



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013



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tomorrow's
Leaders...
Today



LAREDO INDEPENDENT SCHOOL DISTRICT

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**Laredo Independent School District
Comprehensive Annual Financial Report
For the Year Ended
August 31, 2013**

Prepared by:

Division of Finance

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INTRODUCTORY SECTION



**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2013**

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Dr. A. Marcus Nelson
Superintendent of Schools



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

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



Hector J. Garcia,
President, District 6



Dr. Cecilia M. Moreno
Vice President, District 5



John Amaya
Secretary, District 3



Jose A. Valdez
Trustee, District 1



Jesus Martinez
Trustee, District 2



Ricardo Garza
Trustee, District 4



Jose R. Perez, Jr.
Trustee, District 7

January 15, 2014

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

Dear Board Members and Taxpayers:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Laredo Independent School District (the "District") for the fiscal year ended August 31, 2013. The report was prepared by the District's Division of Finance. The basic financial statements have been audited by the independent accounting firm of Weaver and Tidwell, LLP, whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

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.

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

Reporting Entity

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

In accordance with GASB Statement No. 14 and Statement No. 61, 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 Corporation is included in the operations and activities of the District because of the fiscal dependency criteria outlined in GASB Statement No. 14.

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

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

Services Provided

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

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

Mission Statement

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

District Goals

- Goal I** The school district will continue to develop, implement and monitor a quality educational program including curriculum, instruction, assessment and professional development which considers the specific needs of each Laredo I.S.D. student and the community, supports high academic standards and addresses state and federal accountability requirements.
- Goal II** The school district will provide all students with a safe and nurturing learning environment that promotes attendance, character building and high achievement.
- Goal III** The school district will encourage and promote a climate that engages families in the education of their children and establish a process that cultivates open and timely communication with our public.
- Goal IV** The school district shall implement a Health and Wellness Program designed to improve the general health of children and adults by promoting practices that lead to living health, active lifestyle.
- Goal V** The school district will continue to seek all possible avenues to contain and/or reduce costs of all initiatives in order to best represent the financial interests of the taxpayers. In addition, the school district will effectively manage financial resources, and conduct program evaluations that will support providing quality educational experiences for LISD.
- Goal VI** The school district will actively pursue and hire highly qualified personnel and provide support that encourages growth, improvement and increased student achievement.

Enrollment

Our enrollment for school year 2012-2013 was 24,823 students of which 5,743 (23%) students were enrolled at the high school level, 4,852 (20%) at the middle school level, and 14,228 (57%) at the elementary level.

Over 97% of our students are classified as economically disadvantaged; 59.8% as limited English proficiency (LEP), 59.4% participate in Bilingual Education, 7.3% as Special Education, and 7.7% participate in Gifted and Talented courses. In addition, 19.7% of high school and middle school students take Career and Technology courses.

Achievements

The District received its tenth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2012. The rating system was established during the 77th Legislative session. School districts received their first official rating by TEA in August 2003 for the fiscal year 2001-2002.

Economic Condition and Outlook

Laredo Independent School District is located in the heart of the City of Laredo and encompasses approximately 13 square miles. On January 2010, the Metropolitan Statistical Area (MSA) reported population at about 236,091 for Laredo. With over 500,000 living across the river in Nuevo Laredo, both cities have a combined population of 736,091. Our District is an inner city district which serves the community of Laredo and Webb County. While the District serves a population slightly under 100,000, we expect enrollment to remain relatively constant over the next several years at about 25,000. Average daily attendance (ADA) drives school funding and it has remained flat on an average annual basis of about 95%. The district continues to work with students to reduce truancy rates.

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

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

Financial Policies and Long-Term Financial Planning

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

The District is towards the end of construction projects in which every school will either be renovated or newly constructed. The construction projects began in 1999 with the sale of \$144,000,000 of bonds. With the addition of more bond sales, it reached \$419,230,133 in original general obligation issues in year 2006. While most projects are completed, the District considered using left-over bond proceeds and interest to demolish and construct Nixon High School and the new construction of the VMT Magnet school. The estimated final completion date for these projects is August 2014.

The Board approved policy establishing a capital improvement plan as a tool to assess long-term capital project requirements. This plan will assist the district in the prioritizing and financing of upcoming improvement projects. In addition, the capital improvement policy will prove beneficial during the assessment of the District's financial management by credit agencies. The District earmarked \$1,000,000 for facility improvements and \$500,000 to equipment upgrades/replacements.

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

Other Information

The Accounting System and Budgetary Control

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

The District's computer hardware includes file servers as well as numerous personal computers and laptops. The Alio software is used and deployed on an Oracle database and runs on Windows servers. The District utilizes Weidenhammer who develops and supports the Alio suite of financial and human resources software, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use of disposition and the reliability of financial records for preparing financial statements and maintaining accountability over the District's assets.

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

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

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

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

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

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2012. This was the sixteenth consecutive year that the District has achieved this prestigious award. In order to be awarded this Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, GFOA awarded the Distinguished Budget Presentation Award for the fiscal period September 1, 2012 thru August 31, 2013.

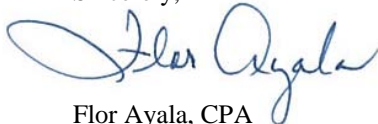
Acknowledgments

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

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

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

Sincerely,

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

Flor Ayala, CPA
Chief Financial Officer

**LAREDO INDEPENDENT SCHOOL DISTRICT
DISTRICT OFFICIALS, STAFF & CONSULTANTS
AUGUST 31, 2013**

ELECTED OFFICIALS

Board of Trustees	Length of Service	Occupation
Hector Garcia President	3 Years	Assistant General Manager La Posada
Dr. Cecilia May Moreno Vice-President	3 Years	Webb County Purchasing Agent
John Amaya Secretary	3 Years	Retired
Jose A. Valdez Trustee	16 Years	Retired
Jesus Martinez Trustee	5 Years	Retired
Ricardo Garza Trustee	1 Years	Business Owner – Twins Mechanical, Inc.
Jose R. Perez Trustee	5 Years	Retired

APPOINTED OFFICIALS

A. Marcus Nelson, Ed.D.....	Superintendent of Schools
David Garza.....	Executive Director for Human Resources
Flor Ayala, CPA.....	Chief Financial Officer
Roberta Ramirez.....	Executive Director for Curriculum & Instruction
Miguel Munoa.....	Chief Technology Officer
Angel Velasquez.....	Executive Director for Plant Facilities & Support Services
Maggie Martinez.....	Executive Director for Student Services

CONSULTANTS & ADVISORS

Financial Advisor	Estrada-Hinojosa & Company, Inc. Dallas and San Antonio, Texas
Bond Counsel	J. Cruz & Associates, LLC Laredo, Texas
Co-Bond Counsel	Winstead PC San Antonio, Texas
Certified Public Accountants	Weaver and Tidwell, LLP Fort Worth, Texas
General Counsel	Kazen, Meurer & Perez, Attorneys-at-Law Laredo, Texas

LAREDO INDEPENDENT SCHOOL DISTRICT

Board of Trustees August 31, 2013



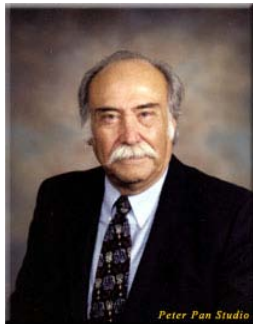
Hector Garcia
President
District 6



Dr. Cecilia May Moreno
Vice-President
District 5



John Amaya
Secretary
District 3



Jose A. Valdez
Trustee
District 1



Jesus Martinez
Trustee
District 2



Ricardo Garza
Trustee
District 4



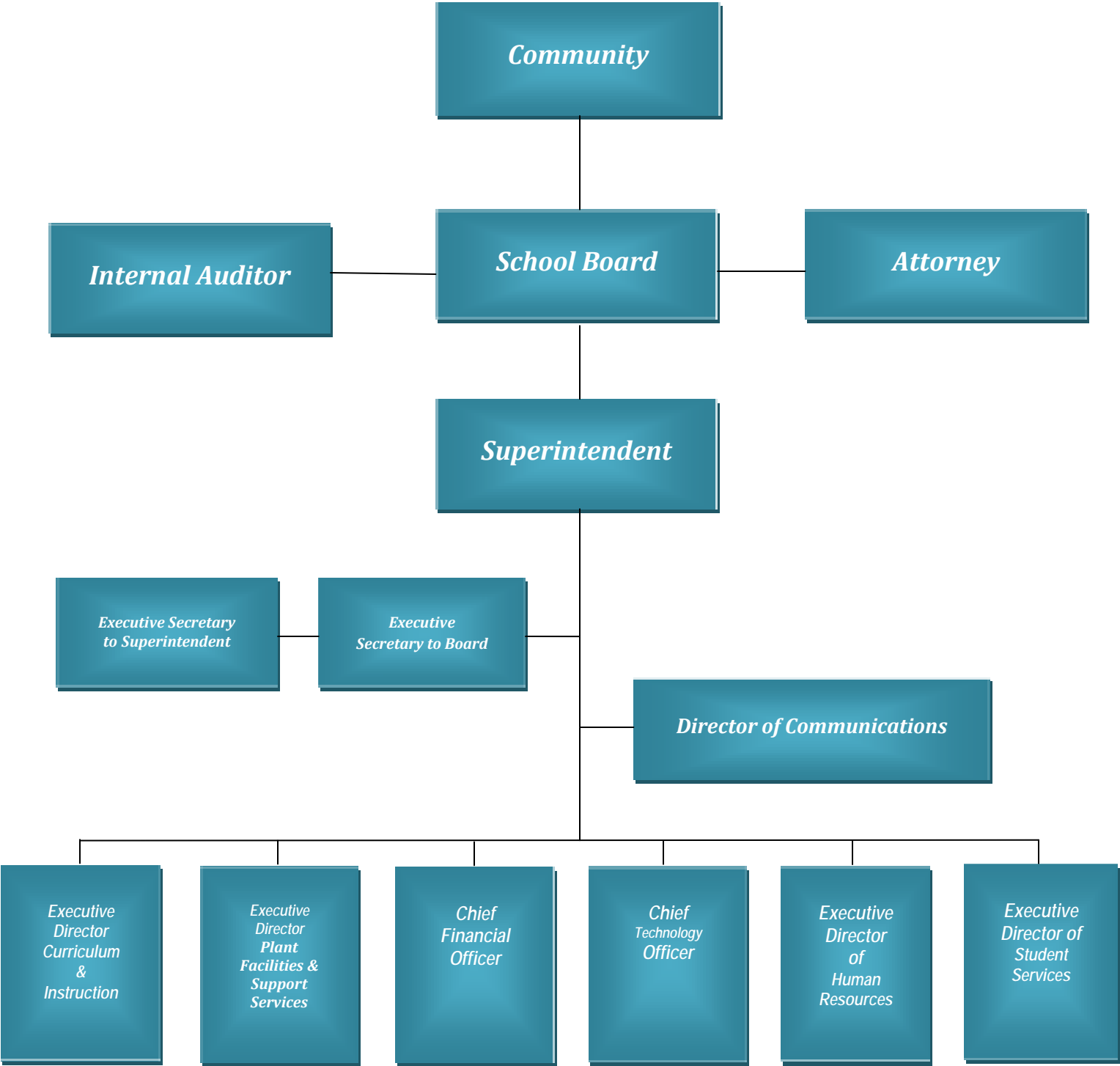
Jose R. Perez
Trustee
District 7

Superintendent of Schools



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

LAREDO INDEPENDENT SCHOOL DISTRICT
Organizational Chart
August 31, 2013





Government Finance Officers Association

**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, 2012

Executive Director/CEO

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, 2012 at a meeting of the Board of Trustees of such school district on the 15th day of January, 2014.


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





INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Laredo Independent School District
Laredo, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District (the District) as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 4-15 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, TEA required schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, TEA required schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, TEA required schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Trustees
Laredo Independent School District .

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 13, 2014

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, 2013. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and related footnote disclosures.

The Government Accounting Standards Board (GASB) approved Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet). Under these new standards, financial statements will include deferred outflows of resources and deferred inflows of resources (“deferrals”), in addition to assets and liabilities, and will report *net position* instead of net assets.

FINANCIAL HIGHLIGHTS

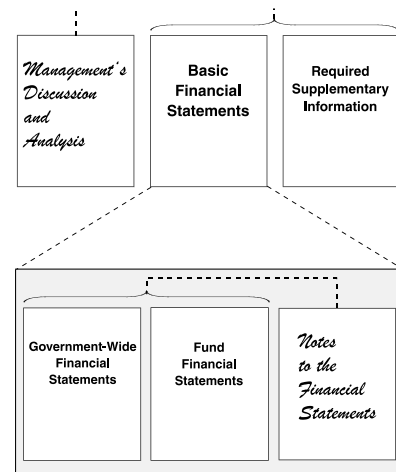
- The assets of the District exceeded its liabilities at the close of fiscal year by \$237,132,011 (net position). Of this amount, \$73,970,082 (unrestricted net position) may be used to meet the government’s ongoing operations.
- During the year, the District’s governmental expenses were \$13,649,481 less than the \$258,471,964 generated in revenues from governmental activities. About \$5,156,965 of the increase in earnings was due to salary savings from unfilled positions, turnover, deletion of certain positions thru attrition, and the enforcement of staffing formulas. In addition, revenues exceeded the District’s initial estimate by \$7,469,010.
- As of the close of the fiscal year, the District governmental funds reported combined ending fund balances of \$149,759,302, a decrease of \$22,724,601 in comparison with the prior year, primarily due to the on-going construction projects and repayment of debt.
- The unassigned fund balance for the general fund was \$62,652,991, approximately 30% of the total general fund expenditures. The unassigned fund balance increased by \$82,887 and is available for spending at the government’s discretion. In addition, the Board of Trustees approved the assignment of \$2,000,000 for the final payment of the properties acquired from the City of Laredo.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

<i>Type of Statements</i>	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District’s government (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district is the trustee or agent for someone else’s resources
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures & Changes in Fund Balances	Statement of Fiduciary Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Modified accrual accounting and current financial 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	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
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 year end, expenditures when goods or services have been received and payment is due during the year or soon thereafter	Agency funds do not report revenue and expenditures

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position 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 position and how they have changed. Net Position - 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 position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District’s tax base.

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

As presented, the District maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund and the Major Capital Projects Fund. The following are considered major funds for fiscal year ended 2013: General Fund, Debt Service Fund, Capital Project Fund EDA 2005 Bond Series, and Capital Project Fund IFA 2006 Bond Series. Data from the other 35 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

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

Notes to the Financial Statements

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

Other Information

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$237,132,011 on August 31, 2013 (See Table A-1) of which unrestricted net position (the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled \$73,970,082.

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

	Governmental Activities		Percentage Change
	2013	2012	
Current assets and other assets	\$ 170,830,078	\$ 190,392,638	-10%
Capital assets	331,744,334	314,733,135	5.4%
Total Assets	<u>502,574,412</u>	<u>505,125,773</u>	<u>-1%</u>
Current Liabilities	17,843,660	14,443,957	38%
Non-Current Liabilities	247,598,741	267,196,286	-7%
Total Liabilities	<u>265,442,401</u>	<u>281,640,243</u>	<u>-5%</u>
Net position:			
Investment in capital assets, net of related debt	152,236,839	115,519,722	32%
Restricted	10,925,090	31,652,770	-65%
Unrestricted	73,970,082	76,310,038	-3%
Total Net Position	<u>\$ 237,132,011</u>	<u>\$ 223,482,530</u>	<u>6%</u>

Capital assets, which consist of the District's land, buildings and improvements, construction-in-progress and equipment, represent about 66% of the total assets. The remaining assets consist mainly of investments, cash and cash equivalents, grants, property taxes receivable and deferred debt issuance cost. When compared to the prior year, the increase was mainly due to the acquisition of certain properties from the City of Laredo.

Ninety three percent of the District's largest liability is for the repayment of general obligation bonds. Other liabilities, representing 7% of the District's total liabilities, consist almost of payables on accounts and salaries and benefits. The number of sick/vacation days used and paid due to retirements during the fiscal year was \$190,004 and leave earned by employees increased by \$249,762. The debt to worth ratio, also called the leverage ratio, was 113%. This represented high debt financing which adds a level of risk, especially by creditors. However, the level of risk can be balanced with the state aid the District qualified at a rate of 72% of the annual general obligation debt.

The largest portion of the District's net position at 64% was reflected its investment in capital assets less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and operations of the District. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt will be provided from other sources (generally property taxes and state aid), since the capital assets themselves cannot be used to liquidate these liabilities. The increase in this year's amount was due to the acquisition of real estate properties from the City of Laredo and the repayment of debt.

About 5% of the District's net position represented resources that were subject to external restrictions on how they were used. Restricted net assets decreased by \$20,727,680. This decrease resulted primarily from the use of \$10,932,234 of the Webb County Permanent School Fund to fund the Nixon and VMT construction projects and the payment of the \$8,000,000 Qualified Zone Academy Bond (QZAB #2) that matured at the end of the year.

The District's current assets of \$170,830,078 were sufficient to cover current liabilities (to include debt due within one year) of \$17,843,660. This represents a current ratio of 9.57, which means that for every dollar the District owed there was \$9.57 available in current assets. By using the same formula and reducing current assets by the inventory amount, the quick ratio (acid test) decreased slightly to 9.52, which indicated a low risk of running out of working capital (\$152,986,418) to meet current obligations.

Governmental Activities

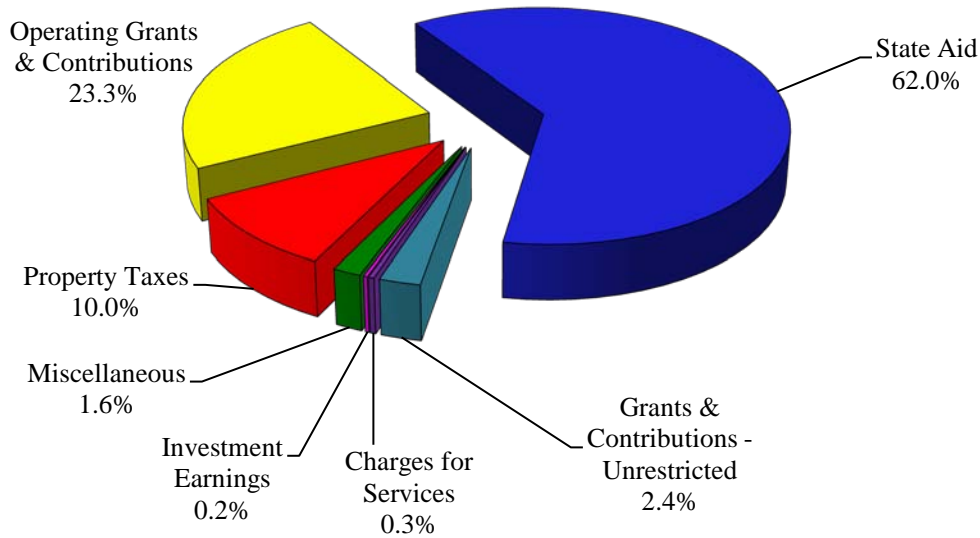
Governmental activities increased the District's net position by \$13,649,481, for the District. Even though we had a reduction in State funding, total revenues were greater than expenses because the District was strongly managing costs.

