	14,019,024
	2,890,288	3,335,203	4,121,958	4,201,927	3,865,637
	5,908,368	5,902,123	6,013,068	6,462,377	6,414,077
	13,772,442	15,823,595	17,890,819	20,191,873	20,833,944
	2,249,899	2,589,363	2,560,883	3,649,274	3,658,629
	2,020,913	2,724,200	3,550,847	3,089,698	3,246,059
	783,456	743,051	405,884	381,774	940,663
	11,510,000	8,230,000	10,940,000	8,378,013	10,731,378
	7,369,225	7,162,878	8,851,746	12,204,644	13,939,432
	167,651	104,836	7,129,465	94,524	700,532
	48,771,194	34,035,840	36,178,910	50,483,909	33,927,132
	6,200	6,675	6,000	11,000	8,903
	305,738	140,892	200,600	131,393	12,390
<u>\$</u>	<u>247,448,171</u>	<u>\$ 244,075,410</u>	<u>\$ 269,071,342</u>	<u>\$ 284,897,496</u>	<u>282,686,553</u>
	9.50%	7.33%	8.50%	8.78%	9.94%

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

FISCAL YEAR	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Excess of revenues over (under) expenditures	\$ (4,581,000)	\$ (15,088,741)	\$ 6,555,234	\$ 2,275,404	\$ (32,847,108)
Other Financing Sources (Uses)					
Issuance of Loans	2,800,000	4,255,000	80,000,000	8,000,000	3,680,000
Issuance of Bonds	-	-	-	-	72,000,000
Lease Proceeds	689,219	-	-	-	-
Premium Issuance of Bond	-	-	-	-	3,578,158
Premium Issuance of Loans	-	-	-	-	-
Redemption of Refunded Bonds	-	-	-	-	-
Transfers in	6,637,160	7,455,195	7,709,595	5,031,536	7,320,096
Transfers out	(6,637,160)	(7,455,195)	(7,709,595)	(5,031,536)	(7,320,096)
Special Item	-	-	-	-	-
Total other financing sources (uses)	<u>3,489,219</u>	<u>4,255,000</u>	<u>80,000,000</u>	<u>8,000,000</u>	<u>79,258,158</u>
Net change in fund balances	<u>\$ (1,091,781)</u>	<u>\$ (10,833,741)</u>	<u>\$ 86,555,234</u>	<u>\$ 10,275,404</u>	<u>\$ 46,411,050</u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ (49,157,540)	\$ (22,988,803)	\$ (39,314,576)	\$ (47,014,533)	\$ (21,294,977)
-	4,000,000	-	14,000,000	-
4,240,000	-	182,135,630	-	56,950,000
-	-	-	-	-
113,701	80,430	5,815,205	-	668,061
-	36,695	-	23,032	-
-	-	(54,145,000)	-	-
7,580,700	8,282,912	9,745,939	8,137,271	8,171,244
(7,580,700)	(8,282,912)	(9,745,939)	(8,137,271)	(8,171,244)
-	-	-	-	7,731,745
<u>4,353,701</u>	<u>4,117,125</u>	<u>133,805,835</u>	<u>14,023,032</u>	<u>65,349,806</u>
\$ (44,803,839)	\$ (18,871,678)	\$ 94,491,259	\$ (32,991,501)	\$ 44,054,829

Revenue Capacity Information

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

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value	Total Direct Rate ^a
	Residential Property	Personal Property			
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
2007	2,145,905,693	287,225,760	582,803,765	1,850,327,688	1.495

Source: LISD Tax Office

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

Laredo Independent School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Unaudited
(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
2007	1.266	0.229	1.495	0.222	0.637	0.401

Source: LISD Tax Office.

Note:

^a Includes levies for operating and debt service costs.

Laredo Independent School District
 Principal Property Tax Payers
 Current Year and Nine Years Ago
 Unaudited

Taxpayer	2006			1997		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Laredo Texas Hospital Co LP	\$ -	0	0.00%	---		0
AEP Texas Central Company	-	0	0.00%	-	0	0.00%
Webb Hospital Holdings LLC	-	0	0.00%	---		0
Southwestern Bell Telephone LP	-	0	0.00%	-	0	0.00%
International Bk of Commerce	-	0	0.00%	-	0	0.00%
HE Butt Grocery Co	-	0	0.00%	-	0	0.00%
The Laredo National Bank	-	0	0.00%	-	0	0.00%
La Posada Hotel	-	0	0.00%	-	0	0.00%
B I A Acquisiton	-	0	0.00%	-	0	0.00%
Texas & Kansas City Cable	-	0	0.00%	-	0	0.00%
Union Pacific System	---		---	-	0	0.00%
Union National Bank, Texas	---		---	-	0	0.00%
	<u>\$ -</u>		<u>0.00%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: LISD Tax Office

