

**LONGVIEW
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013

Introductory Section

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Longview Independent School District
Annual Financial Report
For The Year Ended August 31, 2013

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CERTIFICATE OF BOARD

Longview Independent School District
Name of School District

Gregg
County

092-903
Co.-Dist. 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, 2013, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signatures on file with Texas Education Agency.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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Financial Section

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Independent Auditors' Report

To the Board of Trustees
Longview Independent School District
1301 E. Young
Longview, Texas 75602

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 Longview 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.

Auditors' 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 of 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 District'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 District'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 Longview Independent School District as of August 31, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United

States of America.

Emphasis of Matter

As described in Note A to the financial statements, in 2013, Longview Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents 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 Longview Independent School District's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and other supplementary information 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 nonmajor fund financial statements and other supplementary information 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.

The introductory section has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014 on our consideration of Longview Independent School 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 Longview Independent School District's internal control over financial reporting and compliance.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
January 6, 2014

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MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Longview Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended 8/31/13. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

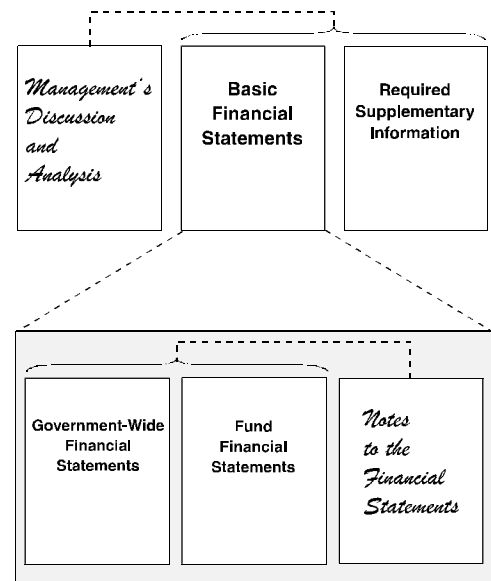
- i The District’s total combined net position was \$92,412,186 at 8/31/13.
- i During the year, the District’s expenses were \$6,178,845 less than the \$94,784,840 generated in taxes and other revenues for governmental activities.
- i The general fund reported a fund balance this year of \$54,261,098.
- i The District raised the paraprofessional and auxiliary minimum hourly wage rate to \$9.05. Adjustments were also made to the auxiliary and paraprofessional pay grades 1 and 2. Additionally, all auxiliary and paraprofessional employees received a minimum increase of 25 cents per hour.

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:

- i 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.
- i 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.
- i *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- i *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- i *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. Major Features of the District's Government-wide and Fund Financial Statements

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

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net 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 it has changed. Net position—the difference between the District's assets, deferred outflows, liabilities, and deferred inflows—is one way to measure the District's financial health or *position*.

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

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

Fund Financial Statements

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

- i Some funds are required by State law and by bond covenants.
- i 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:

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

- i *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 position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s combined net position was \$92,412,186 at 8/31/13. (See Table A-1).

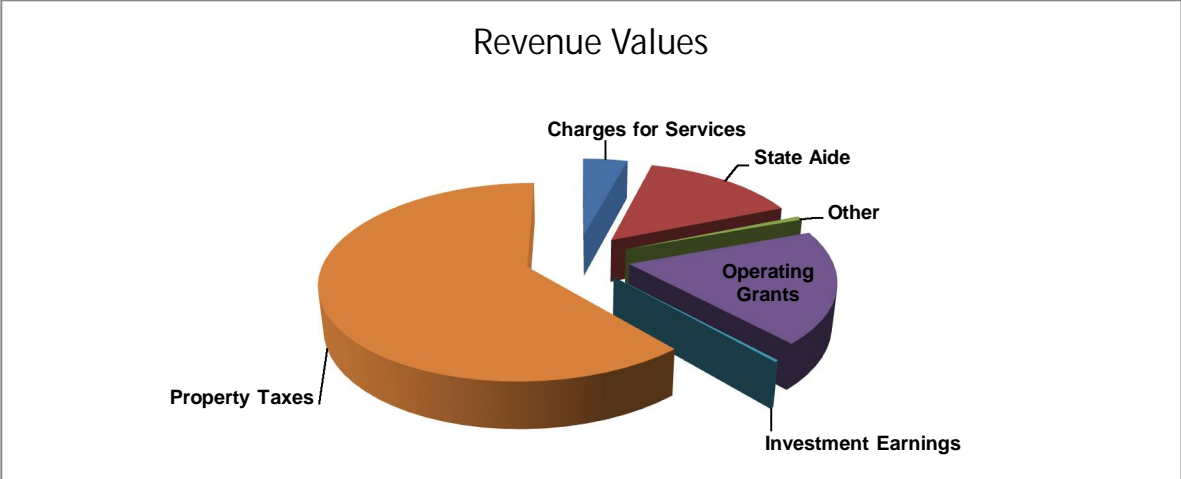
Table A-1
Longview Independent School District's Net Position
(In millions of dollars)

	Governmental Activities		Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012-13</u>
Current assets:			
Cash and cash equivalents	32.826	37.820	15.21
Current Investments	35.771	32.410	(9.40)
Property Taxes Receivable	2.525	2.630	4.16
Due from other Government	2.318	2.317	(.04)
Accrued Interest	.011	.010	(9.09)
Due from Fiduciary	.002	-	(100.00)
Other receivables	.168	.097	(42.26)
Inventories – at cost	.345	.360	4.35
Unrealized expenses	2.470	.126	(94.90)
Total current assets:	<u>76.436</u>	<u>75.770</u>	<u>(.87)</u>
Noncurrent assets:			
Bldg., Furn. & Eqmt, CIP, net	267.063	265.554	(.57)
Long-Term Investments	1.199	1.795	49.71
Land	10.470	10.457	(.12)
Total noncurrent assets	<u>278.732</u>	<u>277.806</u>	<u>(.33)</u>
Total Assets	<u>355.168</u>	<u>353.576</u>	<u>(.45)</u>
Current liabilities:			
Accounts payable and accrued liabilities	5.437	4.099	(24.61)
Bonds payable	4.190	4.170	(.48)
Due to other governments	-	.059	-
Unearned revenue	.197	.193	(2.03)
Total current liabilities	<u>9.824</u>	<u>8.521</u>	<u>(13.26)</u>
Long-term liabilities:			
Notes payable	<u>256.741</u>	<u>252.643</u>	<u>(1.60)</u>
Total Liabilities	<u>266.565</u>	<u>261.164</u>	<u>(2.03)</u>
Net Position:			
Invested in capital assets	21.244	19.198	(9.63)
Restricted	3.513	17.095	386.62
Unrestricted	<u>63.846</u>	<u>56.119</u>	<u>(12.10)</u>
Total Net Position	<u>88.603</u>	<u>92.412</u>	<u>4.30</u>

Restricted Net Position is dedicated to various uses, namely: debt service, state and federal programs, capital projects, and campus activities. The \$56,119,036 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position. The District’s total revenues were \$94,784,840. A significant portion, \$58,664,784 or 62%, of the District’s revenue comes from taxes. (See Figure Below) 34% comes from State aid, Operating Grants and Contributions, while only 5% relates to charges for services and investment earnings. The district also experienced a loss on asset dispositions in the amount of \$592,710 or (1%) of total revenue.

The total cost of all programs and services was \$88,605,995; 71% of these costs are for instructional and student services.



Governmental Activities

- i Property taxable values increased by 1.90%, resulting in an increase in the tax levy of \$1,085,530 even though the tax rate remained unchanged from the prior year.