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

	Governmental Activities		Percentage Change
	2013	2012	
Revenues:			
Program revenues:			
Charges for services	\$ 884,750	\$ 843,029	5%
Operating grants and contributions	60,252,450	65,735,610	-8%
General revenues:			
Property taxes	25,934,535	25,731,321	0.8%
State aid	160,288,363	165,355,519	-3%
Grants and contributions - unrestricted	6,240,658	2,301,647	171%
Investment earnings	607,821	783,823	-22%
Miscellaneous	4,263,387	2,966,137	44%
Total Revenues	<u>258,471,964</u>	<u>263,717,086</u>	<u>-1.99%</u>
Expenses			
Instruction	137,739,434	140,108,277	-2%
Instructional resources and media services	3,959,506	4,465,110	-11%
Curriculum and staff development	3,453,301	2,733,097	26%
Instructional leadership	3,349,037	3,853,769	-13%
School leadership	12,245,906	13,014,688	-6%
Guidance, counseling, and evaluation services	7,492,742	7,496,736	0%
Social work services	1,238,760	1,222,820	1%
Health services	2,917,063	3,140,289	-7%
Student transportation	4,234,494	5,173,676	-18%
Food services	17,009,230	16,726,252	2%
Extracurricular activities	4,431,509	4,120,248	8%
General administration	5,586,204	5,805,488	-4%
Plant maintenance and operations	20,231,257	22,447,885	-10%
Security and monitoring services	3,087,696	4,205,124	-27%
Data processing services	4,004,593	7,844,613	-49%
Community service	1,593,443	1,516,879	5%
Interest on long-term debt	11,794,066	12,386,876	-4%
Bond Issuance Cost and Fees	285,502	300,252	-5%
Payments related to shared services arrangements	6,000	6,000	100%
Payments to Juvenile Justice Alt. Education Program	162,740	58,618	178%
Total Expenses	<u>244,822,483</u>	<u>256,626,697</u>	<u>-4.58%</u>
Increase in net position	13,649,481	7,090,389	92%
Net position at beginning of year	<u>223,482,530</u>	<u>216,392,141</u>	<u>3%</u>
Net position at end of year	<u>\$ 237,132,011</u>	<u>\$ 223,482,530</u>	<u>6%</u>

The following chart highlights the District's revenues by funding source for the governmental activities. As illustrated, State Aid comprised 62% of the total revenues.

Figure A-3 District's Total Revenues

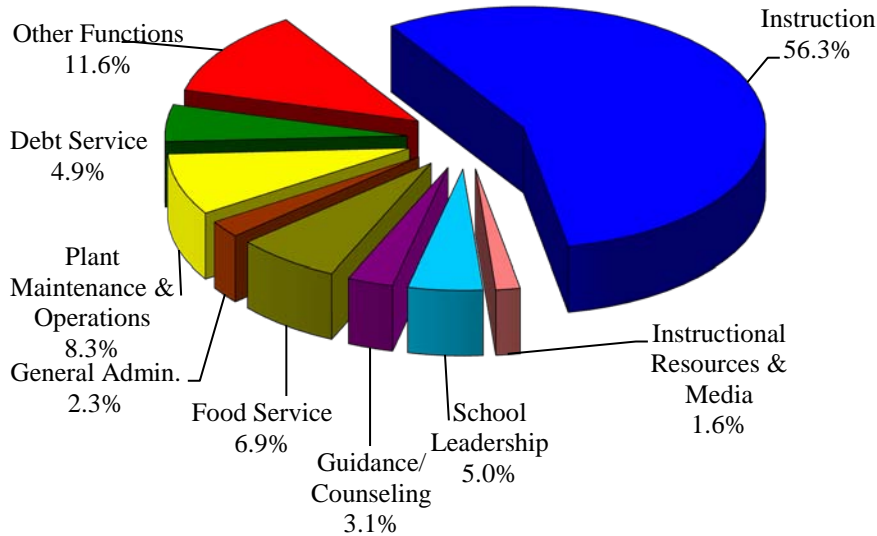


Total revenues were \$258,471,964. Total revenues for the District's governmental activities decreased by \$5,067,156 or 2% compared to the prior year. The major decrease was attributed to the reduction in State Aid due to budget cuts to Texas schools. The increase to the unrestricted grants and contribution was due to internal changes to the School Health and Related Services Program (SHARS) claims and cost reporting procedures. The special education department will continue to adequately document eligible health-related services provided to obtain Medicaid reimbursement for services provided to students who have Individual Education Plans (IEPs). The new change requires the Division of Finance to be responsible for billing to maximize reimbursement which caused the increase of \$2,758,912. Also, the District had an increase in miscellaneous revenues a Blue Cross Blue Shield reimbursement of \$329,457, increase in the Webb County Permanent School Fund distribution of \$170,872 and E-rate reimbursement of \$649,701.

Interest earnings were down by \$176,002 or 22% compared to last year. The average yield earned for the year ranged from .01% to .52% compared to rates in the prior fiscal year from .01% to 1.54%. The District's portfolio averaged a .24% at the last quarter of the year outperforming the rolling three and six months treasury yields which were at .04% and .07%, respectively.

The chart below presents the cost of each of the District's largest functions. Of the total expenses, instructional services represent the largest dollar expense at \$137,739,434 or 56%, followed by plant maintenance & operations at \$20,231,257 or 8%.

Figure A-4 - District's Functional Expenditures



Total expenses were \$244,822,483. Total expenses decreased by \$11,804,214 or 4.6%. The decrease in expenses was mainly attributed to the one-time retention bonus of \$8,565,651 and early incentive notification payments of \$696,715 provided in the prior year and not available in the fiscal year ended 2013. Also, the District continued its plan of attrition for the second year of the biennium and saved \$1,704,205 less in exempt personnel compared to the prior year.

Governmental Funds

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

At the end of the fiscal year, the District's governmental funds reported combined ended fund balances of \$149,759,302 a decrease of \$22,724,601 or 13% in comparison with the prior year. The decrease was caused by the use of funds previously earmarked in the General Fund to fund construction projects during the year; specifically, the Nixon and VMT construction phase was approved during FYE 2013. In addition, the EDA 2005 Series decreased its fund balance by \$7,477,723 which funds were used to subsidize the two ongoing construction projects.

Of the combined fund balance, \$62,652,991 or 42% constituted unassigned fund balance, which is available for spending at the district's discretion. The remainder of fund balance has been constrained and it is not available for new spending because it has already been dedicated to inventories \$1,027,781; for long-term investments \$2,020,050 for the Child Nutrition Program; for Federal and State Grants \$3,007,631; for capital acquisition and contractual obligations \$65,857,222; for the payment of long term debt \$5,370,711; for new construction or repayment of debt \$526,698; for final payment for the acquisition of properties \$2,000,000; for E-Rate projects \$862,102; for student activities \$334,011; for technology replacements/upgrades \$1,093,307; and set-aside for future budgets \$5,006,798.

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$62,652,991, while total fund balance concluded at \$77,536,526. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29% of total general fund expenditures and transfers out, while total fund balance represents 36% of total general fund expenditures and transfers out.

The property tax rate remained the same at \$1.274. The opening levy decreased by \$234,278, less than one percent, as a result of decrease in the assessed/appraised value from \$2,127,187,046 to \$2,108,797,859. Total General Fund state program revenues decreased by \$1,983,003 or 1% mostly because of the reductions in state aid. General Fund operating expenditures decreased by \$6,633,305 or 3% mainly due to the one-time retention bonus granted last year in the amount of \$8,565,651 that was not funded in FYE 2013.

The unassigned fund balance gives the District a balance that is the equivalent of 82 days of expenditures based on 260 days of operations at an average daily rate of \$761,553. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures. The District will be using the increase in the fund balance to maintain the two month minimum expenditures required by the District's policy and to continue supporting federal programs without interruption while the District waits for state and federal reimbursements.

Debt Service Fund. The Debt Service Fund ended with a total combined fund balance of \$5,370,711, most of which was reserved for the payment of Qualified Zone Academy Bond (QZAB#3). The net decrease in fund balance during the current year in the combined Debt Service fund was \$9,082,705. This decrease was primarily due to the payment of the Qualified Zone Academy Bond (QZAB#2) in the amount of \$8,000,000.

The District received funding and will continue to receive funding under the Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA) program to assist with the debt service payment on qualifying bonds and lease purchase agreements. The State provides a guaranteed yield of \$35 per penny of tax effort per unweighted average daily attendance, which translates to about 72% in state aid for the annual debt payments. Since not all of our debt qualifies, we use maintenance and operations (M&O) to pay for loans/notes such as QZABs. We also use M&O funds for the local match for the PFC bonds.

Laredo Independent School District's Analysis of Debt Service Funds

	Debt Service Fund (511)			PFC - Debt Service Fund (512)		
	2013	2012	Percent Change	2013	2012	Percent Change
Revenues						
Property taxes	\$ 5,181,042	\$ 5,134,456	0.91%	\$ 4,555	\$ 3,932	15.84%
State program revenues	12,086,854	12,959,996	-6.74%	3,412,874	3,373,548	1.17%
Total revenues	17,267,896	18,094,452	-4.57%	3,417,429	3,377,480	1.18%
Expenditures by function						
Principal Long Term Debt	18,800,585	17,469,302	7.62%	2,085,000	2,005,000	3.99%
Interest on Long Term Debt	8,033,393	9,468,126	-15.15%	2,628,393	2,708,030	-2.94%
Other Fees	2,950	3,950	-25.32%	15,000	15,000	0.00%
Total Expenditures	26,836,928	26,941,378	-0.39%	4,728,393	4,728,030	0.01%
Other Financing Sources (Uses)						
	477,647	1,283,829	-62.80%	1,319,644	1,227,431	7.51%
	477,647	1,283,829	-62.80%	1,319,644	1,227,431	7.51%
Net change in fund balance	(9,091,385)	(7,563,097)	20.21%	8,680	(123,119)	-107.05%
Fund balance, beginning	14,097,991	21,661,088	-34.92%	355,425	478,544	-25.73%
Fund balance, ending	\$ 5,006,606	\$ 14,097,991	-64.49%	\$ 364,105	\$ 355,425	2.44%

Child Nutrition Fund. The Child Nutrition Fund has a total fund balance of \$5,013,299. The increase in fund balance during the year was \$713,542. The child nutrition program cannot exceed three months average expenditures in the fund balance within the fiscal year which is calculated at \$4,068,149, which exceeds the fund

balance requirement by \$945,150. The Child Nutrition administration will submit a plan to reduce the excess operating food service fund balance by the end of August 31, 2014.

Laredo Independent School District's Analysis of Child Nutrition Funds

	2013	2012	% Change
Local Sources	\$ 415,038	\$ 410,522	1.1%
State Program Revenues	95,325	98,247	-3.0%
Federal Program Revenues	16,475,778	15,742,194	4.7%
Total revenues	<u>16,986,141</u>	<u>16,250,963</u>	<u>4.5%</u>
Expenditures by function			
Food Service	15,958,774	16,231,856	-1.7%
Facilities Maintenance and Operations	313,825	255,879	22.6%
Total Expenditures	<u>16,272,599</u>	<u>16,487,735</u>	<u>-1.3%</u>
Net change in fund balance	713,542	(236,772)	-401.4%
Fund balance, beginning	4,299,757	4,536,529	-5.2%
Fund balance, ending	<u>\$ 5,013,299</u>	<u>\$ 4,299,757</u>	<u>16.6%</u>

The increase in federal revenues was attributed to the participation increase in the school breakfast program by \$281,580, increase in the school lunch program by \$427,598, and increase in the snack program by \$128,620. The increase in costs was attributed to the purchase of food service personnel, materials and supplies associated with the increased participation.

Capital Projects Fund. The District's Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities, specifically projects funded by bonds approved by the voters. There was an increase in the combined fund balance of \$3,287,716 that was attributable to the use of earmarked construction funds in the General Fund that were transferred to capital project fund to support expenditures related to the on-going construction of Nixon and VMT projects.

Business-type Activities

The district did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

The fiscal year ended August 31, 2013, budget was developed by balancing the challenges of salary increases and student/staff ratios, while maintaining the same property tax rate. The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times.

The original general fund appropriations had an increase of \$38,759,355, as of the final amended budget. This increase was due to:

- Increase in appropriations for the acquisition of real property (Civic Center), \$16,000,000
- Increase in appropriations for funds received from TMHP to fund capital improvement plan, \$2,384,072
- Increase in appropriations to fund band instruments repairs, \$100,000

- Increase in appropriations from committed fund balance for the purchase of an electronic scoreboard, \$460,000
- Increase in appropriations for Career and Technology activities, \$200,000
- Increase in appropriations to Transfer Out to Capital Projects Fund for Nixon redesign, \$8,670,407
- Increase in appropriations to Transfer Out to Capital Projects Fund for VMT, \$10,261,553
- Increase in appropriations to establish a new fund within the general fund to account for the remaining funds from the Technology Allotment, \$593,163
- Increase in appropriations to the Athletics Fund , \$90,000
- Increase in appropriations to the P.P.F.C.O. Fund to adjust interest revenues, \$160

A budget amendment in the amount of \$2,384,072 was approved to appropriate federal revenues received from TMHP (Texas Medicaid & Healthcare Partnership) as a result of a 2009-2010 SHARS (School Health and Related Services) reimbursement in order to fund the capital improvement plan needs, reclassification of payroll costs, and emergency radios for campuses and departments. On January 15, 2013, the Board of Trustees approved a budget amendment in the amount of \$460,000 from Committed Fund Balance to appropriate funds for the electronic scoreboard at Shirley Field. In addition, as a result of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the definition of special revenue fund changed. The Technology fund was previously reported as a special revenue fund but does not meet the new special revenue criteria. Therefore, a budget amendment in the amount of \$593,163 was approved to reclassify the Technology fund in the general fund. The Board of Trustees approved three budget amendments for the Nixon High School Redesign project. A budget amendment in the amount of \$1,660,000 from Assigned Fund Balance to the Capital Projects Fund was approved to fund portable building services. Another budget amendment was approved in the amount of \$212,982 from the General Fund Assigned Fund Balance to the General Fund Committed Fund Balance to purchase city streets: 2000 Frost, 2000 Plum, and 2001 Plum. Lastly, a budget amendment to the Capital Projects Fund from Restricted-Webb County Permanent School Fund, Assigned, and Committed Fund Balance in the amount of \$17,058,978 was approved to fund for the Nixon High School Redesign Project (\$6,797,425) and VMT & Fine Arts Project (\$10,261,553).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Capital Projects Funds are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2013, the District had invested \$331,744,334 in a broad range of capital assets, including land, equipment, buildings and improvements. (See Table A-3.) This amount represented a net increase (including additions and deductions) of \$17,011,199 or 0.5% over the previous year primarily due to the acquisition of real estate properties from the City of Laredo in the amount of \$14,000,000.

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

	2013	2012	Percentage Change
Land	\$ 19,458,937	\$ 11,529,535	68.8%
Buildings and improvements	413,091,243	387,648,831	6.6%
Equipment	32,449,746	32,300,503	0.5%
Construction in progress	10,838,303	13,936,278	-22.2%
Totals at historical cost	<u>475,838,229</u>	<u>445,415,147</u>	<u>6.8%</u>
Total accumulated depreciation	<u>144,093,895</u>	<u>130,682,012</u>	<u>10.3%</u>
Net capital assets	<u>\$ 331,744,334</u>	<u>\$ 314,733,135</u>	<u>5.4%</u>

The District's fiscal year 2013 capital budget projects had unspent proceeds and interest earnings of \$65,857,222 which a significant amount will be used for the completion of major projects such as the Nixon High School

Redesign and VMT new construction. More detailed information about the District's capital assets is presented in the notes to the financial statements (Note G).

Long Term Debt

At year-end the District had in outstanding loans, bonds, and compensated absences outstanding as shown in Table A-4. The table indicates a decrease of approximately \$19,597,549 or 7.3% compared to the previous year. More detailed information about the District's debt is presented in the notes to the financial statements (Note K).

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

	2013	2012	Percentage Change
Loans payable	\$ 8,000,000	\$ 16,000,000	-50.0%
Bonds payable	237,364,717	249,022,020	-4.7%
Compensated absences	2,234,024	2,174,266	2.7%
Total long term debt payable	<u>\$ 247,598,741</u>	<u>\$ 267,196,286</u>	<u>-7.3%</u>

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

The loans payable decreased by \$8,000,000 due to the payoff of a Qualified Zone Academy Bond (QZAB#2). Due to the retirement of debt, the bonds payable decreased by \$11,657,303. Lastly, the increase in the compensated absences was due to an increase in number of employees meeting the criteria for liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2013-14 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 2013 was \$26,663,416 with no change to the tax rate of \$1.274. This levy compared to the previous year's adjusted levy is \$542,060 lower, which represents a decrease of about 2%. The District experienced a reduction in net taxable value of \$32,021,433. The budget includes a conservative 96.43% collection rate (discounts are not considered collectible).
- The District's fiscal year 2013-14 refined average daily attendance was budgeted at 22,400, compared to last year's actual 22,451.

These indicators were taken into account when adopting the general fund budget for 2013-14. Projected revenues available for the general fund were \$203,494,593 which is \$1,632,501 more than the previous year actual amount. The increase in revenues is due to the restoration of the 2012-13 biennium state budgetary cuts. The District expects an increase in state aid in the amount of \$6,242,119 and a decrease of \$2,456,072 (one-time payment) from the Medicaid Reimbursement program (SHARS). The District allocated funds for the payment of the Lease Revenue Bonds issued by the Public Finance Corporation (PFC) which is financed in part by the District's maintenance and operating (M&O) tax and state aid contribution.

The 2013-14 appropriation levels for the General Operating Fund are projected at \$206,331,048 and estimated net other sources at \$1,538,378 for a total of \$204,792,670. The total operating appropriations amount represents a net decrease of \$12,418,377 or 5.7% from the previous year actual. Last year, the general operating fund transferred out \$19,386,960 to several capital project funds to support construction projects. For the fiscal year ending August 31, 2014, the general fund will transfer out \$614,189 to subsidize the Civic Center (Performance Arts Center) operations and \$1,251,713 to support the local match for the PFC debt service payment. Included in the budget is the health insurance employer contribution increase from \$265 to \$336.17 per month for an annual estimated amount of \$2,300,400. The teachers, librarians, speech pathologists, school nurses, counselors and any other positions on a teacher salary schedule will receive a step increase and a bonus not to exceed \$2,500 for an estimated annual cost of \$4,250,000. Professional employees were approved a 3% increase from the base level for an estimated cost of \$392,178. Also, para-professional employees were approved a 6% increase from the base level and the minimum

pay was increased to nine dollars per hour for a combined estimated cost of \$1,918,146. The District also earmarked \$1,000,000 for facility improvements and \$500,000 for equipment replacement/upgrades for projects included in the capital improvement plan. Lastly, each board member will have a discretionary budget of \$75,000 each for a total budget of \$525,000.