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Outstanding Tax Levy	Percentage of Levy
1998	\$ 14,166,069	\$ 13,401,928	94.61	\$ 659,036	\$ 14,060,964	\$ 105,105	99.26%
1999	15,143,118	14,198,623	93.76	830,081	15,028,704	114,414	99.24%
2000	16,552,059	15,520,329	93.77	917,883	16,438,213	113,846	99.31%
2001	18,064,678	16,882,907	93.46	1,026,693	17,909,600	155,078	99.14%
2002	18,758,999	17,864,495	95.23	707,873	18,572,368	186,631	99.01%
2003	20,330,602	19,343,292	95.14	754,875	20,098,167	232,435	98.86%
2004	21,883,429	20,894,287	95.48	734,755	21,629,042	254,387	98.84%
2005	24,424,100	23,477,269	96.12	634,870	24,112,139	311,961	98.72%
2006	26,852,020	25,695,670	95.69	665,020	26,360,689	491,330	98.17%
2007	28,349,279	27,043,378	95.39	-	27,043,378	1,305,901	95.39%

Source: LISD Tax Office.

Debt Capacity Information

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans			
1998	\$ 16,086,981	\$ 5,350,000	\$ 21,436,981	0.84%	117
1999	14,605,443	8,120,000	22,725,443	0.85%	120
2000	91,403,357	6,435,000	97,838,357	3.33%	503
2001	80,321,639	20,670,000	100,991,639	3.13%	503
2002	146,095,695	21,630,000	167,725,695	4.88%	811
2003	140,023,093	20,355,000	160,378,093	4.42%	754
2004	134,411,482	22,225,000	156,636,482	4.03%	716
2005	254,032,558	20,480,000	274,512,558	6.49%	1,221
2006	247,637,999	32,675,000	280,312,999	6.18%	1,211
2007	296,751,137	31,360,000	328,111,137	N/A	N/A

Notes: N/A = not available.

^a See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Laredo Independent School District
Direct and Overlapping Governmental Activities Debt
As of August 31, 2007
Unaudited

<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	\$ 217,945,000	26.797%	\$ 58,402,722
County of Webb	71,623,192	17.904%	12,823,416
Laredo Community College	130,127,548	26.797%	<u>34,870,279</u>
Subtotal, overlapping debt			106,096,417
District direct debt			<u>259,575,540</u>
Total direct and overlapping debt			<u>\$ 365,671,957</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

Demographic and Economic Information

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

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value of 2006 taxable property		\$	1,850,327,688
Debt limit (10% of assessed value)			185,032,769
Amount of debt applicable to said maximum debt limit:			
Total (net) general bonded debt	\$	259,575,540	
(Percentage of debt to assessed value)		14.03%	
Less: Debt Service Fund Balance as of 8/31/07		14,159,718	
Total amount of debt applicable to debt limit			<u>245,415,822</u>
Legal debt margin		\$	<u>(60,383,053)</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>
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%
2007	185,032,769	245,415,822	(60,383,053)	132.63%

Notes: Currently, outstanding tax supported debt is supported with funds received by either the Existing Debt Allotment Program or the Instructional Facilities Allotment Program from the Texas Education Agency. Both the Existing Debt Allotment Program funds and the Instructional Facilities Allotment Program are subject to biennial appropriation by the Texas Legislature. The District's Series 1993, 1999, 2001, 2002, and 2005 Refunding Bonds are secured by the Permanent School Fund Guarantee.

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

<u>Calendar Year</u>	<u>Population^a</u>	<u>Personal Income^a</u>	<u>Per Capita Personal Income^a</u>	<u>Unemployment Rate^b</u>
1997	177,140	\$ 2,393,515,680	\$ 13,512	10.4%
1998	182,994	2,547,093,486	13,919	9.50
1999	189,014	2,682,108,660	14,190	8.70
2000	194,673	2,933,722,110	15,070	6.20
2001	200,824	3,231,659,808	16,092	6.60
2002	206,729	3,439,970,560	16,640	7.30
2003	212,706	3,628,764,360	17,060	7.40
2004	218,806	3,887,963,814	17,769	6.70
2005	224,874	4,229,655,066	18,809	5.60
2006	387,090	4,398,890,760	11,364	5.20
2007	390,961	4,575,025,622	11,702	4.20

Notes: N/A = not available.

^a Texas Workforce Commission

^b Bureau of Labor Statistics

Laredo Independent School District
Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	2007			1998		
	<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	5,341	1	5.74%	3,000	2	4.61%
Laredo Independent School District	4,649	2	5.00%	3,645	1	5.60%
City of Laredo	2,786	3	3.00%	1,800	4	2.76%
McDonald's Restaurants	1,500	4	1.61%	800	8	1.23%
Laredo Medical Center	1,406	5	1.51%	1,800	5	2.76%
H.E.B. Grocery	1,360	6	1.46%	1,500	6	2.30%
Webb County	1,297	7	1.39%	1,050	7	1.61%
Wal-Mart	1,234	8	1.33%	---	---	---
The Laredo National Bank	1,229	9	1.32%	540	10	0.83%
Texas A&M International University	1,027	10	1.10%	555	9	0.85%
Laredo Community College	870		0.94%	---	---	---
	<u>92,980</u>		<u>24.41%</u>	<u>65,100</u>		<u>22.57%</u>

Source: Laredo Development Foundation.