Table A-2
Changes in Longview Independent School District's Net Position
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012-13</u>
Program Revenues:			
Charges for Services	3.551	4.005	12.79
Operating Grants and Contributions	15.614	13.922	(10.84)
General Revenues			
Property Taxes	57.653	58.664	1.75
State Aid	19.172	17.880	(6.74)
Investment Earnings	.322	.287	(10.87)
Disposition of Assets	(2.877)	(.593)	(79.39)
Other	.565	.618	9.38
Total Revenues	<u>94.000</u>	<u>94.785</u>	<u>.84</u>
Expenses:			
Instruction	40.426	41.398	2.40
Instructional Resources and Media Services	.913	.872	(4.49)
Curriculum Dev. And Instructional Staff Dev.	1.402	1.464	4.42
Instructional Leadership	1.669	1.598	(4.25)
School Leadership	4.226	4.283	1.35
Guidance, Counseling and Evaluation Services	2.434	2.417	(.70)
Social Work Services	.003	.013	433.33
Health Services	.608	.618	1.65
Student (Pupil) Transportation	2.818	2.894	2.70
Food Services	4.437	4.782	7.78
Curricular/Extracurricular Activities	2.269	2.315	2.03
General Administration	2.280	2.465	8.11
Plant Maintenance & Oper.	7.796	8.275	6.14
Security & Monitoring Svcs.	.491	.556	13.24
Data Processing Services	.740	1.098	48.38
Community Services	.670	.830	23.88
Debt Service	11.951	11.589	(3.03)
Bond Issuance Costs	.292	.002	(99.32)
Facilities Acquisition and Construction	1.316	.359	(72.72)
Other			
Intergovernmental Charges	.784	.780	(.51)
Total Expenses	<u>87.525</u>	<u>88.606</u>	<u>1.24</u>
Increase (Decrease) in Net Position	6.475	6.179	(4.57)
Beginning Net Position	82.127	88.602	7.88
Prior Period Adjustment	-	(2.369)	(100.00)
Ending Net Position	<u>88.602</u>	<u>92.412</u>	<u>4.30</u>

The District implemented Governmental Accounting Standards Board Statement No. 65, "Items Previously Report as Assets and Liabilities", during the period ended 8/31/13. In connection with that implementation, a prior period adjustment in the amount of \$2,369,222 was reported to remove the unamortized cost of debt issuance costs.

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

- i The cost of all *governmental* activities this year was \$88,605,995.
- i However, the amount that our taxpayers paid for these activities through property taxes was only \$58,664,784.
- i Some of the cost was paid by those who directly benefited from the programs, totaling \$4,004,834, or by grants and contributions totaling \$13,921,987.

Table A-3
Net Cost of Longview Independent School District Functions
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	<u>2012</u>	<u>2013</u>	<u>% Change</u>	<u>2012</u>	<u>2013</u>	<u>% Change</u>
Instruction	42.741	43.734	2.32	30.341	32.896	8.42
School Administration	5.895	5.881	(.24)	5.478	5.524	.84
Student Support Services	12.569	13.038	3.73	7.152	7.231	1.11
Plant Maintenance & Operations	7.796	8.275	6.14	7.584	8.056	6.22

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$95,315,486, a decrease of 1.57% over the preceding year. The net decrease is a result of less proceeds from state program revenues and federal program revenues. Additionally, the District continues to experience low earnings on investments due to the economic environment.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 13 times. Actual expenditures were \$4,499,175 below final budget amounts. The most significant positive variance resulted from instruction. Final costs for instruction were below the amount anticipated and initially budgeted.

In order to prevent budget deficits, the district made a concerted effort to provide for adequate budget amounts in all functions in the event of a contingency.

Revenues generated were \$3,476,401 above the final budgeted amount. Average daily attendance in excess of original projections caused state funding to exceed beginning budget amounts for the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$276,011,451 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net decrease (including additions and deductions) of \$1,520,826, or .55% under the prior year.

Table A-4
Longview Independent School District's Capital Assets
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012-13</u>
Land	10.469	10.457	(.12)
Buildings and improvements	279.468	277.484	(.71)
Vehicles	4.730	4.785	1.16
Equipment	8.735	12.320	41.04
Construction in progress	4.110	6.743	64.06
Totals at historical cost	307.512	311.789	1.39
Total accumulated depreciation	29.980	35.778	19.34
Net capital assets	<u>277.532</u>	<u>276.011</u>	<u>(.55)</u>

All renovations and building improvements under the bond program were substantially completed as of 8/31/13. This includes the major renovation of H.L. Foster Middle School on Green Street which now houses Lead and Dade Academy. Reductions to the District's capital assets resulted from the sale of a campus and the disposal of obsolete equipment.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$250,495,308 in bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Standard & Poor's "AA-" and Fitch "AA".

Table A-5
Longview Independent School District's Long Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change <u>2012-13</u>
	<u>2012</u>	<u>2013</u>	
Bonds payable	245.810	241.620	(1.71)
Accreted interest on CABs	2.566	2.853	11.19
Premiums on Issue of Bonds	3.680	3.465	(5.84)
QSC Bonds	<u>8.875</u>	<u>8.875</u>	-
Total bonds payable	<u><u>260.931</u></u>	<u><u>256.813</u></u>	<u><u>(1.58)</u></u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- i The appraised value used for the 2014 budget preparation increased by \$48 million or (1%) from last year.
- i The tax rate to support the 13/14 budget is 1.513 per hundred dollars in value. This reflects no change from the prior year.
- i Salary increases for professional, paraprofessional, auxiliary and manual trade staff at 4% of their pay grade midpoint. Restored salary steps for teachers, counselors, librarians, and nurses, resulting in a 3 step increase. Additional stipends for employees who hold a masters and/or doctorate degrees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2013

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 37,819,544
1120	Current Investments	32,409,797
1225	Property Taxes Receivable (Net)	2,629,702
1240	Due from Other Governments	2,316,641
1250	Accrued Interest	10,158
1290	Other Receivables (Net)	96,995
1300	Inventories	359,664
1410	Unrealized Expenses	126,459
Capital Assets:		
1510	Land	10,457,137
1520	Buildings and Improvements, Net	248,466,319
1530	Furniture and Equipment, Net	10,344,568
1580	Construction in Progress	6,743,427
1910	Long-Term Investments	1,795,244
1000	Total Assets	<u>353,575,655</u>
LIABILITIES:		
2110	Accounts Payable	506,352
2140	Interest Payable	476,055
2165	Accrued Liabilities	3,116,756
2180	Due to Other Governments	58,758
2300	Unearned Revenue	192,513
Noncurrent Liabilities:		
2501	Due Within One Year	4,170,009
2502	Due in More Than One Year	252,643,026
2000	Total Liabilities	<u>261,163,469</u>
NET POSITION		
3200	Net Investment in Capital Assets	19,198,416
Restricted For:		
3820	State and Federal Programs	1,649,705
3850	Debt Service	5,172,474
3860	Capital Projects	10,151,578
3870	Campus Activities	120,977
3900	Unrestricted	56,119,036
3000	Total Net Position	<u>\$ 92,412,186</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
	Governmental Activities:					
11	Instruction	\$ 41,397,789	\$ 2,443,188	\$ 7,118,069	\$ (31,836,532)	
12	Instructional Resources and Media Services	872,041	29,459	35,395	(807,187)	
13	Curriculum and Staff Development	1,464,259	5,966	1,205,648	(252,645)	
21	Instructional Leadership	1,597,879	--	120,368	(1,477,511)	
23	School Leadership	4,282,783	23,365	212,984	(4,046,434)	
31	Guidance, Counseling, & Evaluation Services	2,416,963	--	495,660	(1,921,303)	
32	Social Work Services	12,555	--	636	(11,919)	
33	Health Services	617,542	--	29,983	(587,559)	
34	Student Transportation	2,894,185	--	174,970	(2,719,215)	
35	Food Service	4,781,719	844,629	3,553,264	(383,826)	
36	Cocurricular/Extracurricular Activities	2,315,129	641,813	66,140	(1,607,176)	
41	General Administration	2,464,674	--	177,979	(2,286,695)	
51	Facilities Maintenance and Operations	8,275,443	16,385	203,394	(8,055,664)	
52	Security and Monitoring Services	556,152	--	1,351	(554,801)	
53	Data Processing Services	1,097,609	--	30,706	(1,066,903)	
61	Community Services	829,605	29	100,110	(729,466)	
72	Interest on Long-term Debt	11,588,575	--	395,330	(11,193,245)	
73	Bond Issuance Costs and Fees	2,300	--	--	(2,300)	
81	Noncapital Asset Acquisitions	358,743	--	--	(358,743)	
99	Other Intergovernmental Charges	780,050	--	--	(780,050)	
TG	Total Governmental Activities	88,605,995	4,004,834	13,921,987	(70,679,174)	
TP	Total Primary Government	\$ 88,605,995	\$ 4,004,834	\$ 13,921,987	(70,679,174)	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				40,412,226	
DT	Property Taxes, Levied for Debt Service				18,252,558	
IE	Investment Earnings				287,055	
GC	Grants Not Restricted to Specific Programs				17,880,489	
MI	Miscellaneous				618,401	
MI	Loss on Disposition of Assets				(592,710)	
TR	Total General Revenues				76,858,019	
CN	Change in Net Position				6,178,845	
NB	Net Position - Beginning				88,602,563	
PA	Prior Period Adjustment				(2,369,222)	
	Net Position - Beginning, as Restated				86,233,341	
NE	Net Position - Ending				\$ 92,412,186	