CONTACTING THE DISTRICT'S DIVISION OF FINANCE

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

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BASIC FINANCIAL STATEMENTS

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 79,112,232
1120 Current Investments	74,011,622
1220 Property Taxes Receivable (Delinquent)	3,704,517
1230 Allowance for Uncollectible Taxes	(2,692,743)
1240 Due from Other Governments	10,096,442
1250 Accrued Interest	213,362
1290 Other Receivables, net	29,706
1300 Inventories	1,027,781
1410 Prepayments	336,160
1490 Other Current Assets	2,970,949
Capital Assets:	
1510 Land	19,458,937
1520 Buildings, Net	291,960,188
1530 Furniture and Equipment, Net	9,486,906
1580 Construction in Progress	10,838,303
1910 Long Term Investments	2,020,050
1000 Total Assets	502,574,412
LIABILITIES	
2110 Accounts Payable	4,966,036
2140 Interest Payable	755,607
2150 Payroll Deductions & Withholdings	2,363,369
2160 Accrued Wages Payable	5,897,345
2177 Due to Fiduciary Funds	9,020
2180 Due to Other Governments	2,840,635
2300 Unearned Revenue	1,011,648
Noncurrent Liabilities	
2501 Due Within One Year	13,638,374
2502 Due in More Than One Year	233,960,367
2000 Total Liabilities	265,442,401
NET POSITION	
3200 Net Investment in Capital Assets	152,236,839
3820 Restricted for Federal and State Programs	5,027,681
3850 Restricted for Debt Service	5,370,711
3860 Restricted for Capital Projects	526,698
3900 Unrestricted	73,970,082
3000 Total Net Position	\$ 237,132,011

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

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 137,739,434	\$ -	\$ 30,940,775	\$ (106,798,659)
12 Instructional Resources and Media Services	3,959,506	-	532,181	(3,427,325)
13 Curriculum and Staff Development	3,453,301	-	2,852,942	(600,359)
21 Instructional Leadership	3,349,037	-	1,013,587	(2,335,450)
23 School Leadership	12,245,906	-	771,263	(11,474,643)
31 Guidance, Counseling and Evaluation Services	7,492,742	-	2,076,225	(5,416,517)
32 Social Work Services	1,238,760	-	57,771	(1,180,989)
33 Health Services	2,917,063	-	1,385,865	(1,531,198)
34 Student (Pupil) Transportation	4,234,494	41,081	180,323	(4,013,090)
35 Food Services	17,009,230	339,974	17,297,312	628,056
36 Extracurricular Activities	4,431,509	221,142	471,084	(3,739,283)
41 General Administration	5,586,204	22,121	227,417	(5,336,666)
51 Facilities Maintenance and Operations	20,231,257	7,625	664,594	(19,559,038)
52 Security and Monitoring Services	3,087,696	-	224,795	(2,862,901)
53 Data Processing Services	4,004,593	-	193,458	(3,811,135)
61 Community Services	1,593,443	252,807	1,356,858	16,222
72 Debt Service - Interest on Long Term Debt	11,794,066	-	-	(11,794,066)
73 Debt Service - Bond Issuance Cost and Fees	285,502	-	-	(285,502)
93 Payments related to Shared Services Arrangements	6,000	-	6,000	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	162,740	-	-	(162,740)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 244,822,483	\$ 884,750	\$ 60,252,450	(183,685,283)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		21,171,067
DT	Property Taxes, Levied for Debt Service		4,763,468
SF	State Aid - Formula Grants		160,288,363
GC	Grants and Contributions not Restricted		6,240,658
IE	Investment Earnings		607,821
MI	Miscellaneous Local and Intermediate Revenue		4,263,387
TR	Total General Revenues		197,334,764
CN	Change in Net Position		13,649,481
NB	Net Position - Beginning		223,482,530
NE	Net Position--Ending		\$ 237,132,011

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

LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 36,585,921	\$ 3,592,700	\$ 18,835,431
1120 Investments - Current	37,604,783	4,056,013	-
1220 Property Taxes - Delinquent	3,112,922	591,595	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,262,724)	(430,019)	-
1240 Receivables from Other Governments	6,165,351	38,944	-
1250 Accrued Interest	93,152	40,056	-
1260 Due from Other Funds	4,587,573	2,798	-
1290 Other Receivables	17,901	-	-
1300 Inventories	1,027,781	-	-
1410 Prepaid Expenditures	336,160	-	-
1900 Other Assets	2,020,050	-	-
1000 Total Assets	<u>\$ 89,288,870</u>	<u>\$ 7,892,087</u>	<u>\$ 18,835,431</u>
LIABILITIES			
2110 Accounts Payable	\$ 2,162,075	\$ -	\$ 25,995
2150 Payroll Deductions and Withholdings Payable	2,363,369	-	-
2160 Accrued Wages Payable	5,192,160	-	-
2170 Due to Other Funds	717,746	-	636,780
2180 Due to Other Governments	116,731	2,723,904	-
2300 Unearned Revenues	1,200,263	161,577	-
2000 Total Liabilities	<u>11,752,344</u>	<u>2,885,481</u>	<u>662,775</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	1,027,781	-	-
3445 Investments	2,020,050	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	2,346,799	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	18,172,656
3480 Retirement of Long-Term Debt	-	5,006,606	-
3490 Capital Improvements	526,698	-	-
Committed Fund Balance:			
3510 Construction	2,000,000	-	-
3545 E-Rate	862,102	-	-
3545 Student Activity	-	-	-
3545 Technology	1,093,307	-	-
Assigned Fund Balance:			
3590 Budgetary Contingency	5,006,798	-	-
3600 Unassigned Fund Balance	62,652,991	-	-
3000 Total Fund Balances	<u>77,536,526</u>	<u>5,006,606</u>	<u>18,172,656</u>
4000 Total Liabilities and Fund Balances	<u>\$ 89,288,870</u>	<u>\$ 7,892,087</u>	<u>\$ 18,835,431</u>

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

60 EDA 2005 Series	60 IFA 2006 Series	Other Funds	Total Governmental Funds
\$ 14,627	\$ 17,110,445	\$ 2,973,108	\$ 79,112,232
19,025,560	9,025,002	4,300,264	74,011,622
-	-	-	3,704,517
-	-	-	(2,692,743)
-	-	3,892,147	10,096,442
67,363	12,489	302	213,362
1,635	-	371,574	4,963,580
-	-	11,805	29,706
-	-	-	1,027,781
-	-	-	336,160
-	-	-	2,020,050
<u>\$ 19,109,185</u>	<u>\$ 26,147,936</u>	<u>\$ 11,549,200</u>	<u>\$ 172,822,709</u>
\$ 2,196,634	\$ 112,271	\$ 469,061	\$ 4,966,036
-	-	-	2,363,369
-	-	705,185	5,897,345
356,560	-	3,261,514	4,972,600
-	-	-	2,840,635
-	-	661,582	2,023,422
<u>2,553,194</u>	<u>112,271</u>	<u>5,097,342</u>	<u>23,063,407</u>
-	-	-	1,027,781
-	-	-	2,020,050
-	-	660,832	3,007,631
16,555,991	26,035,665	5,092,910	65,857,222
-	-	364,105	5,370,711
-	-	-	526,698
-	-	-	2,000,000
-	-	-	862,102
-	-	334,011	334,011
-	-	-	1,093,307
-	-	-	5,006,798
-	-	-	62,652,991
<u>16,555,991</u>	<u>26,035,665</u>	<u>6,451,858</u>	<u>149,759,302</u>
<u>\$ 19,109,185</u>	<u>\$ 26,147,936</u>	<u>\$ 11,549,200</u>	<u>\$ 172,822,709</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$	149,759,302
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$445,415,147 and the accumulated depreciation was \$130,682,012. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		49,923,741
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase net position.		51,118,857
3 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(14,681,663)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,011,774
19 Net Position of Governmental Activities	\$	237,132,011

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

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LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 26,394,288	\$ 5,181,042	\$ 2,637
5800 State Program Revenues	153,229,878	12,086,854	-
5900 Federal Program Revenues	22,237,926	-	-
5020 Total Revenues	<u>201,862,092</u>	<u>17,267,896</u>	<u>2,637</u>
EXPENDITURES:			
Current:			
0011 Instruction	100,191,983	-	-
0012 Instructional Resources and Media Services	3,589,936	-	-
0013 Curriculum and Instructional Staff Development	591,471	-	-
0021 Instructional Leadership	2,391,833	-	-
0023 School Leadership	11,764,673	-	-
0031 Guidance, Counseling and Evaluation Services	5,671,633	-	-
0032 Social Work Services	1,231,942	-	-
0033 Health Services	1,603,296	-	-
0034 Student (Pupil) Transportation	3,787,121	-	-
0035 Food Services	15,958,774	-	-
0036 Extracurricular Activities	4,011,065	-	-
0041 General Administration	5,538,211	-	-
0051 Facilities Maintenance and Operations	19,915,087	-	-
0052 Security and Monitoring Services	3,003,296	-	-
0053 Data Processing Services	3,810,540	-	-
0061 Community Services	221,582	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	18,800,585	-
0072 Interest on Long Term Debt	-	8,033,393	-
0073 Bond Issuance Cost and Fees	-	2,950	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	14,558,718	-	2,700,156
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	162,740	-	-
6030 Total Expenditures	<u>198,003,901</u>	<u>26,836,928</u>	<u>2,700,156</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,858,191</u>	<u>(9,569,032)</u>	<u>(2,697,519)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	3,046,994	477,647	18,931,960
8911 Transfers Out (Use)	(22,254,140)	-	-
7080 Total Other Financing Sources (Uses)	<u>(19,207,146)</u>	<u>477,647</u>	<u>18,931,960</u>
1200 Net Change in Fund Balances	(15,348,955)	(9,091,385)	16,234,441
0100 Fund Balance - September 1 (Beginning)	<u>92,885,481</u>	<u>14,097,991</u>	<u>1,938,215</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 77,536,526</u>	<u>\$ 5,006,606</u>	<u>\$ 18,172,656</u>

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

60 EDA 2005 Series	60 IFA 2006 Series	Other Funds	Total Governmental Funds
\$ 105,319	\$ 58,984	\$ 1,281,052	\$ 33,023,322
-	-	3,805,905	169,122,637
-	-	34,151,191	56,389,117
105,319	58,984	39,238,148	258,535,076
-	-	25,840,518	126,032,501
-	-	351,094	3,941,030
-	-	2,840,906	3,432,377
-	-	909,657	3,301,490
-	-	165,654	11,930,327
-	-	1,812,994	7,484,627
-	-	3,342	1,235,284
-	-	1,302,497	2,905,793
-	-	8,462	3,795,583
-	-	726,209	16,684,983
-	-	396,592	4,407,657
-	-	79	5,538,290
-	-	92,265	20,007,352
-	-	65,990	3,069,286
-	-	51,798	3,862,338
-	-	1,355,123	1,576,705
-	-	2,085,000	20,885,585
-	-	2,628,393	10,661,786
-	-	15,000	17,950
7,525,753	2,947,392	2,587,974	30,319,993
-	-	6,000	6,000
-	-	-	162,740
7,525,753	2,947,392	43,245,547	281,259,677
(7,420,434)	(2,888,408)	(4,007,399)	(22,724,601)
-	-	1,319,644	23,776,245
(57,289)	-	(1,464,816)	(23,776,245)
(57,289)	-	(145,172)	-
(7,477,723)	(2,888,408)	(4,152,571)	(22,724,601)
24,033,714	28,924,073	10,604,429	172,483,903
\$ 16,555,991	\$ 26,035,665	\$ 6,451,858	\$ 149,759,302

LAREDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	(22,724,601)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase net position.		51,118,857
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(14,681,663)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(63,112)
Change in Net Position of Governmental Activities	\$	13,649,481

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

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 492,135
Due from Other Funds	9,020
	<hr/>
Total Assets	<u>\$ 501,155</u>
LIABILITIES	
Accounts Payable	\$ 6,592
Due to Student Groups	494,563
	<hr/>
Total Liabilities	<u>\$ 501,155</u>

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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

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 GASB Statement No.61, *The Financial Reporting Entity: Omnibus*. There is one blended component unit included within the reporting entity, as noted below.

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and statement of activities include the financial activities of the overall government, except for fiduciary activities. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function. Indirect cost expenditures are determined by applying approved indirect cost rates to actual applicable expenditures of federally funded grant programs and therefore are included as an element of functional expenses. Indirect cost revenues are reported in the general fund.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

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

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

b. Fund Accounting

Major Governmental Funds

- General Fund - District's primary operating fund: This classification must be used to account for funds in which the local governing board designates. It accounts for all financial resources of the District except those required to be accounted for in another fund.
- 2005 Bond and 2006 Bond - Capital Projects Funds: The District accounts for proceeds from long-term debt financing (including the sale of bonds) and revenues and expenditures related to authorized construction and other capital asset acquisitions in these funds. The Board approves project budgets, not annual appropriated budgets.
- Capital Projects Fund: Governmental fund that must be used to account for, on a project basis, capital projects financed by local funding sources.
- Debt Service Fund: Governmental fund that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

Fiduciary Funds

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

c. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts where expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

3. Financial Statement Amounts

a. Deposits

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

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

b. Inventories and Prepaid Items

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

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 \$2,262,724 and \$430,019 for the Debt Service Fund which is based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

d. Capital Assets

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

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

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

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

e. Receivable and Payable Balances

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

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

f. Interfund Activity

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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

g. Use of Estimates

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

h. Data Control Codes

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

i. Budgets

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

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

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

	Original Budget	Increase/(Decrease)	Amended Budget
General Fund	\$215,176,738	19,537,395	\$234,714,133
General Fund – Child Nutrition	17,004,113	-	17,004,113
Debt Service Fund	26,840,978	-	26,840,978
PFC Debt Service Fund	4,733,393	-	4,733,393

It is noted that during this audited year, the budget appropriations were increased to purchase the Civic Center in the amount of \$16,000,000 and to fund equipment under the Capital Improvement Plan in the amounts of \$2,384,072 respectively.

j. Encumbrances

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

k. Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. There is no District liability as of August 31, 2013.

l. Unearned Revenues

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

m. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

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

n. Investment Policy

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

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

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

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

o. Fund Balances and Net Position

Government-Wide Financial Statements

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding unspent proceeds that are directly attributable to the acquisition, construction or improvement of these capital assets.

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

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

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

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

Governmental Fund Financial Statements

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

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

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

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of Significant Accounting Policies (Continued)

provisions or enabling legislation. This classification includes Federal, State and local grants, contractual obligations for personal property, bond proceeds, and retirement of long term debt.

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

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

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

B. Reconciliation of Government –Wide and Fund Financial Statements

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

The governmental funds balance sheet includes reconciliation between fund balance of the total governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains: "Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements." The details of the \$51,118,857 difference are as follows:

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

B. Reconciliation of Government –Wide and Fund Financial Statements (Continued)

<u>Assets:</u>		
Amortization of Bond issuance costs	\$	(267,552)
Increase in Land		7,929,402
Increase in Buildings and improvements		25,442,412
Increase in Furniture and equipment		149,243
Depreciation on disposed furniture and equipment		1,269,780
Decrease in Construction in progress		(3,097,975)
Subtotal		\$ 31,425,310
 <u>Long - Term Liabilities:</u>		
Decrease in Interest payable		96,002
Increase in termination benefits & compensated absences		(59,758)
Principal Payments on bonds payable		11,393,555
Amortization of premium on bond		383,148
Loans Payable payments		8,000,000
Amortization of deferred loss on bond refunding		(119,400)
Subtotal		19,693,547
Net Adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities		<u><u>\$ 51,118,857</u></u>

2. The \$51,118,857 amount also applies to the reconciliation of the total net change in fund balances in the governmental funds and change in net position in the governmental activities.

C. Compliance and Accountability

Excess Actual Over Budget

For the year ended August 31, 2013, appropriations exceeded expenditures in all legally budgeted funds.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

D. Deposits and Investments

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

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

Cash in Bank or On Hand - Primary Government	\$	32,360,300
Cash Equivalents		
Investment Pools Accounts:		
TexasDAILY	8,989,753	
TexPool	37,762,179	
Money Market Accounts:		
PFC-Wells Fargo	670,903	
PFC-TexasDAILY	3,629,361	
Certificates of Deposit:		
Comerica Bank	53,655,345	
BBVA Compass Bank	13,000,000	
Discount Notes:		
Federal Home Loan Discount Note	3,056,013	
Total Cash Equivalents		120,763,554
Long Term Investments		2,020,050
 Total Deposits and Investments - Primary Government	 \$	 <u><u>155,143,904</u></u>

Deposits:

At August 31, 2013, the District’s bank deposits (cash and interest bearing accounts) were \$95,402,443. The District’s cash deposits at August 31, 2013 and during the year ended August 31, 2013, were entirely covered by FDIC insurance, by pledged collateral held by the District’s agent bank in the District’s name and letters of credit from the Federal Home Loan Bank.

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

- a. Depository: BBVA Compass Bank
- b. The total collateral amount at the highest combined balance on deposits was \$85,250,000 which is the sum of four letters of credit plus the FDIC coverage.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$76,818,827 and occurred during the month of June 2013.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

D. Deposits and Investments (Continued)

Investments:

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

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

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

External Investment Pool-Primary Government:

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

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

D. Deposits and Investments (Continued)

Credit Risk. In accordance with state law and the District's investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1,P-1, or have an equivalent rating, and obligations of states, agencies, counties, and cities must be rated at least A or its equivalent. As of August 31, 2013, Texas Daily and Texpool were rated AAAM by Standard and Poor's (S&P). The District did not have any investments in commercial paper as of August 31, 2013. The Wells Fargo money market account was rated AA by S&P. The District's investments in bonds of Federal Home Loan Bank (FHLB) were rated AAA by S&P.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and yield. In addition, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District's investments are allocated as follows: FHLB (1.97%), Texas Daily (8.13%), TexPool (24.34%), Wells Fargo Money Market (0.43%), BBVA Compass CDs (8.38%), Comerica CDs (35.89%) and BBVA Compass (20.86%).

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

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

The District's investments at August 31, 2013 are shown below:

	Investment Maturities in Years		
Investment	Fair Value	Less than 1 Year	1 to 2 Years
Agency Bonds & Discount Notes			
FHLB Note	\$ 3,056,013	\$ 3,056,013	\$ -
	<u>3,056,013</u>	<u>3,056,013</u>	<u>-</u>
Investment Pools			
Texpool	8,989,753	8,989,753	
Texas Daily	37,762,179	37,762,179	-
	<u>46,751,932</u>	<u>46,751,932</u>	<u>-</u>
Money Market Investments			
Wells Fargo MMF	670,903	670,903	
Texas DAILY	3,629,361	3,629,361	
	<u>4,300,264</u>	<u>4,300,264</u>	
Certificates of Deposit			
BBVA Compass	13,000,000	13,000,000	-
Comerica	55,675,395	53,655,345	2,020,050
	<u>68,675,395</u>	<u>66,655,345</u>	<u>2,020,050</u>
Total Fair Value	<u>\$ 122,783,604</u>	<u>\$ 120,763,554</u>	<u>\$ 2,020,050</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

E. Due to and from Other Governments and Agencies

The District participates in a variety of federal, state, and local programs from which it receives grants to partially or fully finance certain activities. Amounts due to and from federal, state, and local governments as of August 31, 2013 are summarized below and are reported on the government-wide statement of net position.

	Due to Other Governments	Due from Other Governments
General Funds:		
General Fund	\$ 116,731	\$ 5,743,343
Food Service Fund	-	422,008
Special Revenue Funds:		
ESEA Title I Part A-Improving Basic Program	-	2,220,971
ESEA Title I Part C Migrant	-	44,860
IDEA - Part B Formula	-	487,165
IDEA - Part B Preschool	-	37,746
IDEA - Part B Discretionary	-	2,063
IDEA - Part B Deaf	-	14,388
IDEA - Part B Preschool Deaf	-	852
Summer Feeding Program	-	280,191
Career and Technical – Basic Grant	-	24,310
ESEA II, A Training and Recruiting	-	237,473
Title III, A English Lang. Acquisition	-	215,223
Title I, SIP Academy Grant	-	166,753
Student Success Initiative	-	120,157
SSA Regional Day School – Deaf	-	20,686
OCDETF Grant	-	4,085
Debt Service Fund	2,723,904	38,944
Debt Service Fund – PFC	-	15,224
Total	\$ 2,840,635	\$ 10,096,442

F. Interfund Balances and Activities

1. Due To and From Other Funds

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts due are scheduled to be repaid within one year. Balances due to and due from other funds at August 31, 2013 consisted of the following:

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

F. Interfund Balances and Activities (Continued)

	Due from Other Funds	Due to Other Funds
Major Funds:		
General Fund	\$ 4,587,573	\$ 717,746
Debt Service Fund	2,798	-
Capital Projects	-	636,780
EDA 2005 Series	1,635	356,560
Non Major Governmental Funds	371,574	3,261,514
Fiduciary Funds		
Agency Funds	9,020	-
	\$ 4,972,600	\$ 4,972,600

2. Transfers To/From Other Funds

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

Transfers to and from other funds at August 31, 2013 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Capital Projects	\$ 18,931,960	Transfer to cover for capital improvement projects.
General Fund	Debt Service	477,647	Transfer to cover for interest and principal costs for loans.
General Fund	PFC Debt Service	1,319,644	Transfer to cover for interest & principal cost for the PFC debt.
General Fund	Athletics Program	1,069,889	Transfer to cover athletic costs for the District.
Technology Fund	General Fund	1,464,816	Transfer special revenue opening fund balance to general fund. Technology Fund did not meet the special revenue funds definition.
Capital Projects	General Fund	57,289	Transfer to cover local share of grant.
General Fund	General Fund	455,000	To cover local 10% share of grant and items ineligible for E-Rate .
		\$ 23,776,245	

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

G. Capital Assets

Capital asset activity for the year ended August 31, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 11,529,535	\$ 7,929,402	\$ -	\$ 19,458,937
Construction in Progress	13,936,278	22,344,437	25,442,412	10,838,303
Total capital assets not being depreciated	25,465,813	30,273,839	25,442,412	30,297,240
Capital assets being depreciated:				
Buildings and Improvements	387,648,831	25,442,412	-	413,091,243
Equipment	32,300,503	1,444,084	1,294,841	32,449,746
Total capital assets being depreciated	419,949,334	26,886,496	1,294,841	445,540,989
Less accumulated depreciation:				
Building and Improvements	109,001,784	12,129,271	-	121,131,055
Equipment	21,680,228	2,552,392	1,269,780	22,962,840
Total accumulated depreciation	130,682,012	14,681,663	1,269,780	144,093,895
Total capital assets being depreciated, net	289,267,322	12,204,833	25,061	301,447,094
Governmental activities capital assets, net	<u>\$ 314,733,135</u>	<u>\$ 42,478,672</u>	<u>\$ 25,467,473</u>	<u>\$ 331,744,334</u>

Depreciation was charged to the following functions as follows:

	Totals
Instruction	\$ 12,165,145
Instruction Resources and Media Services	23,406
Staff Development	20,748
Instructional Leadership	46,618
School Leadership	311,704
Guidance, Counseling & Evaluation Services	6,285
Social Work Services	3,095
Health Services	10,702
Transportation	995,355
Food Service	356,828
Athletics	23,037
General Administration	20,989
Plan Maintenance and Operations	378,164
Security and Monitoring Services	17,342
Data Processing Services	285,595
Parental Involvement	16,650
Total Depreciation	<u>\$ 14,681,663</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

H. Unearned Revenues

Unearned revenues at August 31, 2013 consisted of the following:

Food Service Fund	\$	245,456
Technology Fund		22,594
General Operating Fund - Tax Revenue		850,198
General Operating Fund - Escrow Refunds		68,732
General Operating Fund - Insurance Rec		13,283
ESEA Title I Part A - Improving B.		19,431
Vocational Education Carl Perkins Basic Grant		5,883
Immigrant/LEP Program		27
FEMA Grant		7,298
Summer Bilingual		60,230
Pregnancy, Education, and Parenting CCMS		209,640
Instructional Materials Allotment		274,020
LEOSE		229
Crime Stoppers		93
Misc. Local Funds		65,087
UTMB		9,232
Lamar Bruni Trust		10,412
Debt Service Fund		161,577
		<hr style="border-top: 1px solid black;"/>
	\$	<u>2,023,422</u>

I. Loans Payable

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

A Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 was entered into on August 30, 2001, for the purpose of financing the construction of academies for three middle schools and two high schools. The loan has an interest rate of 1.097% and an original term of twelve years. Interest payments of \$87,780 will be made on a yearly basis for twelve years with one principal payment of \$8,000,000 due at maturity on August 30, 2013.

