

**LONGVIEW  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2003**

## Introductory Section

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Longview Independent School District  
Annual Financial Report  
For the Year Ended August 31, 2003

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Annual Financial Report  
For the Year Ended August 31, 2003

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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, 2003, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

ORIGINAL SIGNATURES ON FILE WITH THE 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

Karen A. Jacks, CPA  
Peggy J. Lantz, CPA  
Sherry Davis, CPA  
Sharon L. Stroman, CPA

P.O. Box 3167  
Longview, Texas 75606

1501 Colony Circle  
Longview, Texas 75604

Phone: 903 • 238 • 8822

Fax: 903 • 238 • 9838

## Independent Auditors' Report on Financial Statements

Board of Trustees  
Longview Independent School District  
1301 E. Young  
Longview, Texas 75606

### Members of the Board of Trustees:

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 as of and for the year ended August 31, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Longview Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Longview Independent School District as of August 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated November 13, 2003, on our consideration of Longview Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Longview Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS and the combining financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
November 13, 2003

## 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 8/31/03. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

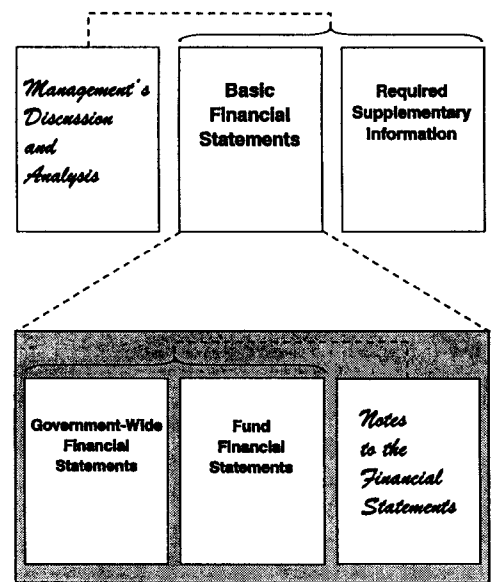
- The District's total combined net assets were \$30,162,159 at 8/31/03.
- During the year, the District's expenses were \$1,925,305 less than the \$63,182,166 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$3,236,946.
- The District issued \$14,180,000 in tax refunding bonds during the fiscal year 8/31/03.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *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

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 assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

| 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 |
| 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 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   |

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional 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.

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

The District has the following kinds of funds:

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

- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities..
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations,

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$30,162,159 at 8/31/03. (See Table A-1).

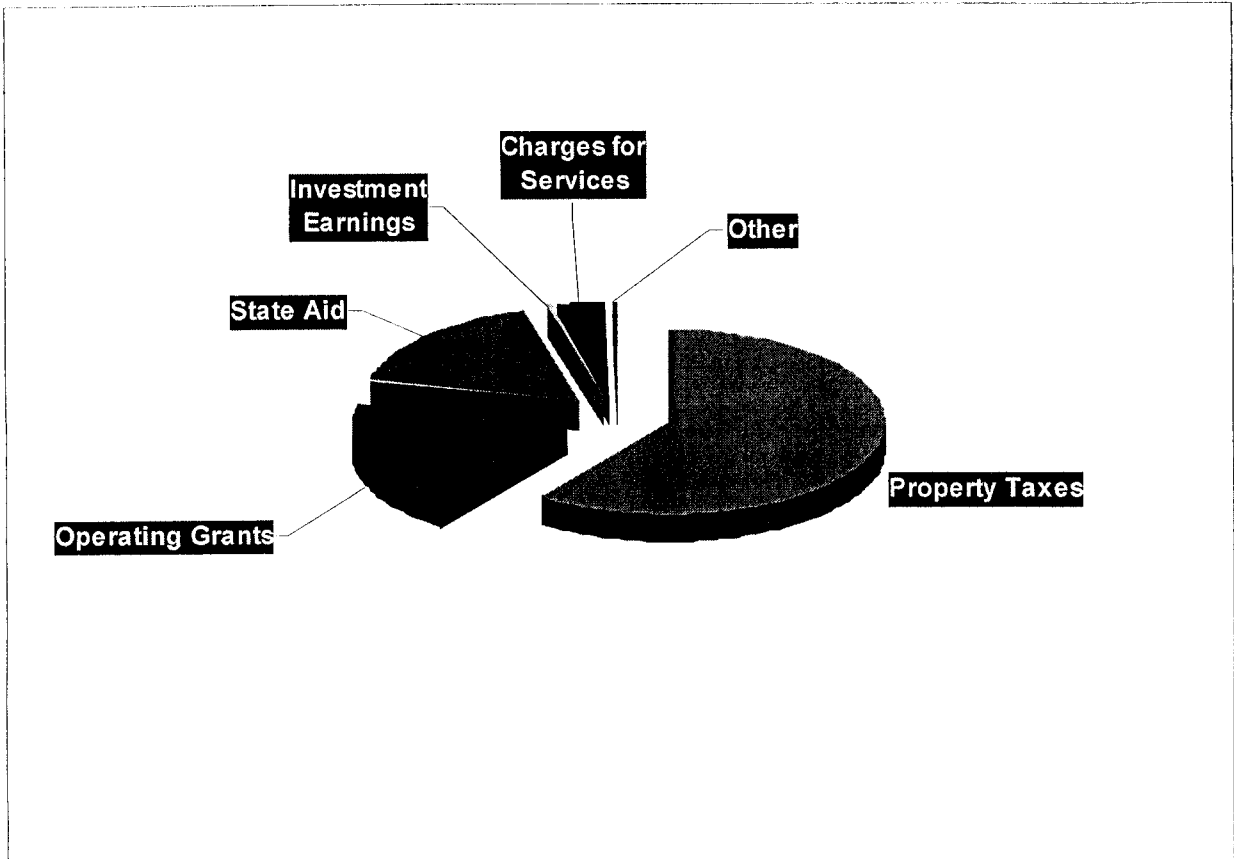
**Table A-1**  
Longview Independent School District's Net Assets  
(In millions of dollars)