Operating Information

Laredo Independent School District
Full-Time-Equivalent District Employees by Type
Last Ten Fiscal Years
Unaudited

	Full-time-Equivalent Employees as of August 31										Percentage Change 1998-2007
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Teachers											
Pre-K & Kindergarten	N/A	N/A	N/A	9	158	165	169	188	205	222	
Elementary	N/A	N/A	N/A	691	567	620	644	640	638	631	
Secondary	N/A	N/A	N/A	472	545	568	566	553	565	599	
Special Education	N/A	N/A	N/A	96	167	153	163	177	170	156	
All Level	N/A	N/A	N/A	15	9	10	10	12	21	17	
Total Teachers	<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>	<u>1,625</u>	14.57%
Support Staff											
Supervisors	N/A	N/A	N/A	5	6	6	7	5	5	15	
Counselors	N/A	N/A	N/A	50	61	56	61	62	62	66	
Educ Diagnosticians	N/A	N/A	N/A	15	14	14	20	18	20	19	
Librarians	N/A	N/A	N/A	22	28	28	28	28	27	30	
Nurses/Physicians	N/A	N/A	N/A	32	30	35	40	38	40	38	
Therapists	N/A	N/A	N/A	15	18	21	23	20	18	21	
Other Support Staff	N/A	N/A	N/A	100	139	154	161	179	215	216	
Total Support Staff	<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>	<u>405</u>	62.72%
Administrators											
Admin/Instr Officers	N/A	N/A	N/A	9	9	7	15	13	24	19	
Principals	N/A	N/A	N/A	30	28	28	28	27	28	29	
Assistant Principals	N/A	N/A	N/A	34	49	50	54	55	53	59	
Superintendents	N/A	N/A	N/A	1	1	-	-	1	1	1	
Asst Superintendents	N/A	N/A	N/A	-	-	-	5	4	3	-	
Total Administrators	<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>	<u>108</u>	29.96%
Educational Aides	595	582	510	387	531	451	484	482	479	477	-19.89%
Auxiliary Staff	<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>	<u>1,318</u>	14.05%
Total	<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>	<u>3,933</u>	12.33%

Notes: N/A = not available.

Source: Texas Education Agency Fall PEIMS Submission

Laredo Independent School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment¹	Operating Expenditures²	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1998	22,651	126,269,421	5,575	N/A	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%
2007	24,795	203,388,079	8,203	-4.53%	1,625	15.3	96.50%

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 (functions 71 and 81).

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

Fiscal Year	0 Years Experience Salary^a	40+ Years Experience Salary^a	District Average Salary^b	County Average Salary^b	Statewide Average Salary^b
1998	\$ 25,000	\$ 39,676	\$ 34,042	\$ 33,652	\$ 33,527
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
2007	39,500	59,166	46,236	45,164	44,897

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.

Laredo Independent School District
Measures of Capacity
Unaudited

School	Total Square Feet	Max. Cap. Based on Sq. Feet	Practical Capacity Sq. Feet	Total Classrooms	Max. Cap. Based on Classrooms	Practical Capacity Classrooms	Architect's Capacity	Average Practical Capacity
High Schools								
Cigarroa	250,000	1,667	1,497	54	1,620	1,458	1,500	1,404
Martin	309,569	2,100	1,890	93	2,790	2,511	2,100	2,201
Nixon	274,834	615	553	83	2,490	2,241	1,606	1,467
Nixon Freshman Annex	26,837	179	160	15	450	405	-	405
Nixon Church Annex	32,600	217	195	13	390	351	-	351
Total High Schools:	893,840	4,778	4,295	258	7,740	6,966	5,206	5,828
Middle Schools								
Christen	215,347	1,312	1,181	45	1,125	1,013	1,450	1,097
Cigarroa	216,000	1,728	1,555	56	1,400	1,260	1,349	1,237
Lamar	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:	697,972	5,173	4,656	194	4,850	4,366	5,197	4,340
Elementary Schools								
Bruni	81,576	878	790	29	638	574	725	682
Buenos Aires	92,305	1,026	923	29	638	574	870	749
Daiches	84,751	942	848	-	-	-	873	786
Dovalina	55,454	546	491	28	616	554	603	523
Farias	85,535	840	756	29	638	574	650	665
Hachar	88,214	980	882	29	638	574	650	692
Heights	68,500	761	685	19	418	376	-	531
Kawas	72,810	795	715	34	748	673	850	694
Leyendecker	99,255	853	767	37	814	733	838	750
Ligarde	80,379	893	804	39	858	772	870	788
Macdonell	78,571	863	776	29	638	574	650	675
Martin	94,964	803	723	31	682	614	650	668
Miton	85,897	819	737	38	836	752	873	745
Pierce	86,689	964	867	42	924	832	850	849
Ryan	93,456	883	795	38	836	752	873	773
Sanchez/Ochoa	89,450	956	860	34	748	673	850	767
Santa Maria	81,667	872	785	29	638	574	650	680
Santo Niño	92,078	973	875	43	946	851	850	863
Tarver	84,561	877	789	30	660	594	650	691
Zachry	76,401	801	721	33	726	653	644	687
Total Elem. Schools:	1,672,513	17,325	15,589	620	13,640	12,273	14,469	14,258
Total Campuses:	3,264,325	27,276	24,540	1,072	26,230	23,605	24,872	24,426