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2013

Data Control Codes	10	General Fund	IDEA-B Formula
ASSETS:			
1110	Cash and Cash Equivalents	\$ 34,491,608	\$ --
1120	Current Investments	20,580,030	--
1225	Taxes Receivable, Net	2,007,083	--
1240	Due from Other Governments	881,237	798,845
1250	Accrued Interest	5,139	--
1260	Due from Other Funds	1,072,883	--
1290	Other Receivables	49,230	--
1300	Inventories	209,340	--
1410	Unrealized Expenditures	124,464	--
1900	Long-Term Investments	--	--
1000	Total Assets	<u>59,421,014</u>	<u>798,845</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 312,928	\$ 452
2150	Payroll Deductions & Withholdings	211	31,760
2160	Accrued Wages Payable	2,018,552	89,171
2170	Due to Other Funds	89,923	677,462
2180	Due to Other Governments	57,444	--
2200	Accrued Expenditures	720,500	--
2300	Unearned Revenue	102,420	--
2000	Total Liabilities	<u>3,301,978</u>	<u>798,845</u>
DEFERRED INFLOWS OF RESOURCES:			
2600	Deferred Property Taxes	<u>1,857,938</u>	--
2600	Total Deferred Inflows of Resources	<u>1,857,938</u>	--
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	209,340	--
3430	Prepaid Items	124,464	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3480	Retirement of Long-Term Debt	--	--
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	20,441,984	--
3545	Other Committed Fund Balance	--	--
Assigned Fund Balances:			
3570	Capital Expenditures for Equipment	12,400,000	--
3600	Unassigned	21,085,310	--
3000	Total Fund Balances	<u>54,261,098</u>	--
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 59,421,014</u>	<u>\$ 798,845</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 1,348,048	\$ 109,487	\$ 1,870,401	\$ 37,819,544
1,877,599	9,952,168	--	32,409,797
622,619	--	--	2,629,702
--	--	636,559	2,316,641
5,019	--	--	10,158
--	89,923	275	1,163,081
--	--	47,765	96,995
--	--	150,324	359,664
--	--	1,995	126,459
1,795,244	--	--	1,795,244
<u>5,648,529</u>	<u>10,151,578</u>	<u>2,707,319</u>	<u>78,727,285</u>
\$ --	\$ --	\$ 192,972	\$ 506,352
--	--	--	31,971
--	--	244,036	2,351,759
--	--	395,696	1,163,081
--	--	1,314	58,758
--	--	12,526	733,026
--	--	90,093	192,513
<u>--</u>	<u>--</u>	<u>936,637</u>	<u>5,037,460</u>
556,815	--	--	2,414,753
<u>556,815</u>	<u>--</u>	<u>--</u>	<u>2,414,753</u>
--	--	97,646	306,986
--	--	--	124,464
--	--	1,552,059	1,552,059
5,091,714	--	--	5,091,714
--	10,151,578	--	10,151,578
--	--	--	20,441,984
--	--	120,977	120,977
--	--	--	12,400,000
--	--	--	21,085,310
<u>5,091,714</u>	<u>10,151,578</u>	<u>1,770,682</u>	<u>71,275,072</u>
\$ <u>5,648,529</u>	\$ <u>10,151,578</u>	\$ <u>2,707,319</u>	\$ <u>78,727,285</u>

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

Total fund balances - governmental funds balance sheet	\$ 71,275,072
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	276,011,451
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,414,753
Payables for bond principal which are not due in the current period are not reported in the funds.	(250,495,308)
Payables for bond interest which are not due in the current period are not reported in the funds.	(476,055)
Unamortized premiums and discounts on issuance of bonds are not reported in the funds.	(3,464,831)
Accreted interest on capital appreciation bonds is not reported in the funds.	<u>(2,852,896)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 92,412,186</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10	General Fund	IDEA-B Formula
REVENUES:			
5700 Local and Intermediate Sources	\$	42,781,763	\$ --
5800 State Program Revenues		20,345,654	--
5900 Federal Program Revenues		1,145,709	1,891,926
5020 Total Revenues		<u>64,273,126</u>	<u>1,891,926</u>
EXPENDITURES:			
Current:			
0011 Instruction		32,117,182	1,680,586
0012 Instructional Resources and Media Services		761,713	--
0013 Curriculum and Staff Development		223,822	--
0021 Instructional Leadership		1,283,841	2,097
0023 School Leadership		3,839,218	--
0031 Guidance, Counseling, & Evaluation Services		1,824,328	209,243
0032 Social Work Services		11,400	--
0033 Health Services		560,736	--
0034 Student Transportation		2,541,965	--
0035 Food Service		150,119	--
0036 Cocurricular/Extracurricular Activities		1,832,096	--
0041 General Administration		2,220,885	--
0051 Facilities Maintenance and Operations		7,699,249	--
0052 Security and Monitoring Services		502,851	--
0053 Data Processing Services		880,496	--
0061 Community Services		691,313	--
0071 Principal on Long-term Debt		--	--
0072 Interest on Long-term Debt		--	--
0073 Bond Issuance Costs and Fees		--	--
0081 Capital Outlay		234,473	--
0099 Other Intergovernmental Charges		780,050	--
6030 Total Expenditures		<u>58,155,737</u>	<u>1,891,926</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures		<u>6,117,389</u>	<u>--</u>
Other Financing Sources and (Uses):			
7912 Sale of Real or Personal Property		--	--
7080 Total Other Financing Sources and (Uses)		--	--
1200 Net Change in Fund Balances		<u>6,117,389</u>	<u>--</u>
0100 Fund Balances - Beginning		48,143,709	--
3000 Fund Balances - Ending	\$	<u><u>54,261,098</u></u>	\$ <u><u>--</u></u>

The accompanying notes are an integral part of this statement.