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

I. Loans Payable (continued)

The following is a summary of loan transaction of the district for the year ending August 31, 2013.

Description	Balance Outstanding 9/1/2012	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2013	Amounts Due Within One Year
Note - August 30, 2001	\$ 8,000,000	\$ -	\$ 8,000,000	\$ -	\$ -
Note - October 3, 2005	8,000,000	-	-	8,000,000	-
	<u>\$ 16,000,000</u>	<u>\$ -</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ -</u>

Interest paid during the year on loans was \$87,760. All loans are funded from Maintenance and Operations (M&O) tax.

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

Year Ending August 31,	Principal	Interest	Total
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2022	8,000,000	-	8,000,000
	<u>\$ 8,000,000</u>	<u>\$ -</u>	<u>\$ 8,000,000</u>

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

Year Ending August 31,	Amount
2014	\$ 389,887
2015	389,887
2016	389,887
2017	389,887
2018	389,887
2019-2022	1,169,661
Total	<u>\$ 3,119,096</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

J. Long-Term Obligations

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

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

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

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2013 are as follows:

Interest paid on bonded indebtedness during the current year was \$10,574,025.

**LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013**

J. Long-Term Obligations (continued)

Description	Rate Payable	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Unlimited Tax Refunding Bonds:</i>							
Capital Appreciation	5.00-5.375%	\$ 2,509,910	\$ 7,214,409	\$ 742,388	\$ -	\$ 7,956,797	\$ -
<i>Lease Revenue Bonds</i>							
Series A	3.00-5.00%	30,105,000	23,440,000	-	925,000	22,515,000	960,000
Series B	3.00-5.00%	6,345,000	4,895,000	-	200,000	4,695,000	205,000
Series C	3.00-5.00%	23,715,000	18,530,000	-	715,000	17,815,000	755,000
Series D	3.00-5.00%	2,140,000	1,670,000	-	65,000	1,605,000	65,000
Series E	3.00-5.00%	1,215,000	945,000	-	35,000	910,000	40,000
<i>Lease Revenue Bonds</i>							
Series F	3.00-5.00%	4,615,000	3,545,000	-	145,000	3,400,000	145,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	3.00-5.00%	51,120,000	49,740,000	-	4,370,000	45,370,000	4,575,000
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	5.00%	17,370,000	16,190,000	-	-	16,190,000	-
Capital Appreciation	3.39-5.18%	42,485,846	37,154,215	1,794,058	3,760,000	35,188,273	2,574,622
<i>Unlimited Tax School Building Bonds:</i>							
Current Interest	4.125-5.00%	56,950,000	46,985,000	-	1,895,000	45,090,000	1,975,000
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	4.00-5.00%	18,420,000	18,420,000	-	-	18,420,000	-
<i>Unlimited Tax Refunding Bonds:</i>							
Current Interest	2.00-5.00%	18,415,000	16,310,000	-	1,820,000	14,490,000	1,890,000
TOTALS		\$ 275,405,756	\$ 245,038,625	\$ 2,536,445	\$ 13,930,000	\$ 233,645,070	\$ 13,184,622

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

Year Ending August 31,	Principal	Capital Appreciation Bond	Interest	Total
2014	13,184,622	1,029,112	10,252,666	23,437,288
2015	13,536,406	1,005,123	9,883,835	23,420,241
2016	10,876,538	3,000,436	12,537,362	23,413,900
2017	11,026,961	2,779,450	12,384,220	23,411,181
2018	11,149,846	2,577,091	12,249,266	23,399,112
2019-2023	78,302,307	4,112,334	38,670,789	116,973,096
2024-2028	62,187,645	2,032,199	19,480,880	81,668,525
2029-2033	16,845,000	-	1,062,000	17,907,000
	\$ 217,109,325	\$ 16,535,745	\$ 116,521,018	\$ 333,630,343

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

J. Long-Term Obligations (continued)

Capital Appreciation Bonds

The total accretion of discount on capital appreciation bonds that is included in the August 31, 2013 ending balance of \$233,645,070 is \$16,535,745.

Defeased Bonds

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the bonds in an irrevocable trust for all future debt service payments on the refunded bonds. Accordingly, the trust accounts for the assets and liabilities for the defeased bonds and are not included in the District's financial statements. At August 31, 2013, approximately \$96,060,000 million of the 1999 and 2001 series bond issues were outstanding, but considered defeased.

Bonds Matured

Maturity Date	1999 Unlimited Tax School Building	2001 Unlimited Tax School Building and Refunding	Total
8/1/2014	\$ 3,000,000	\$ 6,350,000	\$ 9,350,000
8/1/2015	3,160,000	6,670,000	9,830,000
8/1/2016	3,330,000	3,110,000	6,440,000
8/1/2017	3,510,000	3,275,000	6,785,000
8/1/2018	3,700,000	3,450,000	7,150,000
8/1/2019	3,900,000	3,635,000	7,535,000
8/1/2020	4,110,000	3,830,000	7,940,000
8/1/2021	4,335,000	4,000,000	8,335,000
8/1/2022	4,575,000	4,220,000	8,795,000
8/1/2023	4,825,000	4,435,000	9,260,000
8/1/2024	5,095,000	4,655,000	9,750,000
8/1/2025	-	4,890,000	4,890,000
Total	\$ 43,540,000	\$ 52,520,000	\$ 96,060,000

**LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013**

K. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2013, was as follows:

Description	Balance Outstanding 9/1/2012	Issued/Increase Current Year	Retired/Decrease Current Year	Balance Outstanding 8/31/2013	Amounts Due Within One Year
Loans Payable					
Loans	\$ 16,000,000	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -
General Obligation Bonds	245,038,625	2,536,445	13,930,000	233,645,070	13,184,622
Bonds Premium Amortization - Net	5,467,368	-	383,148	5,084,220	383,148
Deferred Loss on Refunding Bonds	(1,483,973)	-	(119,400)	(1,364,573)	(119,400)
Total Bonds and Loans Payable	249,022,020	2,536,445	14,193,748	237,364,717	13,448,370
Other Liabilities					
Compensated Absences	2,174,266	249,762	190,004	2,234,024	190,004
Total Other Liabilities	2,174,266	249,762	190,004	2,234,024	190,004
Total Governmental Activities					
Long-term Liabilities	\$ 267,196,286	\$ 2,786,207	\$ 22,383,752	\$ 247,598,741	\$ 13,638,374

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

L. Major Sources of Revenue from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	2005 Series Fund	2006 Series Fund	Other Governmental Funds	Total
Property Taxes	21,860,451	4,911,043	-	-	-	-	26,771,494
Penalties & Interest	564,094	117,506	-	-	-	-	681,600
Investment Income	277,053	152,493	2,637	105,319	58,984	11,860	608,346
Rental of Facilities & Insurance Recovery	11,185	-	-	-	-	-	11,185
Co-curricular	558,709	-	-	-	-	-	558,709
Webb County Permanent School Fund	491,656	-	-	-	-	2,407	494,063
Miscellaneous	2,631,140	-	-	-	-	1,266,785	3,897,925
	\$ 26,394,288	5,181,042	2,637	105,319	58,984	1,281,052	\$ 33,023,322

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

M. Accumulated State Personal and Sick Leave Benefits

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

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

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

As of August 31, 2013, the balance for the State Personal and Sick Leave is \$2,234,024. The estimated amount due within a year totals to \$190,004. The General Fund and Special Revenue Funds, if allowed, are expected to pay for these.

N. Risk Financing Activities

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the District purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District was self-insured for workers' compensation claims in fiscal years 2002, 2003 and 2004. The liabilities reported are based on claims outstanding incurred through August 31, 2013 and are based on cost estimates. The District accounts for claim payments in the General Fund.

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

Year	Beginning of Fiscal Year Liability (2)	Current Year Claims &/or Changes In Estimated	Claim Payments	Balance at Fiscal Year-End
2011-12	\$96,270	\$(2,639)	\$ 8,455	\$ 90,454
2012-13	\$90,454	-	\$8,277	\$82,177

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

O. Pension Plan

The District contributes to the Teacher Retirement System of Texas (the "System"), a public retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the state of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701-2698 or by calling (800) 887-0123.

State law provides for fiscal year 2013 a state contribution rate of 6.4% and for fiscal year years 2012 and 2011, a state contribution rate of 6.0% and 6.644%, respectively, and a member contribution rate of 6.4%. In certain instances, the District is required to make all or a portion of the state's 6.4% 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, 2013, 2012, and 2011 were \$8,999,151, \$9,190,010 and \$9,731,760, 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, 2013, 2012, and 2011 were \$3,099,907, \$3,258,180 and \$3,509,388 respectively, and were equal to the required contributions for each year. The District contributed 6.4% totaling \$86,479 for state contributions during the first 90 days of a new member's employment. The amount contributed to the Teacher Retirement System of Texas on behalf of the District was recognized as revenues and expenditures which totaled to \$7,744,129.85.

Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$368,468, \$390,748, and \$389,842 for fiscal years 2013, 2012, and 2011, respectively. Revenue and expenditures equal to the amount by the federal government were recognized during the 2013 fiscal year. The recording of the revenue and expenditures paid on behalf of the District would have no effect on previously reported fund balance or net position.

P. Health Care Coverage

For the term effective 9/1/12-8/31/13, the District continued to be fully-insured with Aetna, Inc. as the medical provider. Aetna Inc. the districts medical provider as well as the local servicing agency, Laurel Insurance Agency, contracted by Aetna, administered and serviced the group health insurance program.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2013

P. Health Care Coverage (Continued)

There are four (4) insurance plan options (Basic, Low, High, and State Comparable) as well as options of the four (4) tier coverage levels (Employee Only, Employee & Spouse, Employee & Children, Employee & Family) within each option. The District also offered continued coverage in accordance with federal law to all employees and dependents that are no longer eligible for coverage, but meet COBRA requirements.

The District's health insurance program has been very efficient and successful in that the District has been able to provide employees different choices of plans and levels of benefits which are in compliance with the TRS Comparability Program. Employee participation in the District's medical insurance is estimated at 2,765 or 77% of the eligible employee base of 3,596, as of May 20, 2013, and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that the District satisfied all of the reporting requirements of the Education Code for the 2012-2013 comparability study. It was determined that our district makes available to the employees group health coverage that is comparable to the basic health coverage; provided to state employees under the Texas Employees Uniform Group Insurance Benefits Act.

Q. Commitments and Contingencies

1. Contingencies

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

2. Litigation

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2013

R. Construction Commitments

As of August 31, 2013, the District was obligated under the terms of various agreements for the construction of the following projects:

Project Name	Contract Amount	Paid to Date	Commitment Balance Remaining	Retainage Payable Amount
New School Construction/Renovation	\$ 54,185,657	\$ 5,446,438	\$ 48,739,219	\$ 756,622
Environmental Services	589,115	134,960	454,155	-
Portable Rentals	1,475,789	684,312	791,477	-
Electrical Services	1,799,021	25,232	1,773,789	-
Architect Services	1,719,746	966,527	753,218	-
Total	<u>\$ 59,769,327</u>	<u>\$ 7,257,469</u>	<u>\$ 52,511,858</u>	<u>\$ 756,622</u>

S. Shared Service Arrangements

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

LISD	\$ 243,905
UISD	248,119
	<u>\$ 492,024</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.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts Budget	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 60,388,746	\$ 60,489,740	\$ 26,394,288	\$ (34,095,452)
5800 State Program Revenues	150,599,111	150,799,111	153,229,878	2,430,767
5900 Federal Program Revenues	17,737,349	20,121,421	22,237,926	2,116,505
5020 Total Revenues	228,725,206	231,410,272	201,862,092	(29,548,180)
EXPENDITURES:				
Current:				
0011 Instruction	102,881,669	102,867,879	100,191,983	2,675,896
0012 Instructional Resources and Media Services	3,750,824	3,754,032	3,589,936	164,096
0013 Curriculum and Instructional Staff Development	673,119	871,955	591,471	280,484
0021 Instructional Leadership	2,867,538	3,006,264	2,391,833	614,431
0023 School Leadership	11,569,133	12,243,235	11,764,673	478,562
0031 Guidance, Counseling and Evaluation Services	5,801,899	5,810,900	5,671,633	139,267
0032 Social Work Services	1,201,314	1,238,969	1,231,942	7,027
0033 Health Services	1,791,180	1,797,575	1,603,296	194,279
0034 Student (Pupil) Transportation	3,316,904	4,056,448	3,787,121	269,327
0035 Food Services	16,607,446	16,607,383	15,958,774	648,609
0036 Extracurricular Activities	3,875,440	4,049,177	4,011,065	38,112
0041 General Administration	6,021,258	5,972,158	5,538,211	433,947
0051 Facilities Maintenance and Operations	21,846,918	22,559,325	19,915,087	2,644,238
0052 Security and Monitoring Services	3,394,139	3,520,307	3,003,296	517,011
0053 Data Processing Services	11,619,932	11,814,167	3,810,540	8,003,627
0061 Community Services	243,874	248,208	221,582	26,626
Capital Outlay:				
0081 Facilities Acquisition and Construction	34,633,264	51,130,264	14,558,718	36,571,546
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	85,000	170,000	162,740	7,260
6030 Total Expenditures	232,180,851	251,718,246	198,003,901	53,714,345
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,455,645)	(20,307,974)	3,858,191	24,166,165
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	5,452,161	5,542,161	3,046,994	(2,495,167)
8911 Transfers Out (Use)	(3,990,472)	(23,212,432)	(22,254,140)	958,292
7080 Total Other Financing Sources (Uses)	1,461,689	(17,670,271)	(19,207,146)	(1,536,875)
1200 Net Change in Fund Balances	(1,993,956)	(37,978,245)	(15,348,955)	22,629,290
0100 Fund Balance - September 1 (Beginning)	92,885,481	92,885,481	92,885,481	-
3000 Fund Balance - August 31 (Ending)	\$ 90,891,525	\$ 54,907,236	\$ 77,536,526	\$ 22,629,290

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COMBINING AND OTHER STATEMENTS

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NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for Federal, State, and locally funded grants. These grants, referred to as projects, are awarded to the Laredo Independent School District with the purpose of accomplishing specific educational purposes.

211 ESEA, Title I, Part A - Improving Basic Program

This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

212 ESEA, Title I, Part C - Education of Migratory Children

This fund classification is to be used to account, on a project basis, for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

224 IDEA, Part B - Formula

This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

225 IDEA, Part B - Preschool

This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities.

226 IDEA, Part B - Discretionary (Deaf)

This fund classification is to be used to account, on a project basis, for funds used to support an Education Service Center (ESC) special education component and also:

- Targeted support to LEA's
- Regional Day School Programs for the Deaf
- Private residential placements
- Priority projects
- Other emerging needs

227 IDEA, Part B - Formula (Deaf)

This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

228 IDEA, Part B - Preschool (Deaf)

This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities.

242 Summer Feeding Program, Texas Department of Agriculture (TDA)

This fund classification is to be used to account, on a project basis, for funds received from the Department of Human Services that are awarded for meals provided to the community based on the average number of daily participants. This fund should be used regardless of whether a school district's National School Breakfast and Lunch Program is accounted for in the General Fund (101), a Special Revenue Fund (240) or an Enterprise Fund (701).

244 Title I, Part C – Carl d. Perkins Career and Technical Edu. Grant

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

255 ESEA, Title II, Part A

This fund classification is to be used to provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

263 ESEA, Title III, Part A – LEP

This fund classification is to be used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

276 Texas Title I Priority Schools

This fund classification is to be used to account, on a project basis, for funds committed to assisting local education agencies (LEAs) in turning around low-performing campuses and improving academic performance of all campuses that are eligible for Title I funding

281 FEMA

This fund classification is to be used to account, on a project basis, for Federal Emergency Management Agency's funds Disaster #1709DR awarded to repair eligible disaster-related damages caused by severe thunderstorms occurred in the district.

289 Classroom Link

This fund classification is to be used to account, on a project basis, for funds granted to provide professional and contracted services, existing supplementary software updates, and training.

394 Life Skill Program

This fund classification is to be used to account, on a project basis, for funds granted to provide pregnant and parenting students the services needed to keep them in school until completion.

397 Advanced Placement Incentives

This fund classification is to be used to recognize and reward those students, teachers, and schools that successfully achieve the educational goals of the state. The subsidies and awards granted are for the purpose of promoting academic enhancement.

404 Student Success Initiative

This fund classification is to be used to account, on a project basis, for funds granted for funds granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade TAKS reading standard by the end of the third grade.

410 State Textbook Fund

This fund classification is to be used to account, on a project basis, for funds awarded to school districts to purchase technological software, equipment, or textbooks that contributes to student learning, or to pay for training for educational personnel involved in the use of these materials.

411 Technology Allotment

This fund classification is to be used to account, on a project basis, for funds awarded to school districts to purchase technological software or equipment that contributes to student learning, or to pay for training for educational personnel involved in the use of these materials.

424 LEOSE

This fund classification is to be used to account, on a project basis, for funds awarded to qualified Law Enforcement Agencies for costs related to the continuing education of persons licensed under Chapter 1701, Occupations Code.

429 Texas Crime Stoppers Program

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

435 Regional Day School for the Deaf

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

461 Campus Activity

This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

482 Dr. Hochman Grant

This grant is used to purchase supplemental educational materials and supplies.

483 Equitable Sharing Program

This fund classification is to be used to account, on a project basis, for funds awarded to the Laredo ISD Police Department for law enforcement investigations, training, equipment, travel, awareness, gang education and awareness programs.

484 OCDEF

This fund classification is used to account, on a project basis, for funds granted to the Laredo ISD Department for overtime and/or other costs associated for law enforcement.

485 UTMB: University of Texas Medical Branch

This fund classification is to be used to in support of the Hispanic Center of Excellence Medical Careers Diversity Program.

486 Lamar Bruni Vergara Fund

This fund classification is to be used to support all students for learning opportunities in the health science field.

490 Civic Center

This fund classification is to be used to account for rental receipts from the auditorium, ballroom, meeting rooms, Veterans Field and swimming pool, and the disbursements for its operation and maintenance.