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



Compliance Schedule

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2007

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 9/1/2006	Current Year's Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 08/31/07
1998 and prior years	Various	Various		\$ 948,396	-	\$ 47,810	\$ 11,581	\$ (253,726)	\$ 635,279
1999	1.026280	0.198720	1,313,353,144	123,144	-	7,267	1,407	(56)	114,414
2000	1.229100	0.103090	1,329,307,098	127,754	-	12,947	1,086	125	113,846
2001	1.282910	0.103090	1,359,530,767	176,355	-	19,048	1,531	(698)	155,078
2002	1.322910	0.103090	1,391,120,115	210,542	-	35,108	2,736	13,933	186,631
2003	1.322910	0.179800	1,430,691,752	272,895	-	60,300	8,196	28,035	232,434
2004	1.322910	0.179800	1,492,399,445	308,468	-	76,802	10,438	33,161	254,388
2005	1.322910	0.151200	1,681,169,772	427,951	-	145,404	16,619	46,033	311,962
2006	1.382910	0.171200	1,799,970,416	1,161,076	-	641,535	79,420	51,210	491,331
2007	1.266310	0.229200	1,850,327,688	-	27,671,836	22,898,744	4,144,634	677,443	1,305,901
Total Delinquent Taxes Receivable				\$ 3,756,581	\$ 27,671,836	\$ 23,944,965	\$ 4,277,648	\$ 595,460	\$ 3,801,264

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

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

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

Column 20 - Current Year's Tax Levy:

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

Column 31 & 32 - Total Collections:

These are total collections net of adjustments described in column 40, according to each year of tax levy, and 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 8/31/07

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 2008-2009
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2007

FUNCTION 41 AND RELATED 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Office	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Miscellaneous	7 Total
611x-6146	Payroll Costs	\$ 74,104	\$ 279,704	\$ 381,535	\$ 3,402,124	\$ 734,527	\$ -	\$ 4,871,994
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	-	-	-	-	492,990	-	492,990
6212	Adit Services	-	-	-	35,500	-	-	35,500
6213	Tax Appraisal & Collection	-	345,148	-	-	-	-	345,148
621X	Other Prof. Services	-	32,005	4,285	23,180	221,020	-	280,490
6220	Tuition & Transfer Payments	-	-	-	-	-	-	-
6230	Education Service	-	-	-	-	-	-	-
6240	Contr.Maint. & Repair	-	-	-	-	104,431	-	104,431
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	4,075	394	1,801	50,940	190,434	-	247,644
6290	Misc. Contr.	-	-	-	-	-	-	-
6320	Textbooks & Reading	-	71	-	765	4,434	-	5,270
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies	300	5,946	2,157	99,590	18,453	-	126,446
6410	Travel,Sub.,Stipends	44,857	1,843	9,727	31,400	13,468	-	101,295
6420	Ins. and Bonding	-	-	-	375	-	-	375
6430	Election Costs	-	-	-	-	-	-	-
6490	Misc. Operating	19,722	14,351	5,581	299,290	162,719	-	501,663
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	114,686	114,686
6000-	TOTAL	\$ 143,058	\$ 679,462	\$ 405,086	\$ 3,943,164	\$ 1,942,476	\$ 114,686	\$ 7,227,932

Total expenditures/expenses for General and Special Revenue Funds (Schedule A-2) (9) \$ 226,052,559

Less:Deductions of Unallowable Costs

Total Capital Outlay (6600)	(10)	\$ 9,160,285
Total Debt & Lease (6500)	(11)	1,359,886
Plant Maintenance (Function 51, 6100 - 6400)	(12)	20,250,782
Food (Function 35, 6341 and 6499)	(13)	4,159,105
Stipends (6413)	(14)	12,312
Column 4 (above) - Total Indirect Cost		<u>3,943,164</u>