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 18,312,866	\$ 109,143	\$ 1,466,898	\$ 62,670,670
--	--	1,071,433	21,417,087
395,330	--	7,794,764	11,227,729
<u>18,708,196</u>	<u>109,143</u>	<u>10,333,095</u>	<u>95,315,486</u>
--	--	4,058,346	37,856,114
--	--	33,161	794,874
--	--	1,217,762	1,441,584
--	--	181,879	1,467,817
--	--	54,627	3,893,845
--	--	198,576	2,232,147
--	--	--	11,400
--	--	--	560,736
--	--	72,906	2,614,871
--	--	3,997,816	4,147,935
--	--	176,932	2,009,028
--	--	18,799	2,239,684
--	--	--	7,699,249
--	--	--	502,851
--	--	--	880,496
--	--	68,257	759,570
4,189,950	--	--	4,189,950
11,519,646	--	--	11,519,646
2,300	--	--	2,300
--	6,116,919	--	6,351,392
--	--	--	780,050
<u>15,711,896</u>	<u>6,116,919</u>	<u>10,079,061</u>	<u>91,955,539</u>
<u>2,996,300</u>	<u>(6,007,776)</u>	<u>254,034</u>	<u>3,359,947</u>
<u>117,253</u>	<u>--</u>	<u>--</u>	<u>117,253</u>
<u>117,253</u>	<u>--</u>	<u>--</u>	<u>117,253</u>
<u>3,113,553</u>	<u>(6,007,776)</u>	<u>254,034</u>	<u>3,477,200</u>
<u>1,978,161</u>	<u>16,159,354</u>	<u>1,516,648</u>	<u>67,797,872</u>
<u>\$ 5,091,714</u>	<u>\$ 10,151,578</u>	<u>\$ 1,770,682</u>	<u>\$ 71,275,072</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 3,477,200
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	6,642,509
The depreciation of capital assets used in governmental activities is not reported in the funds.	(7,413,986)
The gain or loss on the sale of capital assets is not reported in the funds.	(592,710)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(156,637)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	101,448
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,189,950
The accretion of interest on capital appreciation bonds is not reported in the funds.	(286,969)
(Increase) decrease in accrued interest from beginning of period to end of period.	3,116
Bond premiums are reported in the funds but not in the SOA.	<u>214,924</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 6,178,845</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2013

Data Control Codes	Agency Fund	Student Activity
	<u> </u>	<u> </u>
ASSETS:		
1110 Cash and Cash Equivalents	\$	158,465
1000 Total Assets		<u>158,465</u>
LIABILITIES:		
Current Liabilities:		
2190 Due to Student Groups	\$	158,465
2000 Total Liabilities		<u>158,465</u>
NET POSITION:		
3000 Total Net Position	\$	<u> --</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

For the year ended August 31, 2013, the District adopted the provisions of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and Statement No. 65, "Items Previously Reported as Assets and Liabilities". Additional information on the effect of this change can be found in section 3.d of this note and also in Note P.

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 elected by the public 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 and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. 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, including all taxes, are presented as general revenues.

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

The District reports the following major governmental funds:

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

IDEA-B Formula Special Revenue Fund: This fund is used on a project basis to account for federal funds for special education programs.

Debt Service Fund: This fund is used to accumulate resources for the repayment of bonded debt.

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

Capital Projects Fund: This fund is used to account for the proceeds of taxpayer approved bonds for new facilities.

In addition, the District reports the following fund types:

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

a. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible taxes at August 31, 2013 is \$399,069.

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

b. Inventories and Prepaid Items

Inventories of supplies and purchased food on the balance sheet are stated at cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while purchased food and 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 Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as transportation and instructional supplies.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40-60
Building Improvements	20
Vehicles	5-10
Furniture & Equipment	5-10

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District had no deferred outflows of resources to report for the current year.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item which occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet as deferred inflows. The District did not have deferred inflows of resources to report in its government-wide financial statements for the current year.

e. Receivable and Payable Balances

The District believes that 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.

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

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The District's policy is to maintain at least two months of working capital in unassigned fund balance.

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

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$37,978,008 and the bank balance was \$39,601,500. The District's cash deposits at August 31, 2013 and during the year ended August 31, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

2. 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 basic 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, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

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

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	56-77 Days	\$ 4,631,291
Lone Star Investment Pool	57-97 Days	17,497,987
Certificates of Deposit	6-12 months	10,280,519
Total Current Investments		<u>\$ 32,409,797</u>
Certificates of Deposit	02/01/2025	\$ 1,795,244
Total Long-Term Investments		<u>\$ 1,795,244</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2013, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>
TexPool	AAAm
Lone Star Investment Pool	AAAm

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department

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

or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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

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

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

D. 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	\$ 10,469,633	\$ 16,163	\$ 28,659	\$ 10,457,137
Construction in progress	4,110,324	5,976,485	3,343,382	6,743,427
Total capital assets not being depreciated	<u>14,579,957</u>	<u>5,992,648</u>	<u>3,372,041</u>	<u>17,200,564</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Capital assets being depreciated:				
Buildings and improvements	279,467,782	--	1,983,613	277,484,169
Furniture and equipment	8,734,866	3,731,232	146,392	12,319,706
Vehicles	4,729,994	262,276	207,212	4,785,058
Total capital assets being depreciated	<u>292,932,642</u>	<u>3,993,508</u>	<u>2,337,217</u>	<u>294,588,933</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,398,159)	(6,191,654)	(1,571,963)	(29,017,850)
Furniture and equipment	(2,171,045)	(985,353)	162,913	(3,319,311)
Vehicles	(3,411,118)	(236,979)	(207,212)	(3,440,885)
Total accumulated depreciation	<u>(29,980,322)</u>	<u>(7,413,986)</u>	<u>(1,616,262)</u>	<u>(35,778,046)</u>
Total capital assets being depreciated, net	<u>262,952,320</u>	<u>(3,420,478)</u>	<u>720,955</u>	<u>258,810,887</u>
Governmental activities capital assets, net	<u>\$ 277,532,277</u>	<u>\$ 2,572,170</u>	<u>\$ 4,092,996</u>	<u>\$ 276,011,451</u>

Depreciation was charged to functions as follows:

Instruction	\$ 3,629,870
Instructional Resources and Media Services	77,167
Curriculum and Staff Development	22,674
Instructional Leadership	130,062
School Leadership	388,938
Guidance, Counseling, & Evaluation Services	184,816
Social Work Services	1,155
Health Services	56,806
Student Transportation	463,172
Food Services	662,043
Extracurricular Activities	306,101
General Administration	224,990
Plant Maintenance and Operations	887,883
Security and Monitoring Services	53,301
Data Processing Services	254,973
Community Services	70,035
	<u>\$ 7,413,986</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 1,072,883	Short-term loans
Other Governmental Funds	Other Governmental Funds	275	Short-term loans
Capital Projects Fund	General Fund	89,923	Transfer insurance proceeds to proper fund
	Total	<u>\$ 1,163,081</u>	

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

F. Long-Term Obligations

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

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

1. Long-Term Obligation Activity

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 254,685,258	\$ --	\$ 4,189,950	\$ 250,495,308	\$ 4,170,009
Accreted interest on CABs	2,565,927	286,969	--	2,852,896	--
Unamortized bond premium	3,679,755	--	214,924	3,464,831	--
Total governmental activities	<u>\$ 260,930,940</u>	<u>\$ 286,969</u>	<u>\$ 4,404,874</u>	<u>\$ 256,813,035</u>	<u>\$ 4,170,009</u>