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Receivables from Other Governments	2,220,971	44,860	487,165	37,746
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	386	-	-	-
1290 Other Receivables	4,144	460	2,662	-
1000 Total Assets	<u>\$ 2,225,501</u>	<u>\$ 45,320</u>	<u>\$ 489,827</u>	<u>\$ 37,746</u>
LIABILITIES				
2110 Accounts Payable	\$ 223,171	\$ -	\$ 34,584	\$ 2,985
2160 Accrued Wages Payable	433,539	1,224	87,763	-
2170 Due to Other Funds	1,549,360	44,096	367,480	34,761
2300 Unearned Revenues	19,431	-	-	-
2000 Total Liabilities	<u>2,225,501</u>	<u>45,320</u>	<u>489,827</u>	<u>37,746</u>
FUNDBALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:				
3546 Student Activity	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,225,501</u>	<u>\$ 45,320</u>	<u>\$ 489,827</u>	<u>\$ 37,746</u>

226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	276 Texas Title I Priority Schools
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,063	14,388	852	280,191	24,310	237,473	215,223	166,753
-	-	-	-	-	-	-	-
-	-	-	73,709	218	-	-	-
-	-	-	-	1,075	1,086	172	1,193
<u>\$ 2,063</u>	<u>\$ 14,388</u>	<u>\$ 852</u>	<u>\$ 353,900</u>	<u>\$ 25,603</u>	<u>\$ 238,559</u>	<u>\$ 215,395</u>	<u>\$ 167,946</u>
\$ -	\$ -	\$ -	\$ 18,328	\$ -	\$ -	\$ 9,900	\$ -
-	-	-	59,734	2,969	68,813	4,367	18,204
2,063	14,388	852	275,838	16,751	169,746	201,101	149,742
-	-	-	-	5,883	-	27	-
<u>2,063</u>	<u>14,388</u>	<u>852</u>	<u>353,900</u>	<u>25,603</u>	<u>238,559</u>	<u>215,395</u>	<u>167,946</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,063</u>	<u>\$ 14,388</u>	<u>\$ 852</u>	<u>\$ 353,900</u>	<u>\$ 25,603</u>	<u>\$ 238,559</u>	<u>\$ 215,395</u>	<u>\$ 167,946</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	281 FEMA Grant	289 Classroom Link	394 Life Skills Program	397 Advanced Placement Incentives
ASSETS				
1110 Cash and Cash Equivalents	\$ 7,298	\$ 60,230	\$ 209,640	\$ 53,648
1120 Investments - Current	-	-	-	-
1240 Receivables from Other Governments	-	-	-	-
1250 Accrued Interest	-	-	-	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 7,298</u>	<u>\$ 60,230</u>	<u>\$ 209,640</u>	<u>\$ 53,648</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	-	-	-
2300 Unearned Revenues	7,298	60,230	209,640	-
2000 Total Liabilities	<u>7,298</u>	<u>60,230</u>	<u>209,640</u>	<u>-</u>
FUNDBALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	53,648
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:				
3546 Student Activity	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,648</u>
4000 Total Liabilities and Fund Balances	<u>\$ 7,298</u>	<u>\$ 60,230</u>	<u>\$ 209,640</u>	<u>\$ 53,648</u>

404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	424 LEOSE	429 Crime Stoppers Others/Local	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	482 Dr. Hochman Grant
\$ -	\$ 286,112	\$ -	\$ 229	\$ 93	\$ 590,057	\$ 343,368	\$ 10,305
-	-	-	-	-	-	-	-
120,157	-	-	-	-	20,686	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	914	-
<u>\$ 120,157</u>	<u>\$ 286,112</u>	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 93</u>	<u>\$ 610,743</u>	<u>\$ 344,282</u>	<u>\$ 10,305</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832	\$ -
-	-	-	-	-	25,956	-	-
120,157	-	-	-	-	-	9,439	-
-	274,020	-	229	93	-	-	-
<u>120,157</u>	<u>274,020</u>	<u>-</u>	<u>229</u>	<u>93</u>	<u>25,956</u>	<u>10,271</u>	<u>-</u>
-	12,092	-	-	-	584,787	-	10,305
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	334,011	-
<u>-</u>	<u>12,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,787</u>	<u>334,011</u>	<u>10,305</u>
<u>\$ 120,157</u>	<u>\$ 286,112</u>	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 93</u>	<u>\$ 610,743</u>	<u>\$ 344,282</u>	<u>\$ 10,305</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	483 Equitable Sharing Program	484 OCDETF Grant	485 UTNB Health HCOE	486 LBV Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ 73,741	\$ -	\$ 8,971	\$ 10,412
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	4,085	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	261	-
1290	Other Receivables	99	-	-	-
1000	Total Assets	<u>\$ 73,840</u>	<u>\$ 4,085</u>	<u>\$ 9,232</u>	<u>\$ 10,412</u>
LIABILITIES					
2110	Accounts Payable	\$ 6,235	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	2,616	-	-
2170	Due to Other Funds	2,518	1,469	-	-
2300	Unearned Revenues	65,087	-	9,232	10,412
2000	Total Liabilities	<u>73,840</u>	<u>4,085</u>	<u>9,232</u>	<u>10,412</u>
FUNDBALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3546	Student Activity	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 73,840</u>	<u>\$ 4,085</u>	<u>\$ 9,232</u>	<u>\$ 10,412</u>

Total Nonmajor Special Revenue Funds	512 Debt Service Fund - PFC	625 Qualified Zone Academy Bond #1	626 Qualified Zone Academy Bond #2	627 Public Facility Corporation	630 Qualified Zone Academy Bond #3	697 Instructional Facilities Allotment #2	699 Instructional Facilities Allotment #1
\$ 1,654,104	\$ 348,880	\$ 297,200	\$ 275,182	\$ -	\$ 260,819	\$ 68,293	\$ 68,630
-	1	-	-	4,300,263	-	-	-
3,876,923	15,224	-	-	-	-	-	-
-	-	302	-	-	-	-	-
74,574	-	-	-	297,000	-	-	-
11,805	-	-	-	-	-	-	-
<u>\$ 5,617,406</u>	<u>\$ 364,105</u>	<u>\$ 297,502</u>	<u>\$ 275,182</u>	<u>\$ 4,597,263</u>	<u>\$ 260,819</u>	<u>\$ 68,293</u>	<u>\$ 68,630</u>
\$ 296,035	\$ -	\$ 8,083	\$ 8,766	\$ -	\$ 21,684	\$ 66,816	\$ 67,677
705,185	-	-	-	-	-	-	-
2,959,761	-	-	40,283	213,744	47,726	-	-
661,582	-	-	-	-	-	-	-
<u>4,622,563</u>	<u>-</u>	<u>8,083</u>	<u>49,049</u>	<u>213,744</u>	<u>69,410</u>	<u>66,816</u>	<u>67,677</u>
660,832	-	-	-	-	-	-	-
-	-	289,419	226,133	4,383,519	191,409	1,477	953
-	364,105	-	-	-	-	-	-
334,011	-	-	-	-	-	-	-
<u>994,843</u>	<u>364,105</u>	<u>289,419</u>	<u>226,133</u>	<u>4,383,519</u>	<u>191,409</u>	<u>1,477</u>	<u>953</u>
<u>\$ 5,617,406</u>	<u>\$ 364,105</u>	<u>\$ 297,502</u>	<u>\$ 275,182</u>	<u>\$ 4,597,263</u>	<u>\$ 260,819</u>	<u>\$ 68,293</u>	<u>\$ 68,630</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 970,124	\$ 2,973,108
1120 Investments - Current	4,300,263	4,300,264
1240 Receivables from Other Governments	-	3,892,147
1250 Accrued Interest	302	302
1260 Due from Other Funds	297,000	371,574
1290 Other Receivables	-	11,805
1000 Total Assets	<u>\$ 5,567,689</u>	<u>\$ 11,549,200</u>
LIABILITIES		
2110 Accounts Payable	\$ 173,026	\$ 469,061
2160 Accrued Wages Payable	-	705,185
2170 Due to Other Funds	301,753	3,261,514
2300 Unearned Revenues	-	661,582
2000 Total Liabilities	<u>474,779</u>	<u>5,097,342</u>
FUNDBALANCES		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	660,832
3470 Capital Acquisition and Contractual Obligation	5,092,910	5,092,910
3480 Retirement of Long-Term Debt	-	364,105
Committed Fund Balance:		
3546 Student Activity	-	334,011
3000 Total Fund Balances	<u>5,092,910</u>	<u>6,451,858</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,567,689</u>	<u>\$ 11,549,200</u>

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LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	20,129,456	307,315	4,925,278	60,654
5020 Total Revenues	<u>20,129,456</u>	<u>307,315</u>	<u>4,925,278</u>	<u>60,654</u>
EXPENDITURES:				
Current:				
0011 Instruction	15,208,726	54,565	3,177,482	58,978
0012 Instructional Resources and Media Services	264,182	-	-	-
0013 Curriculum and Instructional Staff Development	1,808,960	3,148	105,881	1,676
0021 Instructional Leadership	310,562	74,975	317,560	-
0023 School Leadership	86,190	-	-	-
0031 Guidance, Counseling and Evaluation Services	526,477	49,475	1,150,056	-
0032 Social Work Services	-	-	1,050	-
0033 Health Services	1,157,985	380	137,625	-
0034 Student (Pupil) Transportation	-	8,462	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	35	-	13,764	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	23,905	9,545	-	-
0052 Security and Monitoring Services	20,324	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	722,110	106,765	21,860	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>20,129,456</u>	<u>307,315</u>	<u>4,925,278</u>	<u>60,654</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A EnglishLang. Acquisition	276 Texas Title I Priority Schools
\$ -	\$ -	\$ -	\$ 2,408	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
14,021	14,089	835	716,020	432,738	1,644,355	1,954,920	3,912,185
<u>14,021</u>	<u>14,089</u>	<u>835</u>	<u>718,428</u>	<u>432,738</u>	<u>1,644,355</u>	<u>1,954,920</u>	<u>3,912,185</u>
8,021	14,089	835	-	256,360	1,340,555	1,619,840	3,165,843
-	-	-	-	-	-	-	57,304
-	-	-	-	96,329	162,496	68,619	561,461
-	-	-	-	6,076	141,304	47,519	-
-	-	-	-	-	-	-	57,662
-	-	-	-	14,845	-	-	14,286
-	-	-	-	-	-	-	2,292
-	-	-	-	-	-	-	6,382
-	-	-	-	-	-	-	-
-	-	-	718,428	-	-	-	7,781
-	-	-	-	6,739	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,897	18,329
-	-	-	-	-	-	-	3,509
-	-	-	-	51,798	-	-	-
-	-	-	-	591	-	214,045	17,336
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,000	-	-	-	-	-	-	-
<u>14,021</u>	<u>14,089</u>	<u>835</u>	<u>718,428</u>	<u>432,738</u>	<u>1,644,355</u>	<u>1,954,920</u>	<u>3,912,185</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	281 FEMA Grant	289 Classroom Link	394 Life Skills Program	397 Advanced Placement Incentives
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	11,661
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,661</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,661)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	(11,661)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,309</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,648</u></u>

404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	424 LEOSE	429 Crime Stoppers Others/Local	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	482 Dr. Hochman Grant
\$ -	\$ 70,447	\$ -	\$ -	\$ -	\$ 243,905	\$ 872,909	\$ 5,000
120,157	14,755	-	-	10,000	248,119	-	-
-	-	-	-	-	-	-	-
120,157	85,202	-	-	10,000	492,024	872,909	5,000
113,427	73,110	-	-	-	580,855	115,669	2,772
-	-	-	-	-	-	29,608	-
6,730	-	-	-	50	-	856	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,802	-
-	-	-	-	-	57,558	286	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	125	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,950	-	366,104	-
-	-	-	-	-	-	79	-
-	-	-	-	-	-	35,589	-
-	-	-	-	-	-	2,804	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	271,498	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
120,157	73,110	-	-	10,000	638,413	844,420	2,772
-	12,092	-	-	-	(146,389)	28,489	2,228
-	-	-	-	-	-	-	-
-	-	(1,464,816)	-	-	-	-	-
-	-	(1,464,816)	-	-	-	-	-
-	12,092	(1,464,816)	-	-	(146,389)	28,489	2,228
-	-	1,464,816	-	-	731,176	305,522	8,077
\$ -	\$ 12,092	\$ -	\$ -	\$ -	\$ 584,787	\$ 334,011	\$ 10,305

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	483 Equitable Sharing Program	484 OCDEF Grant	485 UTNB Health HCOE	486 LBV Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 28	\$ -	\$ 12,768	\$ 62,252
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	23,350	15,975	-	-
5020 Total Revenues	<u>23,378</u>	<u>15,975</u>	<u>12,768</u>	<u>62,252</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	12,768	36,623
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	24,700
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	11
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	23,378	15,975	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	918
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>23,378</u>	<u>15,975</u>	<u>12,768</u>	<u>62,252</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Total Nonmajor Special Revenue Funds	512 Debt Service Fund - PFC	625 Qualified Zone Academy Bond #1	626 Qualified Zone Academy Bond #2	627 Public Facility Corporation	630 Qualified Zone Academy Bond #3	697 Instructional Facilities Allotment #2	699 Instructional Facilities Allotment #1
\$ 1,269,717	\$ 4,555	\$ 462	\$ 327	\$ 3,735	\$ 478	\$ 1,113	\$ 665
393,031	3,412,874	-	-	-	-	-	-
34,151,191	-	-	-	-	-	-	-
<u>35,813,939</u>	<u>3,417,429</u>	<u>462</u>	<u>327</u>	<u>3,735</u>	<u>478</u>	<u>1,113</u>	<u>665</u>
25,840,518	-	-	-	-	-	-	-
351,094	-	-	-	-	-	-	-
2,840,906	-	-	-	-	-	-	-
909,657	-	-	-	-	-	-	-
165,654	-	-	-	-	-	-	-
1,812,994	-	-	-	-	-	-	-
3,342	-	-	-	-	-	-	-
1,302,497	-	-	-	-	-	-	-
8,462	-	-	-	-	-	-	-
726,209	-	-	-	-	-	-	-
396,592	-	-	-	-	-	-	-
79	-	-	-	-	-	-	-
92,265	-	-	-	-	-	-	-
65,990	-	-	-	-	-	-	-
51,798	-	-	-	-	-	-	-
1,355,123	-	-	-	-	-	-	-
-	2,085,000	-	-	-	-	-	-
-	2,628,393	-	-	-	-	-	-
-	15,000	-	-	-	-	-	-
-	-	164,586	125,218	-	369,028	1,259,654	669,488
6,000	-	-	-	-	-	-	-
<u>35,929,180</u>	<u>4,728,393</u>	<u>164,586</u>	<u>125,218</u>	<u>-</u>	<u>369,028</u>	<u>1,259,654</u>	<u>669,488</u>
<u>(115,241)</u>	<u>(1,310,964)</u>	<u>(164,124)</u>	<u>(124,891)</u>	<u>3,735</u>	<u>(368,550)</u>	<u>(1,258,541)</u>	<u>(668,823)</u>
-	1,319,644	-	-	-	-	-	-
<u>(1,464,816)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,464,816)</u>	<u>1,319,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,580,057)</u>	<u>8,680</u>	<u>(164,124)</u>	<u>(124,891)</u>	<u>3,735</u>	<u>(368,550)</u>	<u>(1,258,541)</u>	<u>(668,823)</u>
<u>2,574,900</u>	<u>355,425</u>	<u>453,543</u>	<u>351,024</u>	<u>4,379,784</u>	<u>559,959</u>	<u>1,260,018</u>	<u>669,776</u>
<u>\$ 994,843</u>	<u>\$ 364,105</u>	<u>\$ 289,419</u>	<u>\$ 226,133</u>	<u>\$ 4,383,519</u>	<u>\$ 191,409</u>	<u>\$ 1,477</u>	<u>\$ 953</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 6,780	\$ 1,281,052
5800 State Program Revenues	-	3,805,905
5900 Federal Program Revenues	-	34,151,191
5020 Total Revenues	<u>6,780</u>	<u>39,238,148</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	25,840,518
0012 Instructional Resources and Media Services	-	351,094
0013 Curriculum and Instructional Staff Development	-	2,840,906
0021 Instructional Leadership	-	909,657
0023 School Leadership	-	165,654
0031 Guidance, Counseling and Evaluation Services	-	1,812,994
0032 Social Work Services	-	3,342
0033 Health Services	-	1,302,497
0034 Student (Pupil) Transportation	-	8,462
0035 Food Services	-	726,209
0036 Extracurricular Activities	-	396,592
0041 General Administration	-	79
0051 Facilities Maintenance and Operations	-	92,265
0052 Security and Monitoring Services	-	65,990
0053 Data Processing Services	-	51,798
0061 Community Services	-	1,355,123
Debt Service:		
0071 Principal on Long Term Debt	-	2,085,000
0072 Interest on Long Term Debt	-	2,628,393
0073 Bond Issuance Cost and Fees	-	15,000
Capital Outlay:		
0081 Facilities Acquisition and Construction	2,587,974	2,587,974
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	-	6,000
6030 Total Expenditures	<u>2,587,974</u>	<u>43,245,547</u>
1100 Excess (Deficiency) of Revenues Over (Under)	<u>(2,581,194)</u>	<u>(4,007,399)</u>
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	-	1,319,644
8911 Transfers Out (Use)	-	(1,464,816)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(145,172)</u>
1200 Net Change in Fund Balance	(2,581,194)	(4,152,571)
0100 Fund Balance - September 1 (Beginning)	<u>7,674,104</u>	<u>10,604,429</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ 5,092,910</u></u>	<u><u>\$ 6,451,858</u></u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 260,601	\$ 1,210,987	\$ 1,143,149	\$ 328,439
Due From Other Governments	-	13,339	4,319	9,020
Total Assets	<u>\$ 260,601</u>	<u>\$ 1,224,326</u>	<u>\$ 1,147,468</u>	<u>\$ 337,459</u>
Liabilities:				
Due to Student Groups	<u>\$ 260,601</u>	<u>\$ 1,220,007</u>	<u>\$ 1,143,149</u>	<u>\$ 337,459</u>
BACK TO SCHOOL ASSISTANCE PROGRAM				
Assets:				
Cash and Temporary Investments	<u>\$ 1,674</u>	<u>\$ 8,206</u>	<u>\$ 7,572</u>	<u>\$ 2,308</u>
Liabilities:				
Due to Student Groups	<u>\$ 1,674</u>	<u>\$ 8,206</u>	<u>\$ 7,572</u>	<u>\$ 2,308</u>
DONATIONS				
Assets:				
Cash and Temporary Investments	<u>\$ 23,036</u>	<u>\$ 18,449</u>	<u>\$ 8,317</u>	<u>\$ 33,168</u>
Liabilities:				
Accounts Payable	\$ -	\$ 192	\$ -	\$ 192
Due to Student Groups	23,036	18,449	8,509	32,976
Total Liabilities	<u>\$ 23,036</u>	<u>\$ 18,641</u>	<u>\$ 8,509</u>	<u>\$ 33,168</u>
SCHOLARSHIPS				
Assets:				
Cash and Temporary Investments	<u>\$ 121,531</u>	<u>\$ 41,789</u>	<u>\$ 35,100</u>	<u>\$ 128,220</u>
Liabilities:				
Accounts Payable	\$ 2,100	\$ 6,400	\$ 2,100	\$ 6,400
Due to Student Groups	119,431	41,789	39,400	121,820
Total Liabilities	<u>\$ 121,531</u>	<u>\$ 48,189</u>	<u>\$ 41,500</u>	<u>\$ 128,220</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 406,842	\$ 1,279,431	\$ 1,194,138	\$ 492,135
Due From Other Governments	-	13,339	4,319	9,020
Total Assets	<u>\$ 406,842</u>	<u>\$ 1,292,770</u>	<u>\$ 1,198,457</u>	<u>\$ 501,155</u>
Liabilities:				
Accounts Payable	\$ 2,100	\$ 6,592	\$ 2,100	\$ 6,592
Due to Student Groups	404,742	1,288,451	1,198,630	494,563
Total Liabilities	<u>\$ 406,842</u>	<u>\$ 1,295,043</u>	<u>\$ 1,200,730</u>	<u>\$ 501,155</u>

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T.E.A. REQUIRED SCHEDULES

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LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1) Tax Rates		(2) Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.322910	0.015120	1,681,169,772
2006	1.382910	0.171200	1,799,970,416
2007	1.266310	0.229000	1,850,327,688
2008	1.040000	0.234000	2,038,157,312
2009	1.040000	0.234000	2,142,642,269
2010	1.040000	0.234000	2,135,852,058
2011	1.040000	0.234000	2,125,507,784
2012	1.040000	0.234000	2,127,187,046
2013	1.040000	0.234000	2,108,797,859
1000	TOTALS		

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

Column 3 - Assessed /Appraised Value for School Tax Purposes: This is the net appraised value, after deductions of all exemptions, and tax freeze amounts and reductions provided by law and those granted by the district, based on Maintenance Requirements.