Subtotal: 38,885,534

Net Allowed Direct Cost \$ 187,167,025

CUMULATIVE

Total Cost of Buildings before depreciation (1520)	(15)	\$ 171,007,792
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)	\$ 26,073,490
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 - \$827,684.00 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, 2007

UNAUDITED

Data Control Code	Explanation	Amount
1	Total General Fund Balance 8/31/07 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 30,884,087
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	15,458,084
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	2,675,751
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 (9/1/06-5/31/07)	16,321,667
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.	-
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)	34,455,502
11	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	\$ (3,571,415)

LAREDO INDEPENDENT SCHOOL DISTRICT
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED AUGUST 31, 2007

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 413,100	\$ 413,100	\$ 484,848	\$ 71,748
5800	State Program Revenues	113,300	113,300	95,635	(17,665)
5900	Federal Program Revenues	11,753,306	11,753,306	11,750,545	(2,761)
5020	Total Revenues	<u>12,279,706</u>	<u>12,279,706</u>	<u>12,331,028</u>	<u>51,322</u>
	EXPENDITURES:				
	Current:				
	Support Services-Student (Pupil):				
0035	Food Services	12,053,395	12,335,085	12,720,490	(385,405)
0051	Plant Maintenance & Operations	246,344	246,344	256,269	(9,925)
0052	Security & Monitoring Services	15,000	20,000	18,098	1,902
0071	Debt Service	853,530	853,530	810,000	43,530
	Total Support Services - Student (Pupil)	<u>13,168,269</u>	<u>13,454,959</u>	<u>13,804,857</u>	<u>(349,898)</u>
6030	Total Expenditures	<u>13,168,269</u>	<u>13,454,959</u>	<u>13,804,857</u>	<u>(349,898)</u>
1200	Net Changes in Fund Balances	<u>(888,563)</u>	<u>(1,175,253)</u>	<u>(1,473,829)</u>	<u>(298,576)</u>
0100	Fund Balance - September 1 (Beginning)	<u>3,646,928</u>	<u>3,646,928</u>	<u>3,646,928</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 2,758,365</u>	<u>\$ 2,471,675</u>	<u>\$ 2,173,099</u>	<u>\$ (298,576)</u>



Single Audit Section

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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*

Board of School Trustees
Laredo Independent School District
Laredo, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Laredo Independent School District (the District), as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

207 Arden Grove
San Antonio, TX 78215
210/227-1389
Fax 227-0716

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District, in a separate letter dated December 20, 2007.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response, and accordingly, we express no opinion on it.

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



Greg G. Gandy
+ Assistant

December 20, 2007

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of School 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, 2007. 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

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



Gary J. Boyce
to [unclear]

December 20, 2007

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2007

SECTION I -- SUMMARY OF AUDITORS' RESULTS

Financial Statements			
Type of auditor's report issued: <u>Unqualified</u>			
Internal control over financial reporting: • Material weakness (es) identified?		<u> </u> Yes	<u>X</u> No
• Significant deficiencies identified not considered to be material weaknesses?		<u>X</u> Yes	<u> </u> None Reported
Noncompliance material to financial statements noted?		<u> </u> Yes	<u>X</u> No

Federal Awards			
Internal control over major programs: • Material weakness (es) identified?		<u> </u> Yes	<u>X</u> No
• Significant deficiencies identified not considered to be material weaknesses?		<u> </u> Yes	<u>X</u> None Reported
Type of auditor's report issued on compliance for major programs		Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)?		<u>X</u> Yes	<u> </u> No

Identification of Major Programs		
	CFDA Numbers(s)	Name of Federal Program or Cluster
	84.365A	LEP Program
	10.555, 10.559,	Child Nutrition Cluster: National School Lunch Program
Dollar threshold used to distinguish between Type A and Type B programs:		\$1,300,141
Auditee qualified as low-risk auditee?		<u>X</u> Yes <u> </u> No

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2007

SECTION II -- FINANCIAL STATEMENT FINDINGS

07-II-01 – Leases Payable

The District lacks internal controls to identify, evaluate, record, and report leases. We noted that leases are not evaluated to determine the proper accounting and financial reporting treatment. Generally accepted accounting principles require recognition and reporting of long term liabilities corresponding to capital leases. TEA requires that capital leases be accounted utilizing prescribed account codes. The District purchased computer equipment from Dell Co. totaling \$20,973,000 from 2003 to the present. The purchases were made under lease agreements which met the capital lease criteria; however the District has not recorded the leases in the prescribed TEA accounts nor reported the leases in its financial statements as required.

We recommend that all lease agreements entered into by the District be provided to the accounting department for their evaluation to ensure that leases are afforded the proper accounting and financial reporting treatment.