2. Bonds Payable

Bonds payable currently outstanding are as follows:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 2008	4.00-5.00%	FY 2036	\$ 111,605,000
Unlimited Tax School Building Bonds, Series 2008 - CAB	2.81-4.46%	FY 2018	11,825,308
Unlimited Tax School Building Bonds, Series 2009	2.50-5.00%	FY 2037	59,345,000
Unlimited Tax School Building Bonds, Series 2010	2.00-5.00%	FY 2040	48,945,000
Unlimited Tax Qualified School Construction Bonds, Series 2010	4.657%	FY 2025	8,875,000
Unlimited Tax School Building Bonds, Series 2011	4.50%	FY 2038	9,720,000
Unlimited Tax School Building Bonds, Series 2011 - CAB	4.07-4.28%	FY 2028	180,000
			<u>\$ 250,495,308</u>

3. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2013, are as follows:

Year Ending August 31,	Principal	Interest	Total
2014	\$ 4,170,009	\$ 11,538,237	\$ 15,708,246
2015	4,156,465	11,548,406	15,704,871
2016	5,246,671	11,957,475	17,204,146
2017	5,182,908	12,021,263	17,204,171
2018	5,129,255	12,071,892	17,201,147
2019-2023	36,540,000	49,464,256	86,004,256
2024-2028	57,010,000	38,197,426	95,207,426
2029-2033	62,235,000	23,785,825	86,020,825
2034-2038	64,610,000	7,963,944	72,573,944
2039-2040	6,215,000	251,100	6,466,100
Totals	<u>\$ 250,495,308</u>	<u>\$ 178,799,824</u>	<u>\$ 429,295,132</u>

4. Qualified School Construction Bonds

Certain Series 2010 bonds include an irrevocable election to receive directly from the United States Department of the Treasury a tax credit equal to the amount of interest which would have been payable on the Securities by the Issuer if such interest were determined at the credit rate determined under section 54(A)(b)(3) of the Internal Revenue Code (which credit rate applicable to the Bonds is 4.657% per annum), which election is based on the Securities' qualification as "Qualified School Construction Bonds" under section 54F of the Code and as "qualified bonds" under subsection 6431(f)(1)(A) of the Code, and the Issuer's irrevocable election to treat the Securities as such at their time of issuance. During the year ended August 31, 2013, the District received \$395,330 from the Department of the Treasury which directly offset the cost of interest expense on this issue.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2013

The term bond in the amount of \$8,875,000 will mature on February 15, 2025. The District is required to make mandatory payments into a sinking fund annually, which will be used to pay off the bonds at maturity. At August 31, 2013, the District was in compliance with the sinking fund requirements.

G. Risk Management

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

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' 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 law provides for a member contribution rate of 6.4% for fiscal years 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0 % for fiscal year 2012, and 6.644% for fiscal year 2011. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2013, 2012 and 2011 were \$2,413,549, \$2,469,510 and \$2,941,630, respectively. The District paid additional state contributions for the years ending August 31, 2013, 2012 and 2011 in the amount of \$235,069, \$265,845 and \$348,606, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for

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

participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was .5% for fiscal year 2013 and 1.0% for fiscal years 2012 and 2011. The active public school employee and school district contribution rates were 0.65% and 0.55%, respectively, for fiscal years 2013, 2012 and 2011. For the years ended August 31, 2013, 2012, and 2011, the State's contributions to TRS-Care were \$215,282, \$430,835, and \$462,888, respectively, the active member contributions were \$279,870, \$280,047, and \$300,877, respectively, and the District's contributions were \$236,800, \$236,975, and \$254,588, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$120,450, \$111,703, and \$110,978, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2013, and terms of coverage and premium costs are included in the contractual provisions.

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

2. Litigation

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

No reportable litigation was pending against the District at August 31, 2013.

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides deaf education to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Marshall ISD	\$ 102,261
Hallsville ISD	73,043
Jefferson ISD	14,609
New Diana ISD	29,217
West Rusk ISD	14,609
Harleton ISD	14,609
Beckville ISD	14,609
Kilgore ISD	43,826
White Oak ISD	43,826
Gladewater ISD	14,609
Spring Hill ISD	29,217
Carthage ISD	14,609
Ore City ISD	14,609
Big Sandy ISD	29,217
Union Grove ISD	14,609
Gilmer ISD	58,435
Pine Tree ISD	73,044
Elysian Fields ISD	14,609
Hughes Springs ISD	14,609
Avinger ISD	14,609
Pewitt Consolidated ISD	14,609
Pittsburg ISD	29,217
Mt. Vernon ISD	14,609
Longview ISD	175,305
Total	\$ <u>876,525</u>

M. Subsequent Events

Management has evaluated subsequent events through January 6, 2014, the date on which the financial statements were available to be issued.

N. Fund Balance

Other restrictions of fund balance consist of \$10,151,578 restricted for construction.

Other committed fund balance consists of \$120,977 committed to campus activity funds.

O. Workers Compensation

The District joined together with other school districts in the East Texas area to form the East Texas Educational Insurance Association, a public entity risk pool currently operating a workers' compensation risk management and insurance program for various member school districts. During the 2012-13 school year, the District paid a fixed cost in the amount of \$165,907 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$103,790 for current year claims and \$115,506 for claims incurred in prior years. However, the District may be required to pay, and retains the risk of loss for, workers'

LONGVIEW INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2013

compensation claims up to the loss fund maximum. When and if other schools in the Association exceed their loss fund maximum, the District will be required to pay a percentage share of the excess.

A reconciliation of changes in the liability for claims for the current and prior fiscal years is presented below:

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
Year Ended August 31, 2013	\$ 624,737	\$ 326,585	\$ 219,296	\$ 732,026
Year Ended August 31, 2012	702,797	194,102	272,162	624,737

P. Prior Period Adjustment

Beginning net position has been reduced by \$2,369,222 to reflect a change in accounting policy. The District implemented the provisions of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" during the period ended August 31, 2013. As a result, debt issuance costs previously capitalized and amortized have been removed from the statement of net position.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 40,964,697	\$ 41,139,352	\$ 42,781,763	\$ 1,642,411
5800	State Program Revenues	19,111,798	19,402,246	20,345,654	943,408
5900	Federal Program Revenues	255,127	255,127	1,145,709	890,582
5020	Total Revenues	<u>60,331,622</u>	<u>60,796,725</u>	<u>64,273,126</u>	<u>3,476,401</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	35,427,438	34,389,529	32,117,182	2,272,347
0012	Instructional Resources and Media Services	782,041	797,736	761,713	36,023
0013	Curriculum and Staff Development	188,029	255,629	223,822	31,807
	Total Instruction & Instr. Related Services	<u>36,397,508</u>	<u>35,442,894</u>	<u>33,102,717</u>	<u>2,340,177</u>
Instructional and School Leadership:					
0021	Instructional Leadership	1,310,281	1,339,262	1,283,841	55,421
0023	School Leadership	3,963,477	3,988,728	3,839,218	149,510
	Total Instructional & School Leadership	<u>5,273,758</u>	<u>5,327,990</u>	<u>5,123,059</u>	<u>204,931</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,884,556	1,901,281	1,824,328	76,953
0032	Social Work Services	10,510	12,655	11,400	1,255
0033	Health Services	574,199	621,679	560,736	60,943
0034	Student (Pupil) Transportation	3,298,244	3,175,337	2,541,965	633,372
0035	Food Services	--	186,185	150,119	36,066
0036	Cocurricular/Extracurricular Activities	1,715,857	1,999,042	1,832,096	166,946
	Total Support Services - Student (Pupil)	<u>7,483,366</u>	<u>7,896,179</u>	<u>6,920,644</u>	<u>975,535</u>
Administrative Support Services:					
0041	General Administration	2,171,657	2,328,873	2,220,885	107,988
	Total Administrative Support Services	<u>2,171,657</u>	<u>2,328,873</u>	<u>2,220,885</u>	<u>107,988</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	7,787,274	8,341,207	7,699,249	641,958
0052	Security and Monitoring Services	519,587	530,912	502,851	28,061
0053	Data Processing Services	997,761	1,013,156	880,496	132,660
	Total Support Services - Nonstudent Based	<u>9,304,622</u>	<u>9,885,275</u>	<u>9,082,596</u>	<u>802,679</u>
Ancillary Services:					
0061	Community Services	579,336	714,550	691,313	23,237
	Total Ancillary Services	<u>579,336</u>	<u>714,550</u>	<u>691,313</u>	<u>23,237</u>
Capital Outlay:					
0081	Capital Outlay	--	259,151	234,473	24,678
	Total Capital Outlay	<u>--</u>	<u>259,151</u>	<u>234,473</u>	<u>24,678</u>
0099	Other Intergovernmental Charges	800,000	800,000	780,050	19,950
	Total Intergovernmental Charges	<u>800,000</u>	<u>800,000</u>	<u>780,050</u>	<u>19,950</u>
6030	Total Expenditures	<u>62,010,247</u>	<u>62,654,912</u>	<u>58,155,737</u>	<u>4,499,175</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(1,678,625)</u>	<u>(1,858,187)</u>	<u>6,117,389</u>	<u>7,975,576</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1200	Net Change in Fund Balance	<u>(1,678,625)</u>	<u>(1,858,187)</u>	<u>6,117,389</u>	<u>7,975,576</u>
0100	Fund Balance - Beginning	<u>48,143,709</u>	<u>48,143,709</u>	<u>48,143,709</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 46,465,084</u>	<u>\$ 46,285,522</u>	<u>\$ 54,261,098</u>	<u>\$ 7,975,576</u>