|  | Governmental Activities |               | Business-type Activities |            | Total         |               | Total Percentage Change<br>2003-2002 |
|--|-------------------------|---------------|--------------------------|------------|---------------|---------------|--------------------------------------|
|  | 2003                    | 2002          | 2003                     | 2002       | 2003          | 2002          |                                      |
| <b>Current assets:</b>                   |                         |               |                          |            |               |               |                                      |
| Cash and cash equivalents                | \$ 7.821                | 5.546         | 0                        | (0)        | \$ 7.821      | 5.546         | 41.021                               |
| Property Taxes Receivable                | 2.747                   | 2.462         | 0                        | (0)        | 2.747         | 2.462         | 11.576                               |
| Due from other Government                | .974                    | 2.462         | 0                        | (0)        | .974          | 2.462         | (60.439)                             |
| Other receivables                        | .284                    | 1.774         | 0                        | (0)        | .284          | 1.774         | (83.990)                             |
| Inventories – at cost                    | .306                    | .336          |                          |            | .306          | .336          | (.089)                               |
| Deferred Expenses                        | .187                    | .197          | 0                        | (0)        | .187          | .197          | (5.076)                              |
| <b>Total current assets:</b>             | <b>12.319</b>           | <b>12.777</b> | <b>0</b>                 | <b>(0)</b> | <b>12.319</b> | <b>12.777</b> | <b>(3.580)</b>                       |
| <b>Noncurrent assets:</b>                |                         |               |                          |            |               |               |                                      |
| Bldg., Furn. & Eqmt                      | 66.228                  | 66.011        | 0                        | (0)        | 66.228        | 66.011        | .328                                 |
| Less Accum. Depr.                        | (22.369)                | (20.83)       |                          |            | (22.369)      | (20.83)       | 7.440                                |
| Land                                     | 2.604                   | 2.539         | 0                        | (0)        | 2.604         | 2.539         | 2.560                                |
| <b>Total noncurrent assets</b>           | <b>46.463</b>           | <b>47.722</b> | <b>0</b>                 | <b>(0)</b> | <b>46.463</b> | <b>47.722</b> | <b>(2.638)</b>                       |
| <b>Total Assets</b>                      | <b>58.782</b>           | <b>60.499</b> | <b>0</b>                 | <b>(0)</b> | <b>58.782</b> | <b>60.499</b> | <b>(2.838)</b>                       |
| <b>Current liabilities:</b>              |                         |               |                          |            |               |               |                                      |
| Accounts payable and accrued liabilities | 5.020                   | 5.064         | 0                        | (0)        | 5.020         | 5.064         | (.869)                               |
| Notes payable                            | 2.286                   | 4.936         | 0                        | (0)        | 2.286         | 4.936         | (53.687)                             |
| Due to other governments                 | .464                    | .048          | 0                        | (0)        | .464          | .048          | 866.66                               |
| Deferred revenue                         | .212                    | .251          | 0                        | (0)        | .212          | .251          | (15.537)                             |
| <b>Total current liabilities</b>         | <b>7.982</b>            | <b>10.299</b> | <b>0</b>                 | <b>(0)</b> | <b>7.982</b>  | <b>10.299</b> | <b>(22.497)</b>                      |
| <b>Long-term liabilities:</b>            |                         |               |                          |            |               |               |                                      |
| Notes payable                            | 20.638                  | 22.054        | 0                        | (0)        | 20.638        | 22.054        | (6.421)                              |
| <b>Total Liabilities</b>                 | <b>28.620</b>           | <b>32.353</b> | <b>0</b>                 | <b>(0)</b> | <b>28.620</b> | <b>32.353</b> | <b>(11.538)</b>                      |
| <b>Net Assets:</b>                       |                         |               |                          |            |               |               |                                      |
| Invested in capital assets               | 25.777                  | 26.455        | 0                        | (0)        | 25.777        | 26.455        | (2.563)                              |
| Restricted                               | 1.183                   | .745          |                          |            | 1.183         | .745          | 58.792                               |
| Unrestricted                             | 3.202                   | .946          | 0                        | (0)        | 3.202         | .946          | 238.48                               |
| <b>Total Net Assets</b>                  | <b>30.162</b>           | <b>28.146</b> | <b>0</b>                 | <b>(0)</b> | <b>30.162</b> | <b>28.146</b> | <b>7.163</b>                         |

Restricted Net Assets are dedicated to various uses, namely: debt service, capital projects, and campus activities. The \$3,201,850 of unrestricted net asset represents resources available to fund the programs of the District next year.

**Changes in net assets.** The District's total revenues were \$63,182,166. A significant portion, \$37,846,129 or 60%, of the District's revenue comes from taxes. (See Figure Below) 36% comes from State Aid, Operating Grants and Contributions, while only 4% relates to charges for services.

The total cost of all programs and services was \$60,991,635; 77.64% of these costs are for instructional and student services.



#### Governmental Activities

- Property tax rates reduced a fractional percent. This reduction coupled with the increasing values enabled an increase of tax revenues of \$1.381 million over the prior year.
- The District paid off \$2.7 million dollars worth of tax anticipation notes during the year, as well as accrued interest in the amount of \$30,732.
- The District also issued \$14,180,000 of tax refunding bonds. These bonds were authorized for the purpose of the payment of all future debt service payments for the 1998 and 1999 Contractual Obligations as well as the 2001 Tax & Revenue Notes.

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

|   | Governmental Activities |               | Business-type Activities |          | Total         |               | Total Percentage Change 2003-2002 |
|---|-------------------------|---------------|--------------------------|----------|---------------|---------------|-----------------------------------|
|   | 2003                    | 2002          | 2003                     | 2002     | 2003          | 2002          |                                   |
| <b>Program Revenues:</b>  |                         |               |                          |          |               |               |                                   |
| Charges for Services  | 2.308                   | 2.181         | 0                        | 0        | 2.308         | 2.181         | 5.82                              |
| Operating Grants and Contributions                                      | 11.849                  | 10.176        | 0                        | 0        | 11.849        | 10.176        | 16.44                             |
| Capital Grants and Contributions  |                         | 0             | 0                        | 0        |               | 0             | 0                                 |
| <b>General Revenues</b>   |                         |               |                          |          |               |               |                                   |
| Property Taxes  | 37.846                  | 36.619        | 0                        | 0        | 37.846        | 36.619        | 3.35                              |
| State Aid   | 10.812                  | 12.539        | 0                        | 0        | 10.812        | 12.539        | -13.77                            |
| Investment Earnings   | .188                    | .285          | 0                        | 0        | .188          | .285          | -34.04                            |
| Other   | .179                    | 1.551         | 0                        | 0        | .179          | 1.551         | -88.46                            |
| <b>Total Revenues</b>   | <b>63.182</b>           | <b>63.351</b> | <b>0</b>                 | <b>0</b> | <b>63.182</b> | <b>63.351</b> | <b>-0.27</b>                      |
| <b>Expenses:</b>  |                         |               |                          |          |               |               |                                   |
| Instruction   | 34.798                  | 34.473        | 0                        | 0        | 34.798        | 34.473        | 0.94                              |
| Instructional Resources and Media Services                              | 1.189                   | 1.343         | 0                        | 0        | 1.189         | 1.343         | -11.47                            |
| Curriculum Dev. And Instructional Staff Dev.                            | .878                    | .812          | 0                        | 0        | .878          | .812          | 8.13                              |
| Instructional Leadership  | 1.080                   | 1.179         | 0                        | 0        | 1.080         | 1.179         | -8.40                             |
| School Leadership   | 3.038                   | 3.150         | 0                        | 0        | 3.038         | 3.150         | -3.56                             |
| Guidance, Counseling and Evaluation Services                            | 2.173                   | 2.088         | 0                        | 0        | 2.173         | 2.088         | 4.07                              |
| Social Work Services  | .118                    | .200          | 0                        | 0        | .118          | .200          | -41.00                            |
| Health Services   | .490                    | .445          | 0                        | 0        | .490          | .445          | 10.11                             |
| Student (Pupil) Transportation  | 2.206                   | 2.159         | 0                        | 0        | 2.206         | 2.159         | 2.18                              |
| Food Services   | 3.772                   | 3.636         | 0                        | 0        | 3.772         | 3.636         | 3.74                              |
| Curricular/Extracurricular Activities                                   | 1.731                   | 1.743         | 0                        | 0        | 1.731         | 1.743         | -0.69                             |
| General Administration  | 2.174                   | 2.375         | 0                        | 0        | 2.174         | 2.375         | -8.46                             |
| Plant Maintenance & Oper.   | 5.642                   | 6.473         | 0                        | 0        | 5.642         | 6.473         | -12.84                            |
| Security & Monitoring Svcs.   | .317                    | .320          | 0                        | 0        | .317          | .320          | -0.94                             |
| Data Processing Services  | .444                    | .471          | 0                        | 0        | .444          | .471          | -5.73                             |
| Community Services  | .117                    | .115          | 0                        | 0        | .117          | .115          | 1.74                              |
| School District Admin. Support Services                                 | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Debt Service  | .816                    | 1.236         | 0                        | 0        | .816          | 1.236         | -33.98                            |
| Facilities Acquisition and Construction                                 | .009                    | .386          | 0                        | 0        | .009          | .386          | -97.67                            |
| Contracted Instr. Services Between Public Schools                       | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Increment Costs Associated Chapter 41 (WADA)                            | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Payments to Fiscal Agent/ Member Dist. - SSA                            | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Public Education Grant Progr.   | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Payments to Juvenile Justice Alternative Ed. Program                    | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Payments to Charter Schools   | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Payments to Tax Increment Fund  | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| <b>Total Expenses</b>   | <b>60.992</b>           | <b>62.604</b> | <b>0</b>                 | <b>0</b> | <b>60.992</b> | <b>62.604</b> | <b>-2.57</b>                      |
| <b>Excess (Deficiency) Before Other Resources, Uses &amp; Transfers</b> | <b>2.190</b>            | <b>.747</b>   | <b>0</b>                 | <b>0</b> | <b>2.190</b>  | <b>.747</b>   | <b>193.17</b>                     |
| Special Item Outflow  | 0                       | 0             | 0                        | 0        | 0             | 0             |                                   |
| Other Resources (Uses) Transfers In (Out)                               | .265                    | 0             | 0                        | 0        | .265          | 0             | --                                |
| <b>Increase (Decrease) in Net Assets</b>                                | <b>1.925</b>            | <b>.747</b>   | <b>0</b>                 | <b>0</b> | <b>1.925</b>  | <b>.747</b>   | <b>157.697</b>                    |