07-II-02 Capital Lease Purchases

In July 20, 2006 the board approved an agreement with Dell Marketing where the District agreed to purchase computers exclusively from Dell. In exchange the District would be granted a rebate of 8% of computer equipment purchases from Dell. The minutes of the meeting indicate "...if we purchase equipment, that the Board of Trustees receive a report." During the current year the District entered into lease purchases of computers totaling \$4,596,314 and sold back to Dell 3,169 computers purchased three years ago under similar lease agreements. Our review of the minutes does not indicate computer purchases and disposals were presented to the board for consideration and approval.

We recommend that all proposed capital lease purchases and sales of District computers be presented to the Board of Trustees for their consideration and approval. The District should amend its fixed asset policy to require board approval of large scale disposals of assets.

07-II-03– Construction Project accounting

The District does not fully utilized project cost accounting for its construction projects. The District's practice is to establish a capital project fund for each bond issue; however, separate accounting of the various projects authorized under each bond issue is not maintained in the general ledger. As such, the District is not able to readily provide an accounting of each project.

We recommend that project accounting be established and maintained by the District to ensure that projects authorized by the Board of Trustees are properly accounted and monitored throughout the length of the project.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2007

07-II-04 – Student Activity Accounting

The district does not have adequate internal control procedures in place to safeguard student activity funds. Currently, each school maintains its own books of account and bank accounts. The bookkeeper at the school maintains the books, reconciles the bank accounts, pays bills, and in some cases collects cash from club sponsors. Performing all of these functions by only one individual increases the risk of misuse of student activity funds. Lastly, no internal audits of the student activity funds were conducted in the current year.

We recommend that controls over student activity funds be strengthened. This may be accomplished by establishing a monitoring system over these accounts or by centralizing the accounting of these funds at the District's central office.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

07-III-01 - Computer purchase Rebates and Computers Sold- Questioned costs: \$155,713.44

OMB Circular A-87 Cost Principles requires that costs charged to federal programs be charged net of applicable credits. OMB Circular A-87 states "Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate." The District received rebates from Dell related to computer purchases made partially with federal funds. However, the rebates received have not been credited or refunded to the federal programs that partially paid for the computers. The schedule below summarizes the credits that should have been applied the various federal programs in the current year:

CFDA No.	Federal Program	Questioned cost
84.010	ESEA Title I, Part A	\$ 132,447.50
84.011A	ESEA Title I, Part C, Migrant	10.80
84.173A	IDEA B Formula	2,801.96
84.048A	Vocational Education	1,282.40
84.357A	Texas Reading First	2,172.08
84.318X	Title II, Part D, Technology	2,389.13
84.365A	LEP Program	1,362.69
84.298A	ESEA Title V	194.56
84.318X	TIP 2	\$ 13,052.32

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended August 31, 2007

SECTION III -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Likely Questioned Costs: Total \$296,400

It is likely that additional amounts are due to various federal programs for rebates received in prior year since similar rebates have been received in prior years. Based on an analysis provided, the District has received additional rebates in the amount of \$708,996 (including \$335,379 received in September 2007). The likely questioned costs based on the allocation percentages applied in the current year are approximately \$248,000.

Computers Sold

In addition, the District sold back to Dell Co. computers originally purchased under the lease agreements. Proceeds totaling \$322,779 were received in September 2007. Since the computers were partially purchased with federal funds, the federal programs should be credited their corresponding share of the sales proceeds. Likely questioned costs are approximately \$48,400.

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

CORRECTIVE ACTION PLAN

For The Year Ended August 31, 2007

07-II-01 – Leases Payable

The District will implement internal controls to identify, evaluate, record and report leases. All lease agreements entered into by the District will be provided to the accounting department for evaluation to ensure that leases are afforded the proper accounting and financial treatment.

Responsible Staff: Chief Financial Officer, Director of Financial Management, Senior Accountants

07-II-02 Capital Lease Purchases

All capital lease purchases and sales of District computers will be presented to the Board of Trustees for their consideration and approval.

Responsible Staff: Procurement, Financial Management, Fixed Assets

07-II-03– Construction Project accounting

The District will establish a project cost accounting system for construction projects. A sub-object number will be assigned to new projects to ensure that projects authorized by the Board of Trustees are properly accounted and monitored throughout the length of the project.

Responsible Staff: Chief Financial Officer, Director of Accounting, Senior Accountants, Accountants

07-II-04 – Student Activity Accounting

The bookkeeper at the school maintains the books, reconciles the bank accounts, pays bills, and in some cases collects cash from club sponsors. Performing all of these functions by only one individual increases the risk of misuse of student activity funds. Internal audits of the student activity funds will be conducted to safeguard student activity funds. In addition, the District will be procuring bookkeeping software whereby the data will be stored centrally so central office staff have visibility into each school's set of books, making reporting, auditing, and assisting bookkeepers simple.