Column 20 - Current Year's Tax Levy: This amount is calculated by multiplying tax rate(s) times the applicable Assessed/Appraised Value(s) in column 3.

Column 31 & 32 - Total Collections: These are total collections net of adjustments described in column 40, according to each year of tax levy, which do NOT include penalty and interest.

Column 40 - Entire Year's Adjustments: Total adjustments include corrections for errors in taxes assessed, taxes lost due to tax freeze, and discounts allowed for early payment of taxes.

Column 50 - Ending Balances 8/31/13: This total agrees with Exhibit A-1, Balance Sheet, memorandum totals for current year, for Asset Code 1220 - Property Taxes Delinquent.

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 912,268	\$ -	\$ 51,775	\$ 6,750	\$ (116,206)	\$ 737,537
178,630	-	8,057	921	-	169,653
187,991	-	10,089	1,249	(85)	176,568
260,513	-	10,156	1,838	(207)	248,312
260,509	-	29,045	6,535	13,737	238,665
313,232	-	34,270	7,711	13,920	285,171
299,704	-	49,638	11,168	7,009	245,907
371,288	-	114,079	25,668	25,404	256,946
1,023,910	-	448,597	100,934	(38,584)	435,795
-	26,866,085	21,103,398	4,748,264	(104,458)	909,965
<u>\$ 3,808,045</u>	<u>\$ 26,866,085</u>	<u>\$ 21,859,104</u>	<u>\$ 4,911,039</u>	<u>\$ (199,470)</u>	<u>\$ 3,704,517</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 21,460	\$ 365,798	\$ 377,602	\$ 3,880,960	\$ 307,564	\$ -	\$ 4,953,384
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	18,620	-	260,251	-	-	-	278,871
6212	Audit Services	-	-	-	42,000	-	-	42,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	324,629	-	-	-	-	324,629
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	11,115	3,780	-	14,895
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	26,961	8,163	149	-	35,273
6240	Contr. Maint. and Repair	-	-	-	-	379,888	-	379,888
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	1,680	2,676	16,570	6,358	-	27,284
6290	Miscellaneous Contr.	692	10,308	500	70,506	1,010	-	83,016
6320	Textbooks and Reading	-	-	697	2,244	-	-	2,941
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,015	18,384	4,867	85,078	75,917	-	185,261
6410	Travel, Subsistence, Stipends	28,663	2,332	4,010	34,977	4,662	-	74,644
6420	Ins. and Bonding Costs	-	-	-	750	-	-	750
6430	Election Costs	22,470	-	-	-	-	-	22,470
6490	Miscellaneous Operating	16,175	28,877	25,706	133,821	7,353	-	211,932
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	59,754	59,754
6000	TOTAL	\$ 109,095	\$ 752,008	\$ 703,270	\$ 4,286,184	\$ 786,681	\$ 59,754	\$ 6,696,992

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 233,933,081

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 22,783,224
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	19,795,509
Food (Function 35, 6341 and 6499)	(13)	7,708,935
Stipends (6413)	(14)	8,934
Column 4 (above) - Total Indirect Cost		<u>4,286,184</u>

SubTotal:

54,582,786

Net Allowed Direct Cost

\$ 179,350,295

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 413,091,243
Historical Cost of Building over 50 years old	(16)	\$ 15,817,571
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 1,217,871
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 32,449,746
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 4,189,074
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$1,158,781 in Function 53 expenditures are included in this report on administrative costs.

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 388,025	\$ 388,025	\$ 415,038	\$ 27,013
5800 State Program Revenues	451,739	451,739	95,325	(356,414)
5900 Federal Program Revenues	16,164,349	16,164,349	16,475,778	311,429
5020 Total Revenues	17,004,113	17,004,113	16,986,141	(17,972)
EXPENDITURES:				
0035 Food Services	16,607,446	16,607,383	15,958,774	648,609
0051 Facilities Maintenance and Operations	396,667	396,730	313,825	82,905
6030 Total Expenditures	17,004,113	17,004,113	16,272,599	731,514
1200 Net Change in Fund Balances	-	-	713,542	713,542
0100 Fund Balance - September 1 (Beginning)	4,299,757	4,299,757	4,299,757	-
3000 Fund Balance - August 31 (Ending)	\$ 4,299,757	\$ 4,299,757	\$ 5,013,299	\$ 713,542

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 4,984,686	\$ 4,984,686	\$ 5,181,042	\$ 196,356
5800	State Program Revenues	12,355,246	12,355,246	12,086,854	(268,392)
5020	Total Revenues	<u>17,339,932</u>	<u>17,339,932</u>	<u>17,267,896</u>	<u>(72,036)</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	18,800,585	18,800,585	18,800,585	-
0072	Interest on Long-Term Debt	8,033,393	8,033,393	8,033,393	-
0073	Other Fees	<u>7,000</u>	<u>7,000</u>	<u>2,950</u>	<u>4,050</u>
6030	Total Expenditures	<u>26,840,978</u>	<u>26,840,978</u>	<u>26,836,928</u>	<u>4,050</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,501,046)</u>	<u>(9,501,046)</u>	<u>(9,569,032)</u>	<u>(67,986)</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	<u>1,195,828</u>	<u>1,195,828</u>	<u>477,647</u>	<u>(718,181)</u>
7080	Total Other Financing Sources (Uses)	<u>1,195,828</u>	<u>1,195,828</u>	<u>477,647</u>	<u>(718,181)</u>
1200	Net Changes in Fund Balances	(8,305,218)	(8,305,218)	(9,091,385)	(786,167)
0100	Fund Balance - September 1 (Beginning)	<u>14,097,991</u>	<u>14,097,991</u>	<u>14,097,991</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 5,792,773</u>	<u>\$ 5,792,773</u>	<u>\$ 5,006,606</u>	<u>\$ (786,167)</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PFC DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,500	\$ 3,500	\$ 4,555	\$ 1,055
5800	State Program Revenues	3,410,249	3,410,249	3,412,874	2,625
5020	Total Revenues	3,413,749	3,413,749	3,417,429	3,680
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	2,085,000	2,085,000	2,085,000	-
0072	Interest on Long-Term Debt	2,628,393	2,628,393	2,628,393	-
0073	Other Fees	20,000	20,000	15,000	5,000
6030	Total Expenditures	4,733,393	4,733,393	4,728,393	5,000
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,319,644)	(1,319,644)	(1,310,964)	(1,320)
OTHER FINANCING SOURCES (USES):					
7915	Transfer In	1,319,644	1,319,644	1,319,644	-
7080	Total Other Financing Sources (Uses)	1,319,644	1,319,644	1,319,644	-
1200	Net Changes in Fund Balances	-	-	8,680	8,680
0100	Fund Balance - September 1 (Beginning)	355,425	355,425	355,425	-
3000	Fund Balance - August 31 (Ending)	\$ 355,425	\$ 355,425	\$ 364,105	\$ 8,680

CAPITAL ASSETS

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LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDING AUGUST 31, 2013

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 11,529,535	\$ 387,648,831	\$ 32,300,503	\$ 13,936,278	\$ 445,415,147
Instruction	-	-	282,533	-	282,533
Instructional Resources & Media Services	-	-	(122,638)	-	(122,638)
Curriculum & Instructional Staff Development	-	-	-	-	-
Instructional Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Guidance and Counseling Services	-	-	(5,742)	-	(5,742)
Social Work Services	-	-	-	-	-
Health Services	-	-	-	-	-
Student (Pupil) Transportation	-	-	279,085	-	279,085
Food Services	-	-	(26,684)	-	(26,684)
Cocurricular/Extracurricular Activities	-	-	(28,019)	-	(28,019)
General Administration	-	-	(5,949)	-	(5,949)
Plant Maintenance and Operations	-	-	120,832	-	120,832
Security and Monitoring Services	-	-	-	-	-
Data Processing Services	-	-	125,293	-	125,293
Community Services	-	-	-	-	-
Facilities Acquisition and Construction	7,929,402	25,442,412	(469,468)	(3,097,975)	29,804,371
Total Expenditures	<u>\$ 19,458,937</u>	<u>\$ 413,091,243</u>	<u>\$ 32,449,746</u>	<u>\$ 10,838,303</u>	<u>\$ 475,838,229</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2013

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets in Service	\$ 7,134,104	\$ -	\$ -	\$ 7,134,104
High Schools:				
Martin	67,397,891	14,620,284	250,666	81,767,509
Nixon	37,188,753	2,261,955	223,455	39,227,253
Cigarroa	32,356,146	1,430,212	42,732	33,743,626
VMT Communications & Arts	2,291,522	6,290	20,000	2,277,812
Francisco Lara Academy	2,706,998	-	5,000	2,701,998
Early College High School @ TAMIU	1,065,256	8,249,977	-	9,315,233
Middle Schools:				
Christen	29,367,401	13,338	21,450	29,359,289
Lamar	16,071,856	111,756	15,000	16,168,612
Cigarroa	10,460,775	1,519,629	19,890	11,960,514
Memorial	15,130,550	104,705	23,910	15,211,345
Elementary Schools:				
Bruni	7,929,552	5,000	-	7,934,552
Jose Gallegos	9,795,584	6,669	-	9,802,253
Daiches	9,085,740	-	-	9,085,740
Farias	11,991,439	123,268	84,000	12,030,707
Heights	7,674,716	30,717	-	7,705,433
Tarver	6,718,976	19,121	-	6,738,097
Leyendecker	11,545,181	6,669	-	11,551,850
Macdonell	7,717,536	10,192	14,000	7,713,728
Milton	7,038,276	59,001	-	7,097,277
Alma Pierce	9,759,610	36,249	-	9,795,859
Ryan	10,376,400	5,745	-	10,382,145
Santa Maria	7,152,493	34,929	-	7,187,422
Santo Nino	6,486,112	155,389	22,000	6,619,501
D. D. Hachar	11,456,511	6,669	-	11,463,180
J. C. Martin	11,617,781	1,259,859	-	12,877,640
H. B. Zachry	5,365,428	3,593,031	-	8,958,459
J. Kawas	7,796,195	18,491	-	7,814,686
Dovalina	6,568,290	103,512	-	6,671,802
H. Ligarde	7,003,830	18,964	5,000	7,017,794
T. Sanchez/Ochoa	6,672,221	6,669	-	6,678,890
Other Departments:				
Construction Dept.	148,623	-	-	148,623
Pregnancy Ed., & Parenting Program	88,000	-	-	88,000
St. Augustine High School	1,435	-	-	1,435
Blessed Sacrament School	490	-	-	490
Guadalupe School	11,364	-	-	11,364
St. Augustine Elementary School	306	-	-	306
St. Peters School	2,148	-	-	2,148
Juvenile Justice Center	1,354	-	-	1,354
Non Public Schools	5,812	-	-	5,812
Summer Programs	9,185	-	-	9,185
Board Room	60,134	-	-	60,134
Tax Office	97,600	-	-	97,600
Financial Management	1,530,102	-	-	1,530,102
Human Resources	50,280	-	-	50,280
Office of Public Information	240,194	-	-	240,194
Safety & Occupational Health Dept.	5,000	-	-	5,000
Student Services	6,420	-	-	6,420
Internal Auditor	6,922	-	-	6,922
Hearings Officer	5,479	-	-	5,479
Assets Management	1,201,650	50,748	54,529	1,197,868

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2013

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
				(Continued)
Records & Assets	593,915	-	5,949	587,966
Accelerated Ed/State Compensatory	1,717	-	-	1,717
Drug Awareness	663	-	-	663
State Bilingual	6,168	-	-	6,168
R. O. T. C.	64	-	-	64
Office of Compliance	9,367	-	-	9,367
Music	(5,092)	-	-	(5,092)
Physical Ed.	831	-	-	831
Language Arts Pk-12	2,189	-	-	2,189
Special Programs/Planning	58,798	-	-	58,798
Med Prep Program	3,417	-	-	3,417
State Deaf	10,707	-	-	10,707
Instructional Department	185,813	-	-	185,813
Staff Development	1,293	-	-	1,293
Career & Technology	8,000	-	-	8,000
Department of Assessment	12,757	-	5,742	7,015
Section 504	6,966	-	-	6,966
District Wide	1,120,725	-	-	1,120,725
Crimestoppers	11,990	-	-	11,990
Instructional Technology	1,472,014	-	-	1,472,014
Guidance and Counseling	3,052	-	-	3,052
Health Services	16,349	-	-	16,349
Pupil Transportation	11,032,104	579,064	278,503	11,332,665
Athletic	643,898	18,487	14,598	647,787
Special Education	177,729	6,343	-	184,072
Printing/Creative Services	404,005	-	-	404,005
Instructional Television	535,392	6,181	128,819	412,755
Postal Services	16,273	-	-	16,273
Information Technology	2,506,764	154,863	12,857	2,648,770
Division of Operations	4,770,750	9,000	11,891	4,767,859
LISD Police Department	676,847	-	-	676,847
Child Nutrition Program	12,777,723	172,924	34,850	12,915,797
Title I Migrant	8,000	-	-	8,000
Title VI	5,905	-	-	5,905
Drug Free Schools	6,155	-	-	6,155
Total Assets by Location	<u>424,344,765</u>	<u>34,815,898</u>	<u>1,294,841</u>	<u>457,865,823</u>
Total Assets in Service	431,478,869	34,815,898	1,294,841	464,999,926
Construction in Progress	13,936,278	\$ 22,344,437	25,442,412	10,838,303
Total General Fixed Assets	<u>\$ 445,415,147</u>	<u>\$ 57,160,335</u>	<u>\$ 26,737,253</u>	<u>\$ 475,838,229</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2013

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Assets in Service	\$7,134,104	\$26,975	\$7,107,129	\$ -
High Schools:				
Martin	81,611,402	6,000,805	73,826,616	1,783,981
Nixon	39,759,016	3,263,353	34,732,869	1,762,794
Cigarroa	34,475,345	872,258	31,515,541	2,087,546
VMT Communications & Arts	2,377,242	62,761	2,163,612	150,869
Francisco Lara Academy	2,825,535	-	2,628,337	197,198
Early College High School @ TAMIU	9,315,233	258,944	8,586,087	470,202
Middle Schools:				
Christen	29,252,759	117,596	28,336,059	799,104
Lamar	16,129,158	186,887	15,052,259	890,012
Cigarroa	12,017,043	-	11,480,651	536,392
Memorial	15,442,920	447,337	14,182,371	813,212
Elementary Schools:				
Bruni	8,056,411	6,139	7,733,621	316,651
Jose Gallegos	10,060,239	694,545	9,046,048	319,646
Daiches	9,199,585	28,111	8,936,353	235,121
Farias	11,959,386	1,750,761	9,970,979	237,646
Heights	7,944,308	400,313	7,095,902	448,093
Tarver	6,865,969	75,100	6,559,424	231,445
Leyendecker	11,473,783	133,989	10,966,078	373,716
Macdonell	7,786,987	1,348,363	6,132,528	306,096
Milton	7,324,714	164,517	6,716,899	443,298
Alma Pierce	9,941,317	47,542	9,419,687	474,088
Ryan	10,398,630	224,806	9,888,899	284,925
Santa Maria	7,287,774	20,950	7,067,910	198,914
Santo Nino	6,640,073	132,267	6,135,898	371,908
D. D. Hachar	11,437,503	484,686	10,604,451	348,366
J. C. Martin	12,941,424	240,525	12,333,997	366,902
H. B. Zachry	8,912,281	101,298	8,502,068	308,916
J. Kawas	7,931,247	238,434	7,337,043	355,771
Dovalina	6,576,757	35,000	6,205,001	336,756
H. Ligarde	7,088,099	129,588	6,683,744	274,767
T. Sanchez/Ochoa	6,723,574	120,000	6,383,760	219,814
Other Departments:				
Construction Department	121,159	-	121,159	-
Pregnancy Ed., & Parenting Program	-	-	-	-
St. Augustine High School	-	-	-	-
Blessed Sacrament School	-	-	-	-
Guadalupe School	-	-	-	-
St. Augustine Elementary School	-	-	-	-
St. Peters School	-	-	-	-
Juvenile Justice Center	-	-	-	-
Non Public Schools	-	-	-	-
Summer Programs	-	-	-	-
Board Room	23,455	23,455	-	-
Tax Office	21,038	-	21,038	-
Risk Management	-	-	-	-
Financial Management	1,626,283	2,834	1,512,578	110,871
Human Resources	40,242	-	-	40,242
Office of Public Information	221,466	20,119	201,347	-
Safety & Occupational Health Dept.	5,000	-	-	5,000

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2013

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
Student Services	-	-	-	-
				(Continued)
Internal Auditor	5,093	-	-	5,093
Hearings Officer	-	-	-	-
Assets Management	2,150,253	149,990	396,899	1,603,364
Records & Assets	626,431	127,770	348,562	150,099
Accelerated Ed/State Compensatory	-	-	-	-
Drug Awareness	-	-	-	-
State Bilingual	6,168	-	-	6,168
R. O. T. C.	-	-	-	-
Office of Compliance	-	-	-	-
Music	24,010	-	10,350	13,660
Physical Ed.	-	-	-	-
Language Arts Pk-12	-	-	-	-
Special Programs/Planning	22,745	-	22,745	-
Med Prep Program	-	-	-	-
State Deaf	-	-	-	-
Instructional Department	130,813	103,226	3,380	24,207
Staff Development	-	-	-	-
Career & Technology	28,928	-	-	28,928
Department of Assessment	(5,742)	-	-	(5,742)
Section 504	-	-	-	-
District Wide	1,176,325	1,153,325	-	23,000
Crimestoppers	9,500	-	-	9,500
Instructional Technology	1,129,190	-	1,037,115	92,075
Guidance and Counseling	-	-	-	-
Health Services	1,687	-	1,687	-
Pupil Transportation	10,549,426	78,925	4,129,009	6,341,492
Athletic	542,982	-	243,017	299,964
Special Education	117,235	-	-	117,235
Printing/Creative Services	367,005	15,201	-	351,804
Instructional Television	541,580	28,647	406	512,527
Postal Services	-	-	-	-
Information Technology	3,575,290	-	608,802	2,966,488
Division of Operations	5,023,420	21,102	3,272,588	1,729,730
LISD Police Department	623,461	-	-	623,461
Child Nutrition Program	9,405,668	120,493	7,828,742	1,456,433
Title I Migrant	-	-	-	-
Title VI	-	-	-	-
Drug Free Schools	-	-	-	-
Total Assets by Location	<u>457,865,822</u>	<u>19,431,962</u>	<u>405,984,114</u>	<u>32,449,746</u>
Total Assets in Service	464,999,926	19,458,937	413,091,243	32,449,746
Construction in Progress	<u>10,838,303</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fixed Assets	<u>\$ 475,838,229</u>	<u>\$ 19,458,937</u>	<u>\$ 413,091,243</u>	<u>\$ 32,449,746</u>

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STATISTICAL SECTION



Statistical Section (Unaudited)

This part of the Laredo Independent School District Statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required 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>	100-105
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	106-109
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>	110-112
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>	113-115
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>	116-120