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.

- The cost of all *governmental* activities this year was \$60,991,635.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$37,846,129.
- Some of the cost was paid by those who directly benefited from the programs, totaling \$2,308,377, or by grants and contributions totaling \$11,849,133.

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

|                                | Total Cost of Services |        | % Change | Net Cost of Services |        | % Change |
|--------------------------------|------------------------|--------|----------|----------------------|--------|----------|
|                                | 2003                   | 2002   |          | 2003                 | 2002   |          |
| Instruction                    | 36.864                 | 36.628 | 0.64     | 28.437               | 29.502 | - 3.61   |
| School administration          | 4.118                  | 4.328  | - 4.85   | 3.590                | 3.865  | - 7.12   |
| Student Support Services       | 10.491                 | 10.271 | 2.14     | 5.823                | 5.938  | - 1.94   |
| Plant Maintenance & Operations | 6.402                  | 7.265  | -11.88   | 5.954                | 6.994  | -14.87   |

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$62,846,290, an decrease of less than 1% over the preceding year. The net decrease in local revenues is a result of two items: the settlement of the Ware fire in 2001/2002 which was not reflected in 02/03 and an increase in the tax levy and collections during 02/03.

#### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 14 times. Actual expenditures were \$1,848,720 below final budget amounts. The most significant positive variance resulted from staffing. Staffing is budgeted for full employment throughout the full year. Savings were realized in all functional areas.

In order to prevent budget deficits as were experienced in recent years and to safeguard certain isolated functions from being overspent as was indicated in the prior fiscal audit, the district made a concerted effort to provide for adequate budget amounts in all functions in the event of a contingency. This cause of action protects the financial integrity of the District by the retention of the remaining fund balance.

Revenues generated were \$391,597 above the final budgeted amount. Additional revenues were generated from:

- Property tax collections exceeded expectations,
- The district realized an insurance recovery for hail damage which occurred in a prior year totaling \$81,575, and,
- Federal administrative cost reimbursements outpaced our anticipated compensable claims.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At the end of 2003, the District had invested \$68,833,166 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4 on the next page) This amount represents a net increase (including additions and deductions) of \$276,962 or less than 1% over last year.

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

|                                | Governmental Activities |               | Business-type Activities |          | Total         |               | Total Percentage Change<br>2003-2002 |
|--------------------------------|-------------------------|---------------|--------------------------|----------|---------------|---------------|--------------------------------------|
|                                | 2003                    | 2002          | 2003                     | 2002     | 2003          | 2002          |                                      |
|                                | Land                    | 2.605         | 2.540                    | 0        | 0             | 2.605         |                                      |
| Buildings and improvements     | 60.671                  | 60.490        | 0                        | 0        | 60.671        | 60.490        | 0.30                                 |
| Vehicles                       | 3.408                   | 3.427         | 0                        | 0        | 3.408         | 3.427         | - 0.55                               |
| Equipment                      | 2.041                   | 1.967         | 0                        | 0        | 2.041         | 1.967         | 3.76                                 |
| Other                          | .108                    | 0.127         | 0                        | 0        | .108          | 0.127         | -14.96                               |
| Totals at historical cost      | <u>68.833</u>           | <u>68.551</u> | <u>0</u>                 | <u>0</u> | <u>68.833</u> | <u>68.551</u> | .41                                  |
| Total accumulated depreciation | <u>22.370</u>           | <u>20.829</u> | <u>0</u>                 | <u>0</u> | <u>22.370</u> | <u>20.829</u> | 7.40                                 |
| Net capital assets             | <u>46.463</u>           | <u>47.722</u> | <u>0</u>                 | <u>0</u> | <u>46.463</u> | <u>47.722</u> | - 2.64                               |

The District completed the Ware fire rehabilitation project during the current year and additionally purchased land adjacent to Foster Middle School. This land will be utilized for parking and to enhance the smooth operation of parent pickup.

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 \$22,922,966 in bonds, leases and notes 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: Moody's Investor Services "A1"

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

|                                       | Governmental Activities |               | Business-type Activities |            | Total         |               | Total Percentage Change<br>2003-2002 |
|---------------------------------------|-------------------------|---------------|--------------------------|------------|---------------|---------------|--------------------------------------|
|                                       | 2003                    | 2002          | 2003                     | 2002       | 2003          | 2002          |                                      |
|                                       | Leases payable          | .069          | .097                     | 0          | 0             | .069          |                                      |
| Bonds payable                         | 23.769                  | 26.836        | 0                        | 0          | 23.769        | 26.836        | -.1143                               |
| Less deferred amount<br>On refundings | <u>-.915</u>            | <u>0</u>      | <u>(0)</u>               | <u>(0)</u> | <u>-.915</u>  | <u>0</u>      |                                      |
| Total bonds & notes payable           | <u>22.923</u>           | <u>26.933</u> | <u>0</u>                 | <u>0</u>   | <u>22.923</u> | <u>26.933</u> | -.1489                               |

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

- Appraised value used for the 2004 budget preparation is up \$14.1 million, or less than 1% from 2003.
- General operating fund spending per student decreases in the 2004 budget from \$6754 to \$6243. This is a 7.57% decrease attributable to a \$2.7 million decrease in debt service and a reduction in staff.
- The District's 2004 refined average daily attendance is expected to be 7750, up less than 1%.

The Districts elected officials and administration considered many factors when setting the 2004 tax rate. Some of the factors were: 1) a slight increase in potential student population, 2) a slight increase in the tax base, 3) an overall increase in the tax rate, and 4) a slight increase in state revenue. The student population was projected to experience a slight increase when it has actually remained approximately the same. The District has budgeted approximately \$275,405 more in state revenues for 2004. This increase in state revenues is attributed to increased funding provided by the 78<sup>th</sup> Texas Legislature in the form of an additional \$110 per weighted ADA. However, this additional state entitlement was partially offset by a significant increase in the local share of the Foundation School Program. The District has budgeted a decrease in General Fund and Debt Services expenditures of approximately \$2,566,813. A large component of the decrease is the elimination of the \$2.7 million tax anticipation note that was necessary in the 2003 budget. A cost efficiency committee was formed to make recommendations for budget cuts, and many of these measures were incorporated in the 2004 budget. The Debt Service budget for 2004 is \$1,182,101 more than 2003 due to the annual debt requirements resulting from a successful bond refunding election in December of 2002.