Responsible Staff: Chief Financial Officer, Director of Financial Management, Internal Auditor

07-III-01 - Computer purchase Rebates and Computers Sold

OMB Circular A-87 Cost Principles requires that costs charged to federal programs be charged net of applicable credits. The District received rebates from Dell related to computer purchases made partially with federal funds. District staff will inquire with the Texas Education Agency for the proper treatment of rebate refunds and sale proceeds.

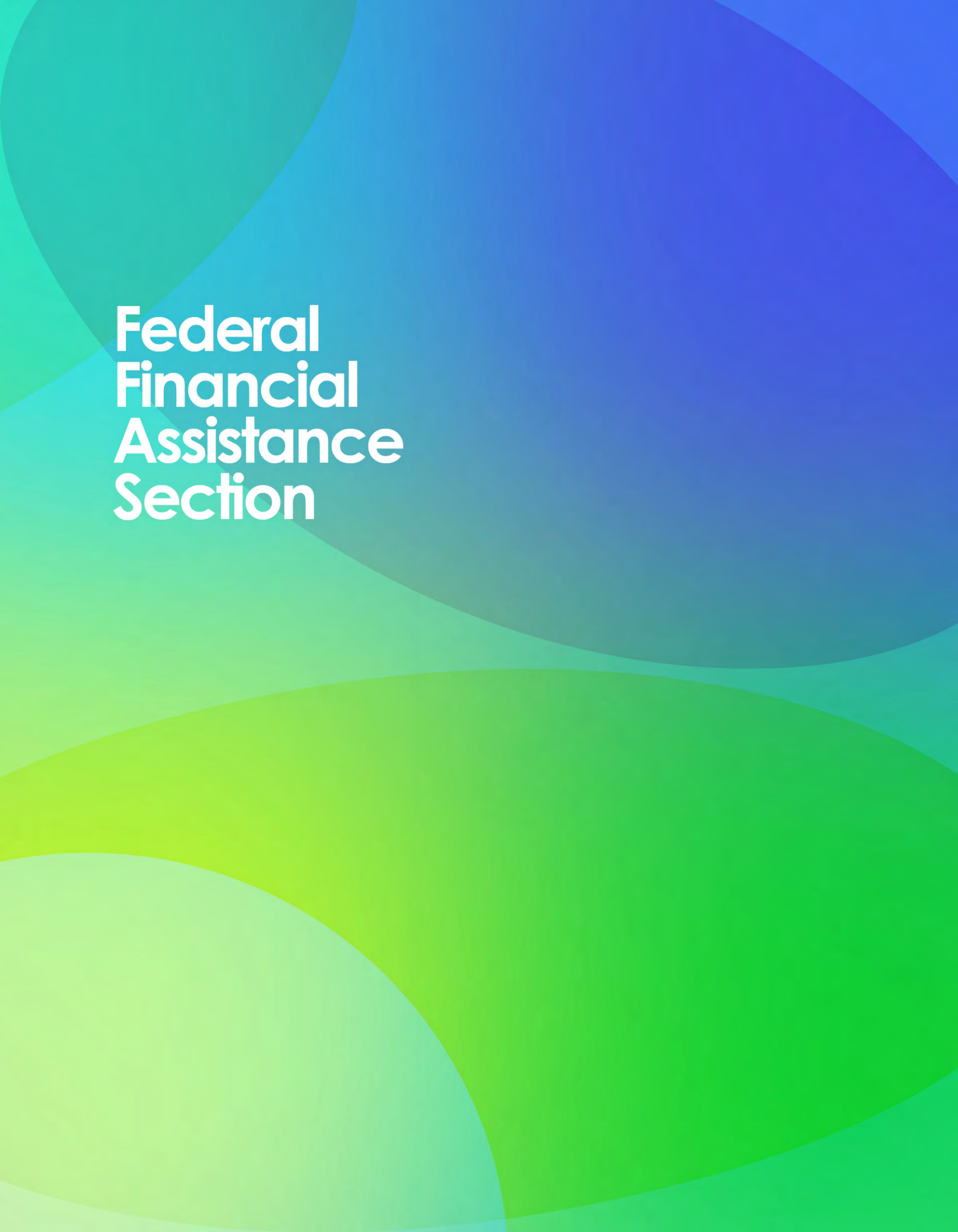
Responsible Staff: Chief Financial Officer, Director of Finance

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS

Year Ended August 31, 2007

There are no unresolved prior year findings.