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*

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net Investment in Capital Assets	\$ 53,428,494	\$ 55,002,128	\$ 66,799,496	\$ 88,131,399	\$ 87,359,760	\$ 11,006,905	\$ 99,028,291	\$ 129,424,249	\$ 115,519,722	\$ 152,236,839
Restricted										
Federal and State Programs	-	3,252,423	4,697,799	6,526,044	2,985,517	2,803,798	6,023,568	6,848,569	5,996,416	5,027,681
Debt Service	-	9,427,615	11,669,155	14,711,181	15,672,278	18,103,437	20,245,918	22,139,631	14,453,416	5,370,711
Food Service	3,995,241	-	-	-	-	-	-	-	-	-
General Fund	5,928,141	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	11,250,991	107,820,884	1,303,248	806,912	11,202,938	526,698
Campus Activities	-	-	-	-	-	186,869	196,270	-	-	-
Other Purposes	-	-	-	-	-	416,474	11,104,927	10,570,736	-	-
Unrestricted	28,993,925	25,089,348	21,596,578	17,481,717	27,790,751	24,926,533	50,537,828	46,602,044	76,310,038	73,970,082
Total primary government net assets	<u>\$ 92,345,801</u>	<u>\$ 92,771,514</u>	<u>\$ 104,763,028</u>	<u>\$ 126,850,341</u>	<u>\$ 145,059,297</u>	<u>\$ 165,264,900</u>	<u>\$ 188,440,050</u>	<u>\$ 216,392,141</u>	<u>\$ 223,482,530</u>	<u>\$ 237,132,011</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
11 Instruction	\$ 115,680,810	\$ 122,230,466	\$ 120,826,637	\$ 129,599,244	\$ 134,358,549	\$ 141,320,598	\$ 146,735,324	\$ 134,847,028	\$ 140,108,277	\$ 137,739,434
12 Instructional Resources & Media Svcs.	5,701,079	4,785,344	4,739,042	5,063,766	4,989,927	6,751,828	5,382,316	4,920,120	4,465,110	3,959,506
13 Curriculum & Instructional Staff Devpt.	3,495,915	4,116,945	4,158,695	4,422,899	3,667,984	3,578,264	3,191,229	2,388,482	2,733,097	3,453,301
21 Instructional Leadership	3,481,745	4,057,212	5,049,862	4,645,809	4,883,535	5,009,620	4,858,256	4,594,040	3,853,769	3,349,037
23 School Leadership	9,888,715	10,234,352	10,352,434	10,985,322	11,506,693	11,421,441	11,941,453	12,315,890	13,014,688	12,245,906
31 Guidance, Counseling, and Evaluation Svcs.	7,187,656	7,669,776	7,859,900	8,023,575	7,927,242	7,966,627	8,295,054	8,006,556	7,496,736	7,492,742
32 Social Work Services	1,592,854	1,732,213	1,881,254	1,909,811	1,873,976	1,645,934	1,560,438	1,463,034	1,222,820	1,238,760
33 Health Services	2,735,815	2,710,696	2,837,440	2,937,961	3,028,304	3,208,410	3,291,693	3,222,582	3,140,289	2,917,063
34 Student (Pupil) Transportation	2,253,072	3,242,862	3,599,991	3,715,848	3,779,327	3,367,034	3,741,933	5,058,546	5,173,676	4,234,494
35 Food Services	9,568,655	10,567,413	12,512,316	14,169,981	12,521,327	13,192,002	14,853,696	16,435,137	16,726,252	17,009,230
36 Cocurricular/Extracurricular Activities	3,057,706	4,179,704	4,175,160	3,733,030	3,401,939	3,671,452	3,994,642	4,001,848	4,120,248	4,431,509
41 General Administration	5,240,709	6,060,603	6,479,272	6,192,926	6,876,464	7,814,329	7,351,514	5,877,835	5,805,488	5,586,204
51 Plant Maintenance & Operations	14,941,942	18,032,667	19,953,661	20,750,136	20,569,466	21,573,534	21,345,976	21,067,890	22,447,885	20,231,257
52 Security & Monitoring Services	1,400,411	2,590,090	3,407,992	3,625,540	3,031,417	3,107,258	2,968,302	8,753,039	4,205,124	3,087,696
53 Data Processing Services	2,325,266	1,599,846	2,958,108	3,305,837	2,968,845	3,634,101	3,353,815	3,538,788	7,844,613	4,004,593
61 Community Services	743,336	405,919	382,002	945,323	1,307,808	1,344,733	1,490,872	1,856,922	1,516,879	1,593,443
72 Interest on Long-Term Debt	7,463,089	13,408,938	10,888,015	13,274,418	15,747,078	14,434,609	12,893,768	13,009,498	12,386,876	11,794,066
73 Bond Issuance Costs and Fees	-	-	-	-	222,245	263,236	254,559	279,195	300,252	285,502
81 Facilities Acquisition	3,903,541	11,208,722	3,769,838	5,235,162	81,952	-	-	-	-	-
93 Payments to Fiscal Agents/Mem.	6,675	6,000	11,000	8,903	8,391	6,637	-	6,000	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	140,892	200,600	131,621	12,390	163,153	85,320	85,320	72,443	58,618	162,740
Total primary government expenses	200,809,881	229,040,368	225,974,240	242,557,881	242,915,622	253,396,967	257,590,160	251,714,873	256,626,697	244,822,483
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	356,998	1,043,355	2,779,468	815	-	4,350	294,749	-	-	-
Instructional Resources & Media Svcs.	-	-	-	-	-	-	-	-	-	-
Curriculum & Instructional Staff Devpt.	6,296	108,159	-	-	-	-	-	-	-	-
Instructional Leadership	-	-	-	-	-	-	-	-	-	-
School Leadership	-	-	-	-	-	-	-	-	-	-
Guidance, Counseling, and Evaluation Svcs.	-	20,329	9,132	-	-	-	-	-	-	-
Social Work Services	170,975	889	14,450	-	-	-	-	-	-	-
Health Services	87,435	86,840	77,961	-	-	-	-	-	-	-
Student (Pupil) Transportation	-	-	-	-	-	-	-	25,388	24,898	41,081
Food Services	223,343	275,521	367,977	121,443	281,112	312,052	330,569	323,896	345,903	339,974
Extracurricular Activities	175,860	-	-	171,645	201,995	210,088	154,023	145,658	240,733	221,142
General Administration	-	-	-	-	-	-	-	2,539	-	22,121
Plant Maintenance and Operations	8,284	-	-	-	-	-	1,073	-	7,414	7,625
Security & Monitoring Services	-	70	-	-	-	-	-	-	-	-
Data Processing Services	-	-	-	-	-	-	-	3,253	-	-
Community Services	-	-	1,075	-	10,372	-	-	220,876	224,081	252,807
Facilities Acquisition	-	-	2,340,977	-	-	-	-	-	-	-
Payments to Juvenile Justice Alternative Ed.	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	61,466,594	69,202,608	70,088,672	60,095,888	49,795,966	52,900,270	75,483,285	77,827,937	65,735,610	60,252,450
Total primary government program revenues	62,495,785	70,737,771	75,679,712	60,389,791	50,289,445	53,426,760	76,263,699	78,549,547	66,578,639	61,137,200
Net (Expense)/Revenue										
Total primary government net expense	\$ 138,314,096	\$ 158,302,597	\$ 150,294,528	\$ 182,168,090	\$ 192,626,177	\$ 199,970,207	\$ 181,326,461	\$ 173,165,326	\$ 190,048,058	\$ 183,685,283

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Total primary government net expense	\$ 138,314,098	\$ 158,302,597	\$ 150,294,528	\$ 182,168,090	\$ 192,626,177	\$ 199,970,207	\$ 181,326,461	\$ 173,165,326	\$ 190,048,058	\$ 183,685,283
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	19,709,398	21,699,472	24,106,298	25,493,615	21,700,103	17,815,685	21,204,563	21,057,468	21,005,060	21,171,067
Property taxes levied for debt service	2,640,215	2,486,421	2,948,716	4,391,830	4,857,268	4,205,999	4,772,952	4,738,142	4,726,261	4,763,468
Unrestricted State Aid Formula Grants	127,590,082	118,829,241	115,296,468	155,643,283	176,570,738	-	169,891,579	166,315,755	165,355,519	160,288,363
Unrestricted grants and contributions	389,943	389,804	1,638,247	559,150	658,657	188,393,928	1,531,997	5,278,634	2,301,647	6,240,658
Investment earnings	1,522,487	5,147,041	8,262,586	12,207,337	9,893,383	5,936,051	3,706,251	1,456,958	783,823	607,821
Miscellaneous	6,897,219	10,176,331	10,033,727	3,106,862	5,089,737	4,731,278	3,394,271	2,270,460	2,966,137	4,263,387
Loss on Sale of Capital Assets	(8,686,372)	-	-	-	-	-	-	-	-	-
Special Item	-	-	-	7,731,745	-	-	-	-	-	-
Total primary government	<u>150,062,972</u>	<u>158,728,310</u>	<u>162,286,042</u>	<u>209,133,822</u>	<u>218,769,886</u>	<u>221,082,941</u>	<u>204,501,613</u>	<u>201,117,417</u>	<u>197,138,447</u>	<u>197,334,764</u>
Change in Net Position										
Total primary government	<u>\$ 11,748,874</u>	<u>\$ 425,713</u>	<u>\$ 11,991,514</u>	<u>\$ 26,965,732</u>	<u>\$ 26,143,709</u>	<u>\$ 21,112,734</u>	<u>\$ 23,175,152</u>	<u>\$ 27,952,091</u>	<u>\$ 7,090,389</u>	<u>\$ 13,649,481</u>

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

FISCAL YEAR	2004	2005	2006	2007	2008	2009	2010	2011¹	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,178,052	\$ 1,035,264	\$ 3,047,831
Restricted	-	-	-	-	-	-	-	14,881,931	14,929,976	2,873,497
Committed	-	-	-	-	-	-	-	-	3,851,761.00	3,955,409
Assigned	-	-	-	-	-	-	-	10,430,944	10,498,376	5,006,798
Unassigned	-	-	-	-	-	-	-	59,272,362	62,570,104	62,652,991
Reserved	4,823,330	9,024,994	12,527,471	15,458,084	14,158,322	16,513,895	15,665,794	-	-	-
Unreserved	30,404,562	19,759,984	11,695,750	15,426,003	32,504,685	45,310,703	55,213,049	-	-	-
Total general fund	<u>\$ 35,227,892</u>	<u>\$ 28,784,978</u>	<u>\$ 24,223,221</u>	<u>\$ 30,884,087</u>	<u>\$ 46,663,007</u>	<u>\$ 61,824,598</u>	<u>\$ 70,878,843</u>	<u>\$ 85,763,289</u>	<u>\$ 92,885,481</u>	<u>\$ 77,536,526</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special Revenue Funds	-	-	-	-	-	-	-	2,982,829	2,269,378	660,832
Debt Service Funds	-	-	-	-	-	-	-	22,139,631	14,453,416	5,370,711
Capital Projects Funds	-	-	-	-	-	-	-	71,105,330	62,570,106	65,857,222
Committed										
Special revenue funds	-	-	-	-	-	-	-	1,831,277	305,522	334,011
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	162,144,593	29,362,125	24,795,478	47,946,686	-	-	-
Unreserved, reported in:										
Special revenue funds	2,363,427	3,252,423	4,697,799	6,526,044	2,985,517	3,205,029	3,366,692	-	-	-
Capital projects funds	49,668,348	147,046,196	114,929,536	-	105,931,575	96,330,178	67,346,619	-	-	-
Debt Service funds	6,760,286	9,427,615	11,669,155	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 58,792,061</u>	<u>\$ 159,726,234</u>	<u>\$ 131,296,490</u>	<u>\$ 168,670,637</u>	<u>\$ 138,279,217</u>	<u>\$ 124,330,685</u>	<u>\$ 118,659,997</u>	<u>\$ 98,059,067</u>	<u>\$ 79,598,422</u>	<u>\$ 72,222,776</u>

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

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

FISCAL YEAR	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Federal sources:										
Federal grants	\$ 25,877,336	\$ 29,906,211	\$ 32,960,541	\$ 34,948,185	\$ 29,766,786	\$ 34,134,993	\$ 41,198,981	\$ 43,871,485	\$ 41,978,269	\$ 39,913,339
Food services	<u>10,649,535</u>	<u>11,187,260</u>	<u>10,979,704</u>	<u>11,750,545</u>	<u>12,266,676</u>	<u>13,241,239</u>	<u>14,174,829</u>	<u>15,779,620</u>	<u>15,742,194</u>	<u>16,475,778</u>
Total federal sources	<u>36,526,871</u>	<u>41,093,471</u>	<u>43,940,245</u>	<u>46,698,730</u>	<u>42,033,462</u>	<u>47,376,232</u>	<u>55,373,810</u>	<u>59,651,105</u>	<u>57,720,463</u>	<u>56,389,117</u>
State sources:										
Per Capita and Foundation	131,713,457	119,915,636	121,242,425	140,171,354	153,808,970	158,289,910	152,285,241	150,492,906	147,080,044	145,385,212
Instructional Facilities Allotment	10,665,674	14,673,848	12,006,055	15,000,401	14,385,675	14,212,374	14,149,005	13,968,333	7,029,771	15,499,728
Teacher Retirement System on Behalf	7,981,849	6,356,609	8,532,673	6,995,207	7,785,412	8,164,503	8,507,328	8,599,937	7,973,904	7,744,130
Other State Programs	3,089,194	6,662,788	3,390,917	6,821,882	8,996,843	11,296,094	13,230,018	13,873,112	11,803,890	483,567
Other Governmental Agencies	<u>8,140</u>	<u>53,027</u>	<u>592,200</u>	<u>17,563</u>	<u>15,000</u>	<u>13,769</u>	<u>8,523</u>	<u>36,543</u>	<u>14,278</u>	<u>10,000</u>
Total state sources	<u>153,458,314</u>	<u>147,661,908</u>	<u>145,764,270</u>	<u>169,006,407</u>	<u>184,991,900</u>	<u>191,976,650</u>	<u>188,180,115</u>	<u>186,970,831</u>	<u>173,901,887</u>	<u>169,122,637</u>
Local sources:										
Property Taxes	22,072,076	23,948,120	26,759,747	28,217,513	25,781,018	26,517,619	26,842,672	26,861,291	26,398,584	26,771,494
Food service sales	91,252	275,421	342,424	-	-	-	-	-	-	-
Investment Income	1,522,487	1,468,715	8,939,430	12,653,464	8,773,586	5,969,438	3,299,340	1,396,011	785,814	608,346
Penalties, Interest, and Other Fees	715,290	5,898,531	730,655	793,048	762,789	767,477	849,947	793,562	680,304	681,600
Co-Curricular	175,860	185,958	210,761	528,836	201,995	208,305	154,024	140,579	2,744,310	558,709
Sale of WADA	5,025,976	7,043,169	6,640,127	-	-	-	-	-	-	-
Other revenues	<u>1,498,481</u>	<u>2,181,473</u>	<u>4,555,304</u>	<u>3,493,578</u>	<u>5,725,649</u>	<u>5,199,032</u>	<u>5,803,494</u>	<u>3,898,876</u>	<u>1,450,837</u>	<u>4,403,173</u>
Total local sources	<u>31,101,422</u>	<u>41,001,387</u>	<u>48,178,448</u>	<u>45,686,439</u>	<u>41,245,037</u>	<u>38,661,871</u>	<u>36,949,477</u>	<u>33,090,319</u>	<u>32,059,849</u>	<u>33,023,322</u>
Total revenues	<u>\$ 221,086,607</u>	<u>\$ 229,756,766</u>	<u>\$ 237,882,963</u>	<u>\$ 261,391,576</u>	<u>\$ 268,270,399</u>	<u>\$ 278,014,753</u>	<u>\$ 280,503,402</u>	<u>\$ 279,712,255</u>	<u>\$ 263,682,199</u>	<u>\$ 258,535,076</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
11 Instruction	\$ 115,051,643	\$ 121,436,722	\$ 120,677,728	\$ 127,566,003	\$ 124,574,273	\$ 132,562,305	\$ 136,926,181	\$ 130,994,791	\$ 133,835,305	\$ 126,032,501
12 Instructional Resources & Media Svcs.	5,591,014	4,722,348	4,783,647	5,117,287	5,015,429	5,645,227	5,008,109	4,852,523	4,250,190	3,941,030
13 Curriculum & Instructional Staff Devpt.	3,482,596	4,112,502	4,156,453	4,407,778	3,666,935	3,575,361	3,190,961	2,315,992	2,732,512	3,432,377
21 Instructional Leadership	3,677,251	3,995,905	5,038,242	4,593,480	4,808,484	4,841,743	4,830,156	4,526,994	3,818,325	3,301,490
23 School Leadership	10,213,257	10,199,530	10,334,223	11,496,485	11,506,313	11,393,756	11,860,625	12,310,481	12,703,954	11,930,327
31 Guidance, Counseling, and Evaluation Svcs.	7,117,540	7,655,899	7,848,384	7,973,115	7,928,395	7,929,295	8,287,553	8,033,912	7,453,131	7,484,627
32 Social Work Services	1,584,124	1,725,654	1,878,004	1,898,201	1,873,824	1,635,270	1,547,337	1,459,941	1,216,784	1,235,284
33 Health Services	2,717,525	2,703,162	2,833,087	2,914,709	3,029,224	3,152,483	3,275,482	3,222,011	3,129,927	2,905,793
34 Student (Pupil) Transportation	3,353,357	3,557,405	4,006,844	4,421,695	3,780,477	3,337,594	3,379,725	4,286,949	3,857,490	3,795,583
35 Food Services	10,488,447	11,112,037	14,060,478	14,019,024	13,050,876	13,273,870	14,721,207	16,322,280	17,015,626	16,684,983
36 Cocurricular/Extracurricular Activities	3,335,203	4,121,958	4,201,927	3,865,637	3,407,484	3,669,811	3,978,069	3,988,524	4,117,102	4,407,657
41 General Administration	5,902,123	6,013,068	6,462,377	6,414,077	6,151,232	7,128,076	6,911,475	5,817,817	5,827,965	5,538,290
51 Plant Maintenance & Operations	15,823,595	17,890,819	20,191,873	20,833,944	20,672,806	21,452,133	21,033,887	20,785,265	22,049,652	20,007,352
52 Security & Monitoring Services	2,589,363	2,560,883	3,649,274	3,658,629	3,084,521	3,090,286	2,941,578	6,062,334	3,587,576	3,069,286
53 Data Processing Services	2,724,200	3,550,847	3,089,698	3,246,059	2,947,023	3,397,514	3,347,252	3,520,834	4,170,043	3,862,338
61 Community Services	743,051	405,884	381,774	940,663	1,307,924	1,343,308	1,490,764	1,820,034	1,506,155	1,576,705
71 Principal	8,230,000	10,940,000	8,378,013	10,731,378	17,221,396	18,464,315	14,144,518	14,799,652	19,474,301	20,885,585
Interest	7,162,878	8,851,746	12,204,644	13,939,432	13,141,804	12,662,695	12,245,352	11,101,550	12,176,157	10,661,786
Other Debt Service Costs	104,836	7,129,465	94,524	700,532	107,750	20,350	287,969	289,311	18,950	17,950
81 Facilities acquisition/construction	34,035,840	36,178,910	50,483,909	33,927,132	34,907,736	18,227,796	17,657,752	29,190,358	12,014,889	30,319,993
Other capital outlay										
93 Payments to Fiscal Agents / Members.	6,675	6,000	11,000	8,903	8,391	6,637	-	6,000	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	140,892	200,600	131,393	12,390	163,153	85,320	85,320	72,443	58,618	162,740
Total expenditures	<u>\$ 244,075,410</u>	<u>\$ 269,071,342</u>	<u>\$ 284,897,496</u>	<u>\$ 282,686,553</u>	<u>\$ 282,355,450</u>	<u>\$ 276,895,145</u>	<u>\$ 277,151,272</u>	<u>\$ 285,779,996</u>	<u>\$ 275,020,652</u>	<u>\$ 281,259,677</u>

Debt service as a percentage of noncapital expenditures

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	7.33%	8.50%	8.78%	9.94%	12.29%	12.09%	10.20%	10.27%	12.12%	12.64%

Percentage was calculated as follows: (Debt Service Principal + Interest Payments) / (Total expenditures - Capital)
(20,885,585 + 10,661,786) / (281,259,677 - 31,692,862)

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

FISCAL YEAR	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Excess of revenues over (under) expenditures	\$ (22,988,803)	\$ (39,314,576)	\$ (47,014,533)	\$ (21,294,977)	\$ (14,085,051)	\$ 1,119,608	\$ 3,352,130	\$ (6,067,741)	\$ (11,338,453)	\$ (22,724,601)
Other Financing Sources (Uses)										
Issuance of Loans	4,000,000	-	14,000,000	-	-	-	-	-	-	-
Issuance of Bonds	-	182,135,630	-	56,950,000	-	-	18,420,000	18,415,000	-	-
Lease Proceeds	-	-	-	-	-	154,728	-	-	-	-
Premium Issuance of Bond	80,430	5,815,205	-	668,061	-	-	1,382,794	926,503	-	-
Premium Issuance of Loans	36,695	-	23,032	-	-	-	-	-	-	-
Redemption of Refunded Bonds	-	(54,145,000)	-	-	-	-	-	-	-	-
Sale of Real and Personal Property	-	-	-	-	-	-	-	72,215	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(19,771,368)	(19,062,461)	-	-
Transfers in	8,282,912	9,745,939	8,137,271	8,171,244	5,438,945	8,369,938	8,510,698	7,020,726	8,266,550	23,776,245
Transfers out	(8,282,912)	(9,745,939)	(8,137,271)	(8,171,244)	(5,438,945)	(8,369,938)	(8,510,698)	(7,020,726)	(8,266,550)	(23,776,245)
Special Item	-	-	-	7,731,745	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,117,125</u>	<u>133,805,835</u>	<u>14,023,032</u>	<u>65,349,806</u>	<u>-</u>	<u>154,728</u>	<u>31,426</u>	<u>351,257</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (18,871,678)</u>	<u>\$ 94,491,259</u>	<u>\$ (32,991,501)</u>	<u>\$ 44,054,829</u>	<u>\$ (14,085,051)</u>	<u>\$ 1,274,336</u>	<u>\$ 3,383,556</u>	<u>\$ (5,716,484)</u>	<u>\$ (11,338,453)</u>	<u>\$ (22,724,601)</u>

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

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value ^o	Total Direct Rate ^a
	Residential Property	Personal Property			
2004	1,897,272,357	270,837,330	675,710,242	1,492,399,445	1.503
2005	1,967,477,564	271,781,800	558,089,592	1,681,169,772	1.474
2006	2,087,865,861	277,897,380	565,792,825	1,799,970,416	1.554
2007	2,145,905,693	287,225,760	582,803,765	1,850,327,688	1.495
2008	2,347,904,503	312,600,408	622,347,599	2,038,157,312	1.274
2009	2,472,601,899	321,706,417	651,666,047	2,142,642,269	1.274
2010	2,631,967,318	301,780,345	797,895,605	2,135,852,058	1.274
2011	2,665,396,497	275,391,447	815,280,160	2,125,507,784	1.274
2012	2,684,572,761	269,333,873	826,719,588	2,127,187,046	1.274
2013	2,690,386,667	252,163,085	833,751,893	2,108,797,859	1.274

Source: LISD Tax Office

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

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

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

Fiscal Year	District Direct Rates			Overlapping Rates ^a		
	Maintenance & Operations	Debt Service	Total	Laredo Community College	City of Laredo	Webb County Road & Bridge
2004	1.323	0.180	1.503	0.236	0.642	0.472
2005	1.323	0.151	1.474	0.236	0.637	0.438
2006	1.383	0.171	1.554	0.234	0.637	0.438
2007	1.266	0.229	1.495	0.222	0.637	0.401
2008	1.040	0.234	1.274	0.256	0.256	0.187
2009	1.040	0.234	1.274	0.247	0.247	0.179
2010	1.040	0.234	1.274	0.244	0.244	0.180
2011	1.040	0.234	1.274	0.243	0.243	0.172
2012	1.040	0.234	1.274	0.240	0.240	0.163
2013	1.040	0.234	1.274	0.230	0.230	0.147

Source: LISD Tax Office.