#### **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 it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

## Basic Financial Statements

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**AUGUST 31, 2003**

| Data<br>Control<br>Codes | 1   | Governmental<br>Activities |
|--------------------------|---|----------------------------|
| <b>ASSETS:</b>           |   |                            |
| 1110                     | Cash and Cash Equivalents                       | \$ 7,821,496               |
| 1225                     | Property Taxes Receivable (Net)                 | 2,747,463                  |
| 1240                     | Due from Other Governments                      | 973,946                    |
| 1250                     | Accrued Interest                                | 201                        |
| 1267                     | Due from Fiduciary                              | 32,836                     |
| 1290                     | Other Receivables (Net)                         | 413,389                    |
| 1300                     | Inventories                                     | 306,261                    |
| 1410                     | Deferred Expenses                               | 187,367                    |
| 1420                     | Capitalized Bond and Other Debt Issuance Costs  | 171,879                    |
| 1430                     | Premium and Discount on Issuance of Bonds       | (336,290)                  |
| Capital Assets:          |   |                            |
| 1510                     | Land  | 2,604,595                  |
| 1520                     | Buildings and Improvements, Net                 | 42,588,004                 |
| 1530                     | Furniture and Equipment, Net                    | 1,199,364                  |
| 1550                     | Capital Lease Assets, Net                       | 71,670                     |
| 1000                     | Total Assets                                    | <u>58,782,181</u>          |
| <b>LIABILITIES:</b>      |   |                            |
| 2110                     | Accounts Payable                                | 1,319,529                  |
| 2140                     | Interest Payable                                | 43,018                     |
| 2165                     | Accrued Liabilities                             | 3,657,986                  |
| 2180                     | Due to Other Governments                        | 464,297                    |
| 2300                     | Deferred Revenue                                | 212,226                    |
| Noncurrent Liabilities:  |   |                            |
| 2501                     | Due Within One Year                             | 2,285,537                  |
| 2502                     | Due in More Than One Year                       | 20,637,429                 |
| 2000                     | Total Liabilities                               | <u>28,620,022</u>          |
| <b>NET ASSETS</b>        |   |                            |
| 3200                     | Invested in Capital Assets, Net of Related Debt | 25,777,351                 |
| Restricted For:          |   |                            |
| 3850                     | Debt Service                                    | 1,041,331                  |
| 3860                     | Capital Projects                                | 15,740                     |
| 3870                     | Campus Activities                               | 125,887                    |
| 3900                     | Unrestricted                                    | 3,201,850                  |
| 3000                     | Total Net Assets                                | <u>\$ 30,162,159</u>       |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2003**

| Data<br>Control<br>Codes | Functions/Programs   | 1             | 3                       | 4  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|--------------------------|--|---------------|-------------------------|--|--|
|                          |  | Expenses      | Charges for<br>Services | Program Revenues<br>Operating<br>Grants and<br>Contributions | Governmental<br>Activities                               |
|                          | Government Activities:                                       |               |                         |  |  |
| 11                       | Instruction  | \$ 34,797,573 | \$ 630,853              | \$ 7,251,029   | \$ (26,915,691)  |
| 12                       | Instructional Resources and Media Services                   | 1,189,002     | 59,155                  | 71,551   | (1,058,296)  |
| 13                       | Curriculum and Staff Development                             | 877,914       | 71,919                  | 342,646  | (463,349)  |
| 21                       | Instructional Leadership                                     | 1,080,180     | 14,339                  | 288,470  | (777,371)  |
| 23                       | School Leadership  | 3,038,141     | 24,860                  | 200,289  | (2,812,992)  |
| 31                       | Guidance, Counseling, & Evaluation Services                  | 2,173,045     | --                      | 279,347  | (1,893,698)  |
| 32                       | Social Work Services   | 118,296       | --                      | 7,243  | (111,053)  |
| 33                       | Health Services  | 490,035       | --                      | 38,141   | (451,894)  |
| 34                       | Student Transportation                                       | 2,206,405     | --                      | 189,633  | (2,016,772)  |
| 35                       | Food Service   | 3,772,379     | 1,064,090               | 2,680,824  | (27,465)   |
| 36                       | Extracurricular Activities                                   | 1,730,566     | 354,671                 | 53,649   | (1,322,246)  |
| 41                       | General Administration                                       | 2,174,071     | --                      | 62,630   | (2,111,441)  |
| 51                       | Plant Maintenance and Operations                             | 5,642,025     | 88,490                  | 283,157  | (5,270,378)  |
| 52                       | Security and Monitoring Services                             | 316,486       | --                      | 2,224  | (314,262)  |
| 53                       | Data Processing Services                                     | 443,507       | --                      | 73,933   | (369,574)  |
| 61                       | Community Services   | 117,335       | --                      | 18,809   | (98,526)   |
| 72                       | Interest on Long-term Debt                                   | 782,234       | --                      | --   | (782,234)  |
| 73                       | Bond Issuance Costs and Fees                                 | 33,572        | --                      | --   | (33,572)   |
| 81                       | Capital Outlay   | 8,869         | --                      | 5,558  | (3,311)  |
| TG                       | Total Governmental Activities                                | 60,991,635    | 2,308,377               | 11,849,133   | (46,834,125)   |
| TP                       | Total Primary Government                                     | \$ 60,991,635 | \$ 2,308,377            | \$ 11,849,133  | (46,834,125)   |
|                          | General Revenues:  |               |                         |  |  |
| MT                       | Property Taxes, Levied for General Purposes                  |               |                         |  | 36,585,473   |
| DT                       | Property Taxes, Levied for Debt Service                      |               |                         |  | 1,260,656  |
| IE                       | Investment Earnings  |               |                         |  | 187,821  |
| GC                       | Grants and Contributions Not Restricted to Specific Programs |               |                         |  | 10,811,803   |
| MI                       | Miscellaneous  |               |                         |  | 170,139  |
|                          | Gain on Disposition of Capital Assets                        |               |                         |  | 8,764  |
|                          | Special and Extraordinary Items:                             |               |                         |  |  |
| S2                       | Special Item Outflow   |               |                         |  | (265,226)  |
| TR                       | Total General Revenues                                       |               |                         |  | 48,759,430   |
| CN                       | Change in Net Assets   |               |                         |  | 1,925,305  |
| NB                       | Net Assets - Beginning                                       |               |                         |  | 28,145,856   |
| PA                       | Prior Period Adjustment                                      |               |                         |  | 90,998   |
|                          | Net Assets - Beginning, as Restated                          |               |                         |  | 28,236,854   |
| NE                       | Net Assets - Ending  |               |                         |  | \$ 30,162,159  |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2003**