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Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but which are presented for purposes of additional analysis.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes	209 Title I Effective Strategies	210 Title I School Improvement	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	4,729	6,869	386,444	1,497
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Unrealized Expenditures	--	--	--	--
1000	Total Assets	<u>4,729</u>	<u>6,869</u>	<u>386,444</u>	<u>1,497</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 9,470	\$ 297
2160	Accrued Wages Payable	--	--	97,761	--
2170	Due to Other Funds	4,729	6,869	279,213	1,200
2180	Due to Other Governments	--	--	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>4,729</u>	<u>6,869</u>	<u>386,444</u>	<u>1,497</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,729</u>	<u>\$ 6,869</u>	<u>\$ 386,444</u>	<u>\$ 1,497</u>

213 ESEA Title VII Indian Education	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	227 IDEA-B Deaf	228 IDEA-B Preschool Deaf
\$ --	\$ 2,394	\$ --	\$ --	\$ --
175	--	5,118	7,613	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>175</u>	<u>2,394</u>	<u>5,118</u>	<u>7,613</u>	<u>--</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	1,080	1,980	1,381	--
175	--	3,138	6,232	--
--	1,314	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>175</u>	<u>2,394</u>	<u>5,118</u>	<u>7,613</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 175</u>	<u>\$ 2,394</u>	<u>\$ 5,118</u>	<u>\$ 7,613</u>	<u>\$ --</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	253 IDEA-C Deaf	255 ESEA Title II Training & Recruiting
ASSETS:				
1110	Cash and Cash Equivalents	\$ 1,567,006	\$ --	\$ --
1240	Due from Other Governments	90,520	5,509	68,936
1260	Due from Other Funds	275	--	--
1290	Other Receivables	47,765	--	--
1300	Inventories	150,324	--	--
1410	Unrealized Expenditures	--	--	--
1000	Total Assets	<u>1,855,890</u>	<u>5,509</u>	<u>68,936</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 176,278	\$ --	\$ 5,980
2160	Accrued Wages Payable	66,022	5,509	29,636
2170	Due to Other Funds	--	--	33,320
2180	Due to Other Governments	--	--	--
2200	Accrued Expenditures	12,526	--	--
2300	Unearned Revenue	90,093	--	--
2000	Total Liabilities	<u>344,919</u>	<u>5,509</u>	<u>68,936</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	97,646	--	--
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	1,413,325	--	--
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	--	--
3000	Total Fund Balances	<u>1,510,971</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,855,890</u>	<u>\$ 5,509</u>	<u>\$ 68,936</u>

263 English Language Acquisition and Enhancement	289 Bilingual Education Summer School	397 Advanced Placement Incentives	404 Student Success Initiative	409 Texas High School Project
\$ --	\$ --	\$ 1,609	\$ --	\$ --
42,397	10,018	--	6,734	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1,995	--	--	--	--
<u>44,392</u>	<u>10,018</u>	<u>1,609</u>	<u>6,734</u>	<u>--</u>
\$ --	\$ --	\$ --	\$ --	\$ --
599	--	--	--	--
43,793	10,018	--	6,734	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>44,392</u>	<u>10,018</u>	<u>--</u>	<u>6,734</u>	<u>--</u>
--	--	--	--	--
--	--	1,609	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>1,609</u>	<u>--</u>	<u>--</u>
\$ <u>44,392</u>	\$ <u>10,018</u>	\$ <u>1,609</u>	\$ <u>6,734</u>	\$ <u>--</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes	410 State Textbook Fund	429 Read to Succeed License Plate
ASSETS:		
1110 Cash and Cash Equivalents	\$ --	\$ --
1240 Due from Other Governments	--	--
1260 Due from Other Funds	--	--
1290 Other Receivables	--	--
1300 Inventories	--	--
1410 Unrealized Expenditures	--	--
1000 Total Assets	<u> --</u>	<u> --</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ --	\$ --
2160 Accrued Wages Payable	--	--
2170 Due to Other Funds	--	--
2180 Due to Other Governments	--	--
2200 Accrued Expenditures	--	--
2300 Unearned Revenue	--	--
2000 Total Liabilities	<u> --</u>	<u> --</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories	--	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
Committed Fund Balances:		
3545 Other Committed Fund Balance	--	--
3000 Total Fund Balances	<u> --</u>	<u> --</u>
4000 Total Liabilities and Fund Balances	<u> --</u>	<u> --</u>

435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 178,140	\$ 121,252	\$ 1,870,401
--	--	636,559
--	--	275
--	--	47,765
--	--	150,324
--	--	1,995
<u>178,140</u>	<u>121,252</u>	<u>2,707,319</u>
\$ 947	\$ --	\$ 192,972
40,068	--	244,036
--	275	395,696
--	--	1,314
--	--	12,526
--	--	90,093
<u>41,015</u>	<u>275</u>	<u>936,637</u>
--	--	97,646
137,125	--	1,552,059
--	120,977	120,977
<u>137,125</u>	<u>120,977</u>	<u>1,770,682</u>
<u>\$ 178,140</u>	<u>\$ 121,252</u>	<u>\$ 2,707,319</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		209 Title I Effective Strategies	210 Title I School Improvement	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	310,622	65,870	2,962,627	27,421
5020	Total Revenues	<u>310,622</u>	<u>65,870</u>	<u>2,962,627</u>	<u>27,421</u>
EXPENDITURES:					
Current:					
0011	Instruction	89,656	48,301	2,445,846	19,135
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	210,798	8,317	249,936	150
0021	Instructional Leadership	--	--	54,713	--
0023	School Leadership	1,148	5,326	2,321	--
0031	Guidance, Counseling, & Evaluation Services	1,720	926	100,885	8,136
0034	Student Transportation	--	--	72,906	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0061	Community Services	7,300	3,000	36,020	--
6030	Total Expenditures	<u>310,622</u>	<u>65,870</u>	<u>2,962,627</u>	<u>27,421</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