Note:

^a Includes levies for operating and debt service costs.

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

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Laredo Texas Hospital Co LP	\$ 96,510,677	1	3.20%	90,887,980	1	4.07%
HE Butt Grocery Co	16,664,960	4	0.55%	20,701,970	3	0.93%
Webb Hospital Holdings LLC	17,983,200	2	0.60%	20,564,210	4	0.92%
International Bank of Commerce	15,551,150	5	0.52%	7,502,620	10	0.34%
AEP Texas Central Company	17,175,140	3	0.57%	28,603,980	2	1.28%
MPT of Laredo LLC	13,478,820	6	0.45%	-	-	-
The Laredo National Bank	11,802,880	7	0.39%	11,019,380	6	0.49%
Southwestern Bell Telephone LP	8,231,360	8	0.27%	17,776,080	5	0.80%
BIA Acquisition LTD	6,643,600	10	0.22%	9,572,880	9	0.43%
Texas Cable Partners, LP	-	-	0.00%	9,953,900.0	8	0.45%
Time Warner Cable Texas LLC	8,068,580	9	0.27%	-	-	0.00%
La Posada Hotel	-	-	-	10,185,400	7	0.46%
Courtyard by Marriot	-	-	-	-	-	0.00%
The Texas Mexican Rwy	-	-	-	-	-	0.00%
Total Appraised Value	\$ 3,019,249,181		7.03%	\$ 2,235,600,605		10.14%

Source: LISD Tax Office

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Outstanding Tax Levy	Percentage of Levy
2004	21,883,429	20,894,287	95.48	836,716	21,731,003	152,426	99.30%
2005	24,424,100	23,477,269	96.12	777,178	24,254,447	169,653	99.31%
2006	26,852,020	25,695,670	95.69	979,782	26,675,452	176,568	99.34%
2007	28,349,279	27,043,378	95.39	1,057,589	28,100,967	248,312	99.12%
2008	25,996,124	24,782,861	95.44	974,598	25,757,459	238,665	99.08%
2009	27,297,263	25,864,604	94.75	1,147,488	27,012,092	285,171	98.96%
2010	27,210,755	25,084,155	92.18	1,880,693	26,964,848	245,907	99.10%
2011	27,078,969	26,174,857	96.66	647,166	26,822,023	256,946	99.05%
2012	27,100,363	26,076,453	96.22	588,115	26,664,568	435,795	98.39%
2013	26,866,085	25,956,120	96.61	-	25,956,120	909,965	96.61%

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

Fiscal Year	General Obligation Bonds	Loans	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a	Per Capita Personal Income Schedule # 16	Per Capita ^a
2004	134,411,482	22,225,000	156,636,482	3.88%	726	18,731	725.94
2005	254,032,558	20,480,000	274,512,558	6.16%	1,242	20,160	1,242.30
2006	247,637,999	32,675,000	280,312,999	5.90%	1,240	21,012	1,240.42
2007	296,751,137	31,360,000	328,111,137	6.46%	5,945	91,994	5,944.93
2008	287,630,128	29,640,000	317,270,128	5.70%	1,345	23,598	1,344.75
2009	278,289,348	27,855,000	306,144,348	4.69%	1,093	23,294	1,093.07
2010	267,149,396	25,975,000	293,124,396	4.92%	1,151	23,400	1,150.62
2011	256,072,731	24,000,000	280,072,731	4.37%	1,092	24,985	1,091.91
2012	245,038,625	16,000,000	261,038,625	3.86%	1,009	26,120	1,008.70
2013	233,645,070	8,000,000	241,645,070	N/A	N/A	-	-

Notes: N/A = not available.

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

Schedule 13
Laredo Independent School District
Direct and Overlapping Governmental Activities Debt
As of August 31, 2013
Unaudited

<u>Governmental Unit</u>	<u>Estimated Gross Debt</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Laredo	\$ 224,523,605	22.96%	\$ 51,550,620
County of Webb	62,757,056	14.72%	9,237,839
Laredo Community College	145,751,028	22.96%	<u>33,464,436</u>
Subtotal, overlapping debt			94,252,894
District direct debt			<u>174,169,325</u>
Total direct and overlapping debt			<u>\$ 268,422,219</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Net Assessed value of 2012 taxable property		\$	2,108,797,859
Plus: Exemptions			833,751,893
Total Assessed Value			<u>2,942,549,752</u>
Debt limit (10% of total assessed value)			294,254,975
Amount of debt applicable to said maximum debt limit:			
Total (net) general bonded debt	\$	166,169,325	
(Percentage of debt to total assessed value)			5.65%
Less: Debt Service Fund Balance as of 8/31/13		5,006,606	
Total amount of debt applicable to debt limit			<u>161,162,719</u>
Legal debt margin			<u><u>\$ 133,092,256</u></u>

<u>Fiscal Year</u>	<u>Debt limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u>
2004	168,116,972	127,395,117	40,721,855	75.78%
2005	180,836,742	245,496,793	(64,660,051)	135.76%
2006	194,474,196	224,767,220	(30,293,024)	115.58%
2007	185,032,769	245,415,822	(60,383,053)	132.63%
2008	203,815,731	232,617,536	(28,801,805)	114.13%
2009	279,430,832	218,178,789	61,252,043	78.08%
2010	293,374,766	203,672,415	89,702,351	69.42%
2011	294,078,794	164,778,123	129,300,671	56.03%
2012	295,390,663	162,871,919	132,518,744	55.14%
2013	294,254,975	161,162,719	133,092,256	54.77%

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 2001, 2002, 2005, 206, 2010 and 2011 are secured by the Permanent School Fund Guarantee.

Schedule 15

Laredo Independent School District

Ratio of General Obligation Bonded Debt to Taxable Assessed Value

General Obligation Bonded Debt Per Capita, and General Obligation Bonded Debt per Student

Last Ten Fiscal Years

Unaudited

Fiscal Year	Assessed Value ^a	General Obligation Bonded Debt	Less: Amount Available in Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Population	Bonded Debt Per Capita	Student Enrollment ^b	Bonded Debt per Student
2004	1,492,399,445	134,411,482	6,760,288	127,651,194	8.55%	218,833	614	24,359	5,240
2005	1,681,169,772	254,032,558	9,427,617	244,604,941	14.55%	224,874	1,130	24,745	9,885
2006	1,799,970,416	247,637,999	11,669,158	235,968,841	13.11%	227,544	1,088	24,876	9,486
2007	1,850,327,688	296,751,137	14,711,181	282,039,956	15.24%	217,506	1,364	24,795	11,375
2008	2,038,157,312	287,630,128	15,672,278	271,957,850	13.34%	221,000	1,301	25,075	10,846
2009	2,142,642,269	278,289,348	18,103,438	260,185,910	12.14%	255,926	1,087	24,903	10,448
2010	2,135,852,058	267,149,396	20,245,916	246,903,480	11.56%	263,286	1,015	24,682	10,003
2011	2,125,507,784	256,072,731	22,139,632	233,933,099	11.01%	246,917	1,037	24,680	9,479
2012	2,127,187,046	245,038,625	14,453,416	230,585,209	10.84%	270,381	906	24,761	9,312
2013	2,108,797,859	233,645,070	5,370,711	228,274,359	10.82%	276,656	845	24,797	9,206

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

^b This is the total number of public school students who were reported in membership, at any grade, from early childhood education through grade 12.

Membership is a slightly different number from enrollment because it does not include those students who are served in the district for less than two hours per day. (Source: PEIMS)

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

Calendar Year	Population	Personal Income^a	Per Capita Personal Income	Unemployment Rate^a
2004	218,833 ^a	4,041,613,000	18,731	6.50
2005	224,874 ^a	4,454,781,000	20,160	5.70
2006	217,559 ^b	4,748,324,000	21,012	5.20
2007	219,617 ^b	5,077,310,000	23,119	4.50
2008	220,232 ^b	5,567,524,000	23,598	5.20
2009	226,419 ^b	5,624,141,000	23,294	7.90
2010	237,244 ^b	5,961,227,000	23,400	8.00
2011	246,917 ^c	6,408,612,000	24,985	7.95
2012	270,381 ^d	6,769,544,000	26,120	7.07
2013	276,656 ^d	N/A	N/A	6.47

Tickmarks and Sources:

N/A = not available

^a Texas Workforce Commission

^b U.S. Census Bureau

^c Texas State Data Center

^d Texas Department of State Health Services

Note: Population and Unemployment Rate for 2013 represent projected figures.

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

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
United Independent School District	6,073	1	26.08%	4,500	1	23.51%
Laredo Independent School District	4,200	2	18.04%	3,587	2	18.74%
City of Laredo	2,407	3	10.34%	2,084	3	10.89%
Laredo Sector Border Patrol	1,978	4	8.49%	1,147	7	5.99%
H.E.B. Grocery	1,668	5	7.16%	1,327	5	6.93%
Webb County	1,500	6	6.44%	1,270	6	6.64%
Laredo Medical Center	1,500	7	6.44%	1,661	4	8.68%
Texas A&M International University	1,220	9	5.24%	880	10	4.60%
McDonald's Restaurant	1,539	8	6.61%	1,114	8	5.82%
Convergys	1,200	10	5.15%	-		0.00%
Wal-Mart				934	9	4.88%
Annual Labor Force	<u>23,285</u>		<u>100.00%</u>	<u>19,139</u>		<u>100.00%</u>

Source: Laredo Development Foundation.

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

Full-time-Equivalent Employees as of August 31											Percentage Change 2004-2013
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Teachers											
Pre-K & Kindergarten	169	188	205	222	230	228	221	223	198	215	
Elementary	644	640	638	631	631	629	678	671	625	629	
Secondary	566	553	565	599	624	622	637	603	576	543	
Special Education	163	177	170	156	N/A	N/A	N/A	N/A	N/A	N/A	
All Level	10	12	21	17	98	110	67	87	95	67	
Total Teachers	1,553	1,570	1,599	1,625	1,583	1,589	1,603	1,584	1,494	1,454	-6.35%
Support Staff											
Supervisors	7	5	5	15	-	-	-	-	-	-	
Counselors	61	62	62	66	63	61	63	65	65	64	
Educ Diagnosticians	20	18	20	19	19	18	17	17	14	15	
Librarians	28	28	27	30	30	30	30	30	27	27	
Nurses/Physicians	40	38	40	38	39	42	43	45	38	33	
Therapists	23	20	18	21	21	20	24	20	21	22	
Other Support Staff	161	179	215	216	200	202	210	205	172	167	
Total Support Staff	338	350	386	405	372	373	387	382	337	328	-2.99%
Administrators											
Admin/Instr Officers	15	13	24	19	35	37	36	37	31	29	
Principals	28	27	28	29	29	27	29	28	27	29	
Assistant Principals	54	55	53	59	59	54	54	58	54	51	
Superintendents	-	1	1	1	1	1	1	1	1	1	
Asst Superintendents	5	4	3	-	1	1	1	-	-	-	
Total Administrators	102	99	108	108	125	120	121	124	113	110	7.90%
Educational Aides	484	482	479	477	492	484	526	478	355	370	-23.54%
Auxiliary Staff	1,089	1,235	1,311	1,318	1,286	1,274	1,240	1,260	1,268	1,273	16.85%
Total	3,566	3,736	3,884	3,933	3,858	3,840	3,877	3,828	3,567	3,535	-0.87%

Source: Texas Education Agency Fall PEIMS Submission

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

<u>Fiscal Year</u>	<u>Enrollment¹</u>	<u>Operating Expenditures²</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
2004	24,359	194,541,856	7,986	6.18%	1,553	15.7	95.60%
2005	24,745	205,971,221	8,324	4.22%	1,570	15.8	96.20%
2006	24,876	213,736,406	8,592	3.22%	1,599	15.6	96.80%
2007	24,795	223,388,079	9,009	4.86%	1,625	15.3	96.50%
2008	25,075	216,976,764	8,653	-3.95%	1,583	15.8	96.00%
2009	24,903	227,519,989	9,136	5.58%	1,589	15.7	96.50%
2010	24,682	232,815,681	9,433	3.24%	1,603	15.4	97.20%
2011	24,680	230,399,125	9,335	-1.03%	1,584	15.6	97.10%
2012	24,761	231,336,355	9,343	0.08%	1,494	16.6	97.20%
2013	24,797	219,374,363	8,847	-5.31%	1,454	17.1	97.50%

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

Notes:

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

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

<u>Fiscal Year</u>	<u>0 Years Experience Salary^a</u>	<u>40+ Years Experience Salary^a</u>	<u>District Average Salary^b</u>	<u>County Average Salary^b</u>	<u>Statewide Average Salary^b</u>
2004	34,000	53,666	41,801	40,119	40,476
2005	36,000	55,666	43,071	41,800	41,009
2006	37,000	56,666	43,361	42,371	41,743
2007	39,500	59,166	46,236	45,164	44,897
2008	41,000	60,074	47,416	46,505	46,178
2009	41,000	62,399	49,021	47,938	47,158
2010	42,500	63,552	50,287	49,063	48,263
2011	42,500	63,627	50,163	49,378	48,639
2012	42,500	63,742	49,911	49,020	48,375
2013	42,700	64,042	49,967	48,950	48,821

Sources:

^a District records.

^b Texas Education Agency Fall PEIMS Submission

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

Schedule 21
Laredo Independent School District
Measures of Capacity
Unaudited

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

Source: Laredo Independent School District Construction Department

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

SINGLE AUDIT SECTION





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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District (the District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
Laredo Independent School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 13, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-13

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

Report on Compliance for Each Major Federal Program

We have audited the Laredo Independent School District's (the District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion in Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

To the Board of Trustees
Laredo Independent School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
January 13, 2014

**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

An unqualified opinion was issued on compliance for major programs.

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

Identification of major programs:

84.010A
84.365A

Title I, Part A – Improving Basic Programs
Title III, Part A – English Language Acquisition

**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

SECTION I – SUMMARY OF AUDITORS’ RESULTS – CONTINUED

- Dollar threshold used to distinguish between type A and type B programs? \$1,542,416
- Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

N/A

SECTION V – CORRECTIVE ACTION PLAN

N/A

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
R. O. T. C.	12.999	N/A	\$ 123,278
Total Direct Programs			\$ 123,278
TOTAL DEPARTMENT OF DEFENSE			\$ 123,278
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101240901	\$ 19,610,703
*ESEA, Title I, School Improvement-MHS	84.010A	13610104240901001	58,875
*ESEA, Title I, School Improvement-NHS	84.010A	13610104240901002	81,848
*ESEA, Title I, School Improvement-CHMS	84.010A	1361010240901041	42,471
*ESEA, Title I, School Improvement-CIMS	84.010A	1361010240901043	51,481
*ESEA, Title I, School Improvement-APES	84.010A	1360104240901111	14,500
*ESEA, Title I, IES - MHS	84.010A	13610110240901001	95,444
*ESEA, Title I, IES - NHS	84.010A	13610110240901002	221,343
*ESEA, Title I, IES - CHMS	84.010A	13610110240901041	159,659
*ESEA, Title I, IES - CIMS	84.010A	13610110240901043	120,065
Total CFDA Number 84.010A			20,456,389
ESEA, Title I, Part C - Migratory Children	84.011A	13615001240901	313,782
*IDEA - Part B, Formula	84.027A	13660001240901660	5,026,336
*IDEA - Part B, Discretionary	84.027A	136600022409016673	14,021
*IDEA - Part B, Deaf	84.027A	136600012409016601	14,388
Total CFDA Number 84.027A			5,054,745
*IDEA - Part B, Preschool	84.173A	136610012409016610	61,916
*IDEA - Part B, Preschool Deaf	84.173A	136600012409016601	852
Total CFDA Number 84.173A			62,768
Career and Technical - Basic Grant	84.048A	13420006240901	441,116
Title III, Part A - English Language Acquisition	84.365A	13671001240901	1,994,019
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	136945011240901	1,678,919
Title I, TTL Priority School-CHS	84.377A	116107047110023	1,795,344
Title I, TTL Priority School-LMS	84.377A	106107067110002	2,167,758
Total CFDA Number 84.377A			3,963,102
Total Passed Through State Department of Education			\$ 33,964,840
TOTAL DEPARTMENT OF EDUCATION			\$ 33,964,840
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	\$ 94,626
Total Passed Through Texas Dept of Human Services			\$ 94,626
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 94,626
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Forfeiture U. S. Treasury	16.999	N/A	\$ 23,350
Organized Crime Drug Enforcement Task Force	16.999	N/A	15,975
Total CFDA Number 16.999			39,325

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Total Direct Programs			\$ 39,325
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 39,325</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	\$ 4,721,667
*National School Lunch Program - Cash Assistance	10.555	N/A	10,602,329
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	883,801
Total CFDA Number 10.555			<u>11,486,130</u>
Fresh Fruit and Vegetable Program	10.582	N/A	267,980
*Non Cash Assistance - Summer Feeding Program	10.559	N/A	716,020
Total Passed Through the State Department of Agriculture			<u>\$ 17,191,797</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 17,191,797</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 51,413,866</u></u>

*Clustered Programs

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2013

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

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

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

Capital Projects Funds - are used to account for financial resources to be used for the acquisition or construction of major capital outlays, including capital facilities and other capital assets.

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

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

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H period of availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
4. Federal revenues in the General Fund consist of amounts attributed to the National School Lunch Program, the ROTC Program and the Medicaid Administrative Program. Expenditures are not specifically attributable to these revenue sources and are shown as amounts equal to federal revenues. The revenue for indirect costs is recognized in the General Fund. Additionally, the SHARS Program is accounted for in the General Fund. SHARS revenue is not considered federal financial assistance and is therefore not included in the schedule.

Total Expenditures of Federal Awards, Exhibit K-1	\$51,413,866
SHARS Program Reimbursement	4,975,251
Federal Program Revenues, Exhibit C-3	\$ 56,389,117

SCHOOLS FIRST QUESTIONNAIRE

Laredo Independent School District

Fiscal Year 2013

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$2,536,445