| Data Control Codes                       | 10<br>General Fund  | Other Governmental Funds | 98<br>Total Governmental Funds |
|--|---------------------|--------------------------|--------------------------------|
| <b>ASSETS:</b>                           |                     |                          |                                |
| 1110 Cash and Cash Equivalents           | \$ 6,182,572        | \$ 702,995               | \$ 6,885,567                   |
| 1225 Taxes Receivable, Net               | 2,582,147           | 165,316                  | 2,747,463                      |
| 1240 Due from Other Governments          | 101,909             | 872,037                  | 973,946                        |
| 1250 Accrued Interest                    | 112                 | 16                       | 128                            |
| 1260 Due from Other Funds                | 434,847             | 6,775                    | 441,622                        |
| 1290 Other Receivables                   | 187,098             | 3,457                    | 190,555                        |
| 1300 Inventories                         | 182,882             | 123,379                  | 306,261                        |
| 1410 Deferred Expenditures               | 179,075             | --                       | 179,075                        |
| 1000 Total Assets                        | <u>9,850,642</u>    | <u>1,873,975</u>         | <u>11,724,617</u>              |
| <b>LIABILITIES:</b>                      |                     |                          |                                |
| Current Liabilities:                     |                     |                          |                                |
| 2110 Accounts Payable                    | \$ 513,672          | \$ 279,064               | \$ 792,736                     |
| 2150 Payroll Deductions & Withholdings   | 62                  | --                       | 62                             |
| 2160 Accrued Wages Payable               | 2,317,629           | 361,505                  | 2,679,134                      |
| 2170 Due to Other Funds                  | 6,775               | 387,972                  | 394,747                        |
| 2180 Due to Other Governments            | 454,080             | 10,217                   | 464,297                        |
| 2200 Accrued Expenditures                | 924,942             | 53,848                   | 978,790                        |
| 2300 Deferred Revenue                    | 2,396,536           | 323,713                  | 2,720,249                      |
| 2000 Total Liabilities                   | <u>6,613,696</u>    | <u>1,416,319</u>         | <u>8,030,015</u>               |
| <b>FUND BALANCES:</b>                    |                     |                          |                                |
| Reserved Fund Balances:                  |                     |                          |                                |
| 3410 Investments in Inventory            | 182,882             | 72,677                   | 255,559                        |
| 3420 Debt Service                        | --                  | 99,465                   | 99,465                         |
| 3450 Reserve for Food Service            | --                  | 116,504                  | 116,504                        |
| 3490 Other Reserves of Fund Balance      | --                  | 153,270                  | 153,270                        |
| Designated Fund Balance:                 |                     |                          |                                |
| 3510 Construction                        | --                  | 15,740                   | 15,740                         |
| 3600 Unreserved                          | 3,054,064           | --                       | 3,054,064                      |
| 3000 Total Fund Balances                 | <u>3,236,946</u>    | <u>457,656</u>           | <u>3,694,602</u>               |
| 4000 Total Liabilities and Fund Balances | <u>\$ 9,850,642</u> | <u>\$ 1,873,975</u>      | <u>\$ 11,724,617</u>           |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**AUGUST 31, 2003**

|  |                      |
|--|----------------------|
| Total fund balances - governmental funds balance sheet   | \$ 3,694,602         |
| Amounts reported for governmental activities in the statement of net assets ("SNA") are different because: |                      |
| Capital assets used in governmental activities are not reported in the funds.                              | 46,463,633           |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.    | 2,508,023            |
| The assets and liabilities of internal service funds are included in governmental activities in the SNA.   | 626,293              |
| Payables for bond principal which are not due in the current period are not reported in the funds.         | (23,769,000)         |
| Payables for capital leases which are not due in the current period are not reported in the funds.         | (69,729)             |
| Payables for bond interest which are not due in the current period are not reported in the funds.          | (43,018)             |
| Deferred loss on refunding bonds is not reported in the funds.   | 915,763              |
| Unamortized premium on issuance of bonds is not reported in the funds.                                     | (336,290)            |
| Unamortized debt issuance costs are not reported in the funds.   | 171,879              |
| Rounding difference  | <u>3</u>             |
| Net assets of governmental activities - statement of net assets  | <u>\$ 30,162,159</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**  
**YEAR ENDED AUGUST 31, 2003**

| Data Control Codes   | 10<br>General Fund  | Other Governmental Funds | 98<br>Total Governmental Funds |
|--|---------------------|--------------------------|--------------------------------|
| <b>REVENUES:</b>   |                     |                          |                                |
| 5700 Local and Intermediate Sources                            | \$ 37,399,952       | \$ 2,785,402             | \$ 40,185,354                  |
| 5800 State Program Revenues                                    | 12,129,582          | 3,100,937                | 15,230,519                     |
| 5900 Federal Program Revenues                                  | 523,015             | 6,907,402                | 7,430,417                      |
| 5020 Total Revenues  | <u>50,052,549</u>   | <u>12,793,741</u>        | <u>62,846,290</u>              |
| <b>EXPENDITURES:</b>   |                     |                          |                                |
| Current:   |                     |                          |                                |
| 0011 Instruction   | 29,032,430          | 6,014,342                | 35,046,772                     |
| 0012 Instructional Resources and Media Services                | 1,084,931           | 82,813                   | 1,167,744                      |
| 0013 Curriculum and Staff Development                          | 471,270             | 413,356                  | 884,626                        |
| 0021 Instructional Leadership                                  | 818,675             | 271,951                  | 1,090,626                      |
| 0023 School Leadership   | 3,014,940           | 106,901                  | 3,121,841                      |
| 0031 Guidance, Counseling, & Evaluation Services               | 2,023,480           | 191,781                  | 2,215,261                      |
| 0032 Social Work Services                                      | 119,238             | 2,321                    | 121,559                        |
| 0033 Health Services   | 489,784             | 17,200                   | 506,984                        |
| 0034 Student Transportation                                    | 1,950,114           | 108,240                  | 2,058,354                      |
| 0035 Food Service  | -                   | 3,775,130                | 3,775,130                      |
| 0036 Extracurricular Activities                                | 1,436,620           | 26,096                   | 1,462,716                      |
| 0041 General Administration                                    | 2,133,873           | 20,780                   | 2,154,653                      |
| 0051 Plant Maintenance and Operations                          | 5,398,245           | 304,686                  | 5,702,931                      |
| 0052 Security and Monitoring Services                          | 313,589             | 1,082                    | 314,671                        |
| 0053 Data Processing Services                                  | 391,633             | 57,890                   | 449,523                        |
| 0061 Community Services  | 95,438              | 15,560                   | 110,998                        |
| 0071 Principal on Long-term Debt                               | 2,844,143           | 1,090,000                | 3,934,143                      |
| 0072 Interest on Long-term Debt                                | 48,676              | 747,618                  | 796,294                        |
| 0073 Bond Issuance Costs and Fees                              | 500                 | 1,543                    | 2,043                          |
| 0081 Capital Outlay  | 246,273             | 7,875                    | 254,148                        |
| 6030 Total Expenditures  | <u>51,913,852</u>   | <u>13,257,165</u>        | <u>65,171,017</u>              |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,861,303)</u>  | <u>(463,424)</u>         | <u>(2,324,727)</u>             |
| Other Financing Sources and (Uses):                            |                     |                          |                                |
| 7911 Capital-Related Debt Issued (Regular Bonds)               | -                   | 14,180,000               | 14,180,000                     |
| 7912 Sale of Real or Personal Property                         | 4,775               | -                        | 4,775                          |
| 7915 Operating Transfers In                                    | -                   | 80,789                   | 80,789                         |
| 7916 Premium or Discount on Issuance of Bonds                  | -                   | 375,165                  | 375,165                        |
| 8911 Operating Transfers Out                                   | (60,882)            | (19,907)                 | (80,789)                       |
| 8949 Other Uses  | -                   | (14,498,046)             | (14,498,046)                   |
| 7080 Total Other Financing Sources and (Uses)                  | <u>(56,107)</u>     | <u>118,001</u>           | <u>61,894</u>                  |
| SPECIAL ITEM:  |                     |                          |                                |
| 8912 Special Item (Use)  | (265,226)           | -                        | (265,226)                      |
| 1200 Net Change in Fund Balances                               | <u>(2,182,636)</u>  | <u>(345,423)</u>         | <u>(2,528,059)</u>             |
| 0100 Fund Balances - Beginning                                 | 5,419,582           | 803,079                  | 6,222,661                      |
| 3000 Fund Balances - Ending                                    | <u>\$ 3,236,946</u> | <u>\$ 457,656</u>        | <u>\$ 3,694,602</u>            |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2003**