Federal Financial Assistance Section

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

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.S. DEPARTMENT OF DEFENSE			
199	ROTC	12.999	N/A	\$ 168,752
	TOTAL DIRECT PROGRAMS			<u>168,752</u>
	U.S. DEPARTMENT OF EDUCATION			
	Passed Through State Department of Education			
204	Drug Free Schools and Communities Act	84.186A	7691001240901	173,291
204	Drug Free Schools and Communities Act F08	84.186A	8691001240901	51
	Total CFDA Number 84.186A			<u>173,342</u>
211	ESEA Title I, Part A	84.010A	7610101240901	12,825,934
211	ESEA Title I, Part A F08	84.010A	8610101240901	687,345
211	ESEA Title I School Improvement	84.010A	761010424090101	862,330
211	ESEA Title I School Improvement	84.010A	761010424090103	139,078
211	ESEA Title I School Improvement	84.010A	61010424901001	291,925
211	ESEA Title I School Improvement	84.010A	610104240901002	371,918
211	ESEA Title I School Improvement	84.010A	610104240901003	506,628
211	ESEA Title I School Improvement	84.010A	761010424090143	12,575
211	ESEA Title I School Improvement	84.010A	761010424090142	19,463
	Total CFDA Number 84.010A			<u>15,717,196</u>
212	ESEA Title I, Part C Migrant	84.011A	7615001240901	243,501
212	ESEA Title I, Part C Migrant F08	84.011A	8615001240901	32,195
	Total CFDA Number 84.011A			<u>275,696</u>
224	IDEA B, Formula	84.027A	76600012409016600	3,579,018
224	IDEA B, Formula - F08	84.027A	86600012409016600	57,118
	Total CFDA Number 84.027			<u>3,636,136</u>
225	IDEA B, Preschool	84.173A	76610001240901600	49,331
	Total CFDA Number 84.173A			<u>49,331</u>
226	IDEA B, Discretionary (Deaf)	84.027A	76622409016673	46,178
	Total CFDA Number 84.027A			<u>46,178</u>
227	IDEA B, Formula (Deaf)	84.027A	766012409016601	19,224
227	IDEA B, Formula (Deaf)F08	84.027A	866012409016601	57
	Total CFDA Number 84.027A			<u>19,281</u>
228	IDEA B, Preschool (Deaf)	87.173A	766112409016611	4,006
	Total CFDA Number 84.173A			<u>4,006</u>
243	Tech. Prep	84.243A	N/A	10,988
	Total CFDA Number 84.243A			<u>10,988</u>
244	Vocational Education	84.048A	742000624090101	462,201
	Vocational Education - F08	84.048A	842000624090101	6,208
	Total CFDA Number 84.048A			<u>468,409</u>
253	IDEA C Intervention	84.181A	N/A	1,427
	Total CFDA 84.181A			<u>1,427</u>
255	Title II Part A	84.367A	7694501240901	3,165,443
255	Title II Part A - F08		8694501240901	58,734
	Total CFDA Number 84.367A			<u>3,224,177</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT L-1
(Continued)

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
258	Early College High School Total CFDA Number 84.282A	84.282A	5590057110020	<u>236,797</u> <u>236,797</u>
261	Texas Reading First Total CFDA Number 84.357A	84.357A	76455017110038	<u>3,509,755</u> <u>3,509,755</u>
262	Title II, Part D Technology Total CFDA Number 84.334A	84.318X	7630001240901	<u>179,826</u> <u>179,826</u>
263	LEP Program LEP Program - F08 Total CFDA Number 84.365A	84.365A 84.365A	7671001240901 8671001240901	<u>2,437,784</u> <u>62,078</u> <u>2,499,862</u>
269	ESEA Title V Total CFDA Number 84.298A	84.298A	7685001240901	<u>66,080</u> <u>66,080</u>
280	TIP 2 Total CFDA Number 84.318X	84.318X	7630027110018	<u>562,647</u> <u>562,647</u>
287	Teaching American History Total CFDA Number 84.215X	84.215X	U215X060280	<u>141,535</u> <u>141,535</u>
TOTAL DEPARTMENT OF EDUCATION				<u>30,822,669</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
285	Community Based Abstinence Education	93.01	90AE0098	<u>10</u>
TOTAL U.S. DEPARTMENT OF HEALTH				<u>10</u>
U.S. DEPARTMENT OF AGRICULTURE				
242	Summer Feeding Program Total U.S.Department of Agriculture	10.559	N/A	<u>596,060</u> <u>596,060</u>
Passed Through State Department of Education:				
101	National School Lunch Program	10.555	N/A	<u>10,960,793</u>
101	USDA Donated Commodities Total Passed Through State Department of Education	10.555	N/A	<u>789,752</u> <u>11,750,545</u>
TOTAL DEPARTMENT OF AGRICULTURE				<u>12,346,605</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ 43,338,036</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
Laredo, Texas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2007

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

General Fund - is accounted for, among other things, resources related to the United States Department of Defense ROTC program.

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

Capital Projects Funds - are used to account for, 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.
4. Federal revenues in the General Fund consist of amounts attributed to the National School Lunch Program. Expenditures are not specifically attributable to these revenue sources and are shown as amounts equal to federal revenues for balancing purposes only. The revenue for indirect costs is recognized in the General Fund. Additionally, the SHARS Program is accounted for in the General Fund.



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 conditions in its programs.