213 ESEA Title VII Indian Education	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	227 IDEA-B Deaf	228 IDEA-B Preschool Deaf
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>73,805</u>	<u>21,867</u>	<u>39,193</u>	<u>31,650</u>	<u>3,452</u>
<u>73,805</u>	<u>21,867</u>	<u>39,193</u>	<u>31,650</u>	<u>3,452</u>
1,082	21,867	39,193	31,650	3,452
--	--	--	--	--
62,591	--	--	--	--
5,925	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
4,207	--	--	--	--
<u>73,805</u>	<u>21,867</u>	<u>39,193</u>	<u>31,650</u>	<u>3,452</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	253 IDEA-C Deaf	255 ESEA Title II Training & Recruiting
REVENUES:					
5700	Local and Intermediate Sources	\$ 832,122	\$ --	\$ --	\$ --
5800	State Program Revenues	41,833	--	--	--
5900	Federal Program Revenues	3,369,358	147,519	1,521	581,108
5020	Total Revenues	<u>4,243,313</u>	<u>147,519</u>	<u>1,521</u>	<u>581,108</u>
EXPENDITURES:					
Current:					
0011	Instruction	--	75,278	1,521	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	558,886
0021	Instructional Leadership	--	938	--	514
0023	School Leadership	--	--	--	3,203
0031	Guidance, Counseling, & Evaluation Services	--	71,303	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	3,997,816	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	18,505
0061	Community Services	--	--	--	--
6030	Total Expenditures	<u>3,997,816</u>	<u>147,519</u>	<u>1,521</u>	<u>581,108</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	245,497	--	--	--
1200	Net Change in Fund Balances	<u>245,497</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100	Fund Balances - Beginning	1,265,474	--	--	--
3000	Fund Balances - Ending	<u>\$ 1,510,971</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

263 English Language Acquisition and Enhancement	289 Bilingual Education Summer School	397 Advanced Placement Incentives	404 Student Success Initiative	409 Texas High School Project
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	572	37,950	160,060
<u>148,733</u>	<u>10,018</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>148,733</u>	<u>10,018</u>	<u>572</u>	<u>37,950</u>	<u>160,060</u>
50,762	10,018	--	4,403	118,936
--	--	--	--	--
79,648	--	7,184	33,547	--
626	--	--	--	--
--	--	--	--	16,370
--	--	--	--	15,606
--	--	--	--	--
--	--	--	--	9,148
--	--	--	--	--
<u>17,697</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>148,733</u>	<u>10,018</u>	<u>7,184</u>	<u>37,950</u>	<u>160,060</u>
--	--	(6,612)	--	--
--	--	(6,612)	--	--
--	--	8,221	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,609</u>	<u>\$ --</u>	<u>\$ --</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	410 State Textbook Fund	429 Read to Succeed License Plate
REVENUES:		
5700 Local and Intermediate Sources	\$ --	\$ --
5800 State Program Revenues	308,289	53
5900 Federal Program Revenues	--	--
5020 Total Revenues	<u>308,289</u>	<u>53</u>
EXPENDITURES:		
Current:		
0011 Instruction	308,289	--
0012 Instructional Resources and Media Services	--	53
0013 Curriculum and Staff Development	--	--
0021 Instructional Leadership	--	--
0023 School Leadership	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--
0034 Student Transportation	--	--
0035 Food Service	--	--
0036 Cocurricular/Extracurricular Activities	--	--
0041 General Administration	--	--
0061 Community Services	--	--
6030 Total Expenditures	<u>308,289</u>	<u>53</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	--	--
0100 Fund Balances - Beginning	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>

435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 346,608	\$ 288,168	\$ 1,466,898
522,676	--	1,071,433
--	--	7,794,764
<u>869,284</u>	<u>288,168</u>	<u>10,333,095</u>
757,067	31,890	4,058,346
--	33,108	33,161
--	6,705	1,217,762
119,163	--	181,879
--	26,259	54,627
--	--	198,576
--	--	72,906
--	--	3,997,816
--	167,784	176,932
294	--	18,799
--	33	68,257
<u>876,524</u>	<u>265,779</u>	<u>10,079,061</u>
(7,240)	22,389	254,034
<u>(7,240)</u>	<u>22,389</u>	<u>254,034</u>
144,365	98,588	1,516,648
<u>\$ 137,125</u>	<u>\$ 120,977</u>	<u>\$ 1,770,682</u>

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Other Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2013

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2004 and Prior Years	\$	Various	\$	Various	\$	Various
2005		1.50		.115		2,577,800,433
2006		1.50		.11		2,770,955,031
2007		1.37		.098		3,036,300,384
2008		1.0401		.098		3,340,013,774
2009		1.0401		.2579		3,635,017,793
2010		1.0401		.3802		3,820,569,211
2011		1.04		.473		3,687,427,693
2012		1.04		.473		3,780,076,033
2013 (School Year Under Audit)		1.04		.473		3,851,822,865

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 487,582	\$ --	\$ 12,053	\$ 442	\$ (75,778)	\$ 399,309
105,087	--	3,131	240	(1,863)	99,853
117,601	--	4,724	347	(2,460)	110,070
126,513	--	6,702	479	(1,973)	117,359
136,479	--	6,914	652	(1,747)	127,166
217,418	--	18,365	4,554	(12,992)	181,507
278,966	--	42,163	15,414	(1,815)	219,574
409,017	--	80,366	36,551	(5,312)	286,788
1,056,786	--	379,547	172,621	(18,897)	485,721
--	58,278,080	39,257,532	17,854,983	(164,141)	1,001,424
<u>\$ 2,935,449</u>	<u>\$ 58,278,080</u>	<u>\$ 39,811,497</u>	<u>\$ 18,086,283</u>	<u>\$ (286,978)</u>	<u>\$ 3,028,771</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 212,836	\$ 1,420,797	\$ --	\$ --	\$ 1,633,633
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	143,442	--	8,914	--	152,356
6212	Audit Services	--	--	--	24,125	--	--	24,125
6213	Tax Appraisal and Collection	--	845,050	--	--	--	--	845,050
621X	Other Prof. Services	--	--	--	--	--	--	--
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	10,830	--	--	10,830
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	3,761	27,405	--	--	31,166
6290	Miscellaneous Contr.	300	--	1,470	69,534	--	--	71,304
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	730	792	--	--	1,522
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	1,242	--	104	118,812	--	5,704	125,862
6410	Travel, Subsistence, Stipends	11,426	--	14,997	22,711	--	--	49,134
6420	Ins. and Bonding Costs	16,508	--	--	1,485	--	--	17,993
6430	Election Costs	212	--	--	--	--	--	212
6490	Miscellaneous Operating	19,202	--	14,528	62,183	--	4,181	100,094
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 48,890 \$ 845,050 \$ 391,868 \$ 1,758,674 \$ 8,914 \$ 9,885 \$ 3,063,281

Total Expenditures for General and Special Revenue Funds (9) \$ 70,126,724

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 831,039
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 7,376,583
Food (Function 35, 6341 and 6499)	(13)	\$ 2,076,226
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		<u>\$ 1,758,674</u>

Subtotal 12,042,522

Net Allowed Direct Cost \$ 58,084,202

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 277,484,169
Historical Cost of Buildings over 50 years old	(16)	3,158,502
Amount of Federal Money in Building Cost (Net of #16)	(17)	131,434
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	17,104,764
Historical Cost of Furniture & Equipment over 16 years old	(19)	1,618,900
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 578,872