|  |                     |
|--|---------------------|
| Net change in fund balances - total governmental funds   | \$ (2,528,059)      |
| Amounts reported for governmental activities in the statement of activities ("SOA") are different because: |                     |
| Capital outlays are not reported as expenses in the SOA.   | 296,000             |
| The depreciation of capital assets used in governmental activities is not reported in the funds.           | (1,643,894)         |
| The gain or loss on the sale of capital assets is not reported in the funds.                               | 8,764               |
| All proceeds from the sale of capital assets are reported in the funds but not in the SOA.                 | (10,350)            |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.    | 332,687             |
| Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.   | (14,180,000)        |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.               | 14,547,000          |
| Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.      | 27,143              |
| Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.               | 2,700,000           |
| Bond issuance costs are amortized in the SOA but not in the funds.   | 171,879             |
| The premium on issuance of bonds is amortized in the SOA but not in the funds                              | (336,290)           |
| Loss on refunding bonds is amortized in the SOA but not in the funds.                                      | 915,763             |
| (Increase) decrease in accrued interest from beginning of period to end of period                          | 14,060              |
| The net revenue (expense) of internal service funds is reported with governmental activities.              | 1,610,601           |
| Rounding difference  | 1                   |
|  | <u>1,925,305</u>    |
| Change in net assets of governmental activities - statement of activities                                  | \$ <u>1,925,305</u> |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

## INTERNAL SERVICE FUND

AUGUST 31, 2003

| Data<br>Control<br>Codes | Nonmajor<br>Internal Service<br>Fund | Insurance<br>Fund |
|--------------------------|--------------------------------------|-------------------|
| <b>ASSETS:</b>           |                                      |                   |
| Current Assets:          |                                      |                   |
| 1110                     | \$ 935,927                           |                   |
| Receivables:             |                                      |                   |
| 1250                     | 73                                   |                   |
| 1290                     | 222,834                              |                   |
| 1410                     | 8,292                                |                   |
|                          | <u>1,167,126</u>                     |                   |
| 1000                     | <u>\$ 1,167,126</u>                  |                   |
| <b>LIABILITIES:</b>      |                                      |                   |
| Current Liabilities:     |                                      |                   |
| 2110                     | \$ 526,793                           |                   |
| 2170                     | 14,040                               |                   |
|                          | <u>540,833</u>                       |                   |
| 2000                     | <u>540,833</u>                       |                   |
| <b>NET ASSETS:</b>       |                                      |                   |
| 3900                     | 626,293                              |                   |
| 3000                     | <u>\$ 626,293</u>                    |                   |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - INTERNAL SERVICE FUND**  
**YEAR ENDED AUGUST 31, 2003**

| Data<br>Control<br>Codes |                                | Nonmajor<br>Internal Service<br>Fund |
|--------------------------|--------------------------------|--------------------------------------|
|                          |                                | Insurance<br>Fund                    |
|                          | <b>OPERATING REVENUES:</b>     |                                      |
| 5700                     | Local and Intermediate Sources | \$ 5,955,320                         |
| 5020                     | Total Revenues                 | <u>5,955,320</u>                     |
|                          | <b>OPERATING EXPENSES:</b>     |                                      |
| 6400                     | Other Operating Costs          | 4,344,719                            |
| 6030                     | Total Expenses                 | <u>4,344,719</u>                     |
| 1300                     | Change in Net Assets           | 1,610,601                            |
| 0100                     | Total Net Assets - Beginning   | (984,308)                            |
| 3300                     | Total Net Assets - Ending      | <u>\$ 626,293</u>                    |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

YEAR ENDED AUGUST 31, 2003

|   | Internal<br>Service<br>Funds |
|---|------------------------------|
| <b>Cash Flows from Operating Activities:</b>  |                              |
| Cash Receipts (Payments) for Quasi-external<br>Operating Transactions with Other Funds          | \$ 5,194,136                 |
| Cash Payments to Other Suppliers for Goods and Services   | (4,094,880)                  |
| Net Cash Provided (Used) by Operating Activities  | <u>1,099,256</u>             |
| <b>Cash Flows from Non-capital Financing Activities:</b>  |                              |
| Operating Transfers From (To) Other Funds   | --                           |
| Net Cash Provided (Used) by Non-capital Financing Activities                                    | <u>--</u>                    |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                |                              |
| Contributed Capital   | --                           |
| Net Cash Provided (Used) for Capital & Related Financing Activities                             | <u>--</u>                    |
| <b>Cash Flows from Investing Activities:</b>  |                              |
| Interest and Dividends on Investments   | 3,239                        |
| Net Cash Provided (Used) for Investing Activities   | <u>3,239</u>                 |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 1,102,495                    |
| Cash and Cash Equivalents at Beginning of Year  | (166,568)                    |
| Cash and Cash Equivalents at End of Year  | <u>\$ 935,927</u>            |
| <b>Reconciliation of Operating Income to Net Cash<br/>    Provided by Operating Activities:</b> |                              |
| Operating Income (Loss)   | \$ 1,610,601                 |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided by Operating Activities       |                              |
| Interest on Investments   | (3,239)                      |
| Change in Assets and Liabilities:   |                              |
| Decrease (Increase) in Receivables  | (116,625)                    |
| Decrease (Increase) in Accrued Interest   | (43)                         |
| Decrease (Increase) in Deferred Expenditures  | (125)                        |
| Increase (Decrease) in Accounts Payable   | 67,773                       |
| Increase (Decrease) in Interfund Payables   | (459,086)                    |
| Total Adjustments   | <u>(511,345)</u>             |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 1,099,256</u>          |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2003**

| Data<br>Control<br>Codes |                           | Agency<br>Funds   |
|--------------------------|---------------------------|-------------------|
|                          | <b>ASSETS:</b>            |                   |
| 1110                     | Cash and Cash Equivalents | \$ 201,538        |
| 1000                     | Total Assets              | <u>\$ 201,538</u> |
|                          | <b>LIABILITIES:</b>       |                   |
|                          | Current Liabilities:      |                   |
| 2170                     | Due to Other Funds        | 32,836            |
| 2180                     | Due to Other Governments  | 1,733             |
| 2190                     | Due to Student Groups     | 166,969           |
| 2000                     | Total Liabilities         | <u>201,538</u>    |
|                          | <b>NET ASSETS</b>         |                   |
| 3000                     | Total Net Assets          | <u>\$ ---</u>     |

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

**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.

**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" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Statements:** The statement of net assets 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**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, Proprietary, and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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 one year after year-end. The District does not consider revenues collected after its year-end to be available in the current period. Revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.



**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. 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, 2003 was \$465,950.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services 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 instructional supplies.