(8) Note A - \$43,547 in Function 53 expenditures and \$780,050 in Function 99 expenditures are included in this report on administrative costs.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,013,500	\$ 1,013,500	\$ 832,122	\$ (181,378)
5800	State Program Revenues	27,000	49,452	41,833	(7,619)
5900	Federal Program Revenues	3,516,927	3,596,927	3,369,358	(227,569)
5020	Total Revenues	<u>4,557,427</u>	<u>4,659,879</u>	<u>4,243,313</u>	<u>(416,566)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,557,427	4,659,879	3,997,816	662,063
	Total Support Services - Student (Pupil)	<u>4,557,427</u>	<u>4,659,879</u>	<u>3,997,816</u>	<u>662,063</u>
6030	Total Expenditures	<u>4,557,427</u>	<u>4,659,879</u>	<u>3,997,816</u>	<u>662,063</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	245,497	245,497
1200	Net Change in Fund Balance	--	--	245,497	245,497
0100	Fund Balance - Beginning	1,265,474	1,265,474	1,265,474	--
3000	Fund Balance - Ending	<u>\$ 1,265,474</u>	<u>\$ 1,265,474</u>	<u>\$ 1,510,971</u>	<u>\$ 245,497</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 17,522,000	\$ 17,522,000	\$ 18,312,866	\$ 790,866
5900	Federal Program Revenues	413,309	413,309	395,330	(17,979)
5020	Total Revenues	<u>17,935,309</u>	<u>17,935,309</u>	<u>18,708,196</u>	<u>772,887</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	4,779,950	4,779,950	4,189,950	590,000
0072	Interest on Long-Term Debt	11,519,647	11,519,647	11,519,646	1
0073	Bond Issuance Costs and Fees	10,000	10,000	2,300	7,700
	Total Debt Service	<u>16,309,597</u>	<u>16,309,597</u>	<u>15,711,896</u>	<u>597,701</u>
6030	Total Expenditures	<u>16,309,597</u>	<u>16,309,597</u>	<u>15,711,896</u>	<u>597,701</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>1,625,712</u>	<u>1,625,712</u>	<u>2,996,300</u>	<u>1,370,588</u>
Other Financing Sources (Uses):					
7912	Sale of Real or Personal Property	--	117,253	117,253	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>117,253</u>	<u>117,253</u>	<u>--</u>
1200	Net Change in Fund Balance	1,625,712	1,742,965	3,113,553	1,370,588
0100	Fund Balance - Beginning	1,978,161	1,978,161	1,978,161	--
3000	Fund Balance - Ending	<u>\$ 3,603,873</u>	<u>\$ 3,721,126</u>	<u>\$ 5,091,714</u>	<u>\$ 1,370,588</u>

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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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

Board of Trustees
Longview Independent School District
1301 E. Young
Longview, Texas 75602

Members of the Board of Trustees:

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 Longview Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Longview Independent School District's basic financial statements, and have issued our report thereon dated January 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Longview Independent School 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 Longview Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Longview Independent School 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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Longview Independent School 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 entity'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.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
January 6, 2014

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Longview Independent School District
1301 E. Young
Longview, Texas 75602

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Longview Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Longview Independent School District's major federal program for the year ended August 31, 2013. Longview Independent School District's major federal program is 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 compliance for each of Longview Independent School 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 Longview Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Longview Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Longview Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

Management of Longview Independent School 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 Longview Independent School 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 Longview Independent School 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 considered 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.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
January 6, 2014

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

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

LONGVIEW INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

None required.

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

EXHIBIT K-1
Page 1 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Title VII Indian Education Grants	84.060	092-903	73,477
Title VII Indian Education Grants	84.060	092-903	328
Total Direct Programs			<u>73,805</u>
Passed Through State Department of Education:			
Title I Effective Strategies *	84.010	12610110092903041	10,500
Title I Effective Strategies *	84.010	12610110092903042	1,292
Title I Effective Strategies *	84.010	13610110092903041	122,457
Title I Effective Strategies *	84.010	13610110092903042	178,588
Title I School Improvement *	84.010	13610110092903042	40,189
Title I School Improvement *	84.010	13610110092903041	26,778
ESEA Title I Part A - Improving Basic Programs *	84.010	12610101092903	2,597
ESEA Title I Part A - Improving Basic Programs *	84.010	13610101092903	2,874,182
ESEA Title I Part A - Improving Basic Programs *	84.010	14610101092903	105,828
Title I Part D Subpart 2 *	84.010	12610103092903	90
Title I Part D Subpart 2 *	84.010	13610103092903	27,552
Title I Part D Subpart 2 *	84.010	14610103092903	297
Total CFDA Number 84.010			<u>3,390,350</u>
IDEA-B Formula *	84.027	136600010929036600	1,844,641
IDEA-B Formula *	84.027	146600010929036600	89,171
IDEA-B Discretionary *	84.027	13660020929036673	37,213
IDEA-B Discretionary *	84.027	14660020929036673	1,980
IDEA-B Deaf *	84.027	13660010929036601	30,268
IDEA-B Deaf *	84.027	14660010929036601	1,382
Total CFDA Number 84.027			<u>2,004,655</u>
Career and Technical - Basic Grant	84.048	13420006092903	142,010
Career and Technical - Basic Grant	84.048	14420006092903	5,509
Total CFDA Number 84.048			<u>147,519</u>
IDEA-B Preschool *	84.173	136610010929036610	20,787
IDEA-B Preschool *	84.173	146610010929036610	1,080
IDEA-B Preschool Deaf *	84.173	136610010929036611	3,452
Total CFDA Number 84.173			<u>25,319</u>
IDEA-C Early Intervention (Deaf)	84.181	133911010929033911	1,521
Title III Part A English Language Acquisition and Enhancement	84.365	12671001092903	1,091
Title III Part A English Language Acquisition and Enhancement	84.365	13671001092903	149,664
Title III Part A English Language Acquisition and Enhancement	84.365	14671001092903	901
Total CFDA Number 84.365			<u>\$ 151,656</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	12694501092903	432
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	13694501092903	524,733
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	14694501092903	61,814
Total CFDA Number 84.367			<u>586,979</u>
Summer School LEP	84.369	092-903	10,018
Total Passed Through State Department of Education			<u>6,318,017</u>
Total U. S. Department of Education			<u>6,391,822</u>

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

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
ROTC	12.000	092-903	88,742
Total U. S. Department of Defense			<u>88,742</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	00439	796,485
Food Distribution (Non-cash) *	10.555	00439	248,765
National School Lunch Program *	10.555	00439	2,324,108
Total CFDA Number 10.555			<u>2,572,873</u>
Total Passed Through State Department of Education			<u>3,369,358</u>
Passed Through State Department of Agriculture:			
Child and Adult Care Food Program	10.558	00439	140,133
Total U. S. Department of Agriculture			<u>3,509,491</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 9,990,055</u></u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

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

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Longview Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note B - Reconciliation of Schedule of Expenditures of Federal Awards to Total Federal Revenues

The accompanying schedule of expenditures of federal awards (SEFA) does not include certain amounts that are federal source revenues but are not considered "federal financial assistance" for SEFA reporting purposes. A reconciliation follows:

Total Federal Expenditures, Exhibit K-1	\$ 9,990,055
Other Federal Revenue Sources:	
School Health and Related Services (SHARS)	842,344
QSCB Interest Subsidy	<u>395,330</u>
Total Federal Revenues, Exhibit C-2	<u>\$ 11,227,729</u>

Note C - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At August 31, 2013, the District had food commodities totaling \$52,679 in inventory.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2013

<u>Data Control Codes</u>	<u>Responses</u>
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 unmodified 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 What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 2,852,896

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