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

d. 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> |
|-----------------------|-------------------------------|
| Infrastructure        | 30                            |
| Buildings             | 60                            |
| Building Improvements | 20                            |
| Vehicles              | 5-10                          |
| Office Equipment      | 5-10                          |
| Computer Equipment    | 5-10                          |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

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.

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

g. **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 assets.

h. **Use of Estimates**

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

i. **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.

**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 Assets of Individual Funds**

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

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

**C. Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank 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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

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

Cash Deposits:

At August 31, 2003, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$ 5,308,450 and the bank balance was \$ 5,903,586. The District's cash deposits at August 31, 2003 and during the year ended August 31, 2003, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Bank One of Texas, NA
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$5,166,619.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$3,902,284 and occurred during the month of October, 2002.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$201,870.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 - Deposits which are insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as category 1.

Investments:

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

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

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

The District's investments are categorized to give an indication of the level of risk assumed by the District at

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

year-end. These custodial risk categories are as follows:

- Category 1 - Investments that are insured, registered or held by the District or by its agent in the District's name.
- Category 2 - Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the District's name.
- Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the District's name.

The District's investments at August 31, 2003 are shown below. Those investments which are evidenced by securities that exist in physical or book entry form are categorized by the custodial risk categories described above.

| Investment   | Category            |              |              | Reported Amount     | Fair Value          |
|--|---------------------|--------------|--------------|---------------------|---------------------|
|  | 1                   | 2            | 3            |                     |                     |
| Bank One Savings                                     | \$ 2,636,510        | \$ --        | \$ --        | \$ 2,636,510        | \$ 2,636,510        |
|  | <u>\$ 2,636,510</u> | <u>\$ --</u> | <u>\$ --</u> | <u>2,636,510</u>    | <u>2,636,510</u>    |
| Texpool  |                     |              |              | 1,415,049           | 1,415,163           |
| Lone Star Investment Pool - Liquidity Corporate Fund |                     |              |              | 1,299,535           | 1,299,524           |
| Total Investments                                    |                     |              |              | <u>\$ 5,351,094</u> | <u>\$ 5,351,197</u> |

**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.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2003, was as follows:

|  | Balances             | Beginning<br>Increases | Decreases        | Ending<br>Balances   |
|--|----------------------|------------------------|------------------|----------------------|
| <b>Governmental activities:</b>                    |                      |                        |                  |                      |
| <b>Capital assets not being depreciated:</b>       |                      |                        |                  |                      |
| Land   | \$ 2,539,629         | \$ 64,966              | \$ --            | \$ 2,604,595         |
| Construction in progress                           | --                   | --                     | --               | --                   |
| <b>Total capital assets not being depreciated</b>  | <b>2,539,629</b>     | <b>64,966</b>          | <b>--</b>        | <b>2,604,595</b>     |
| <b>Capital assets being depreciated:</b>           |                      |                        |                  |                      |
| Buildings and improvements                         | 60,490,336           | 180,313                | --               | 60,670,649           |
| Equipment  | 1,972,439            | 69,033                 | --               | 2,041,472            |
| Vehicles   | 3,427,208            | --                     | 19,038           | 3,408,170            |
| Assets under capital lease                         | 126,592              | --                     | 18,312           | 108,280              |
| <b>Total capital assets being depreciated</b>      | <b>66,016,575</b>    | <b>249,346</b>         | <b>37,350</b>    | <b>66,228,571</b>    |
| <b>Less accumulated depreciation for:</b>          |                      |                        |                  |                      |
| Buildings and improvements                         | (16,910,016)         | (1,172,629)            | --               | (18,082,645)         |
| Equipment  | (1,373,300)          | (228,304)              | --               | (1,601,604)          |
| Vehicles   | (2,438,106)          | (228,019)              | (17,451)         | (2,648,674)          |
| Assets under capital lease                         | (21,668)             | (21,656)               | (6,714)          | (36,610)             |
| <b>Total accumulated depreciation</b>              | <b>(20,743,090)</b>  | <b>(1,650,608)</b>     | <b>(24,165)</b>  | <b>(22,369,533)</b>  |
| <b>Total capital assets being depreciated, net</b> | <b>45,273,485</b>    | <b>(1,401,262)</b>     | <b>13,185</b>    | <b>43,859,038</b>    |
| <b>Governmental activities capital assets, net</b> | <b>\$ 47,813,114</b> | <b>\$ (1,336,296)</b>  | <b>\$ 13,185</b> | <b>\$ 46,463,633</b> |

Beginning capital assets have been increased by \$90,998 as explained in Note P.

Depreciation was charged to functions as follows:

|   |                     |
|---|---------------------|
| Instruction                                 | \$ 809,468          |
| Instructional Resources and Media Services  | 53,544              |
| Curriculum and Staff Development            | 1,678               |
| Instructional Leadership                    | 21,113              |
| School Leadership                           | 17,028              |
| Guidance, Counseling, & Evaluation Services | 11,202              |
| Social Work Services                        | 302                 |
| Health Services                             | 4,302               |
| Student Transportation                      | 215,634             |
| Food Services                               | 92,049              |
| Extracurricular Activities                  | 291,465             |
| General Administration                      | 53,227              |
| Plant Maintenance and Operations            | 50,844              |
| Security and Monitoring Services            | 2,627               |
| Data Processing Services                    | 11,029              |
| Community Services                          | 8,382               |
|   | <u>\$ 1,643,894</u> |

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2003, consisted of the following:

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

| <u>Due To Fund</u>       | <u>Due From Fund</u>     | <u>Amount</u>     | <u>Purpose</u>                     |
|--------------------------|--------------------------|-------------------|------------------------------------|
| General Fund             | Other Governmental Funds | \$ 387,971        | Short-term loans                   |
| General Fund             | Internal Service Funds   | 14,040            | Insurance premiums                 |
| General Fund             | Fiduciary Funds          | 2,478             | CED tax collections                |
| Other Governmental Funds | General Fund             | 6,775             | Transfer of state program receipts |
| General Fund             | Fiduciary Funds          | 30,358            | Student activity receipts          |
|                          | Total                    | <u>\$ 441,622</u> |                                    |

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2003, consisted of the following:

| <u>Transfers From</u>    | <u>Transfers To</u>      | <u>Amount</u>    | <u>Reason</u>                     |
|--------------------------|--------------------------|------------------|-----------------------------------|
| General Fund             | Other Governmental Funds | \$ 37,728        | Fund increase in health insurance |
| General Fund             | Other Governmental Funds | 1,989            | Fund capital projects             |
| General Fund             | Other Governmental Funds | 21,165           | Fund benefits on TRS supplement   |
| Other Governmental Funds | Other Governmental Funds | 19,907           | Transfer program income           |
|                          | Total                    | <u>\$ 80,789</u> |                                   |

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.

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, 2003, are as follows:

|                                      | <u>Balance</u>       | <u>Beginning<br/>Increases</u> | <u>Decreases</u>     | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|--------------------------------------|----------------------|--------------------------------|----------------------|---------------------------|--|
| <b>Governmental activities:</b>      |                      |                                |                      |                           |  |
| Bonds and notes payable              | \$ 26,836,000        | \$ 14,180,000                  | \$ 17,247,000        | \$ 23,769,000             | 2,264,000                                  |
| Capital leases                       | 96,872               | -                              | 27,143               | 69,729                    | 21,537                                     |
| Less deferred amount<br>on refunding | -                    | (978,694)                      | (62,931)             | (915,763)                 | --   |
| Total governmental activities        | <u>\$ 26,932,872</u> | <u>\$ 13,201,306</u>           | <u>\$ 17,211,212</u> | <u>\$ 22,922,966</u>      | <u>\$ 2,285,537</u>                        |

2. Bonds Payable

Bonds payable currently outstanding are as follows:

| <u>Description</u>                               | <u>Interest<br/>Rates</u> | <u>Maturity<br/>Date</u> | <u>Amount</u>     |
|--|---------------------------|--------------------------|-------------------|
| Contractual Obligations, Series 1994-A           | 5.75%                     | FY 2004                  | 124,000           |
| Unlimited Tax School Building Bonds, Series 1995 | 4.00-6.75%                | FY 2010                  | 3,870,000         |
| Unlimited Tax School Building Bonds, Series 1996 | 4.25-6.25%                | FY 2010                  | 5,595,000         |
| Unlimited Tax Refunding Bonds, Series 2003       | 2.50-3.375%               | FY 2015                  | 14,180,000        |
|  |                           |                          | <u>23,769,000</u> |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

3. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2003, are as follows:

| <u>Year Ending August 31,</u> | <u>Governmental Activities</u> |                     |                      |
|-------------------------------|--------------------------------|---------------------|----------------------|
|                               | <u>Principal</u>               | <u>Interest</u>     | <u>Total</u>         |
| 2004                          | \$ 2,285,537                   | \$ 929,609          | \$ 3,215,146         |
| 2005                          | 2,252,874                      | 827,209             | 3,080,083            |
| 2006                          | 2,336,771                      | 738,866             | 3,075,637            |
| 2007                          | 2,413,547                      | 648,984             | 3,062,531            |
| 2008                          | 2,515,000                      | 556,000             | 3,071,000            |
| 2009-2013                     | 9,180,000                      | 1,475,623           | 10,655,623           |
| 2014-2018                     | 2,855,000                      | 137,400             | 2,992,400            |
| Totals                        | <u>\$ 23,838,729</u>           | <u>\$ 5,313,691</u> | <u>\$ 29,152,420</u> |

4. Advance Refunding of Debt

During the year ended August 31, 2003, the District issued \$14,180,000 of tax refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an escrow account for the purpose of generating resources for all future debt service payments of \$13,340,000 in contractual obligations and tax and revenue notes. As a result, the refunded issues are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$978,694. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding resulted in an economic loss of \$347,114 and was undertaken to improve the District's cash flow requirements associated with debt obligations; to convert contractual obligations and tax and revenue notes to voter-approved bonded debt as a means of funding their retirement through taxes assessed for interest and sinking fund requirements; and to qualify certain District debt for available state funding.

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2003, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

| <u>Bond Issue</u>                    | <u>Amount</u>        |
|--------------------------------------|----------------------|
| Contractual Obligations, Series 1998 | \$ 2,855,000         |
| Contractual Obligations, Series 1999 | 3,435,000            |
| Tax and Revenue Notes, Series 2001   | 6,105,000            |
| Total                                | <u>\$ 12,395,000</u> |

5. Capital Leases

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of August 31, 2003, as follows:

|                               |                  |
|-------------------------------|------------------|
| <u>Year Ending August 31:</u> |                  |
| 2004                          | \$ 25,113        |
| 2005                          | 25,113           |
| 2006                          | 22,644           |
| 2007                          | 3,573            |
| Total Minimum Rentals         | <u>\$ 76,443</u> |
| Rental Expenditures in 2003   | <u>\$ 32,897</u> |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

The effective interest rate on capital leases is 7.500%.

**G. Commitments Under Noncapitalized Leases**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2003, as follows:

|                               |    |                  |
|-------------------------------|----|------------------|
| <u>Year Ending August 31,</u> |    |                  |
| 2004                          | \$ | 416,043          |
| 2005                          |    | 416,043          |
| 2006                          |    | 416,043          |
| 2007                          |    | 416,043          |
| 2008                          |    | 310,718          |
| Total Minimum Rentals         | \$ | <u>1,974,890</u> |
| Rental Expenditures in 2003   | \$ | <u>438,161</u>   |

**H. 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 2003, 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.

**I. Pension Plan**

**1. Plan Description**

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 877-0123.

**2. Funding Policy**

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2003, 2002 and 2001 were \$2,526,403, \$2,560,480 and \$2,328,580, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2003, 2002 and 2001 were \$475,590, \$466,679 and \$419,131, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,086,448.

**J. Health Care Coverage**

During the year ended August 31, 2003, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$225 per month per participating employee to the Plan. Employees, at their option, authorized payroll withholdings to pay additional contributions for themselves and their dependents. All contributions were paid to a third party administrator, acting on behalf of the District. The



**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable January 1, 2004, and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Reliastar, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$75,000 and for aggregate loss in excess of \$4,084,292. Claims payable included claims reported but not paid at August 31, 2003, as well as estimated claims incurred but not reported for total claims of \$526,792. A reconciliation of changes in the liability for claims for the current fiscal year is presented below:

|                            | <u>Beginning<br/>Balance</u> | <u>Claims<br/>Incurred</u> | <u>Claims<br/>Paid</u> | <u>Ending<br/>Balance</u> |
|----------------------------|------------------------------|----------------------------|------------------------|---------------------------|
| Year Ended August 31, 2003 | \$ <u>459,020</u>            | \$ <u>3,476,059</u>        | \$ <u>3,408,287</u>    | \$ <u>526,792</u>         |

Beginning January 1, 2004, the District will terminate the Plan and join the TRS Active-Care Plan, administered by the Teacher Retirement System of Texas. At termination, net assets of the Plan will be used first to fund any remaining outstanding claims. Any funds remaining will be distributed for the benefit of Plan participants.

**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**

The District was involved in a claim from a former employee. The case went to trial and the District did not prevail, with the plaintiff being awarded approximately \$215,000, plus interest from the date of judgment. The District appealed the decision and the Fifth Circuit Court of Appeals issued an opinion affirming the judgment of the trial court. The District then appealed to the U.S. Supreme Court, which refused to hear the case. A liability of \$265,226 has been recorded in the financial statements for this claim.

**L. Shared Services Arrangements**

**Shared Services Arrangement - Fiscal Agent**

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services 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 the Regional School for the Deaf 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:

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

| <u>Member Districts</u> | <u>Expenditures</u> |
|-------------------------|---------------------|
| Marshall ISD            | \$ 83,833           |
| Karnack ISD             | 18,630              |
| Hallsville ISD          | 9,315               |
| Elysian Fields ISD      | 37,259              |
| Waskom ISD              | 37,259              |
| Harleton ISD            | 9,315               |
| Kilgore ISD             | 27,944              |
| White Oak ISD           | 9,315               |
| Gladewater ISD          | 18,630              |
| Spring Hill ISD         | 27,944              |
| Sabine ISD              | 9,315               |
| Tatum ISD               | 18,630              |
| Leverett's Chapel ISD   | 18,629              |
| Harmony ISD             | 18,629              |
| Gilmer ISD              | 18,629              |
| Ore City ISD            | 9,315               |
| Pine Tree ISD           | 74,518              |
| Longview ISD            | 139,721             |
| Total                   | <u>\$ 586,830</u>   |

**M. 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 2002-03 school year, the District paid a fixed cost in the amount of \$170,330 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$212,064 for current year claims and \$289,262 for claims incurred in prior years. However, the District may be required to pay, and retains the risk of loss for, workers' compensation claims up to \$479,607, 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. The District does not anticipate any ongoing claims from District employees or from other school districts in the Association.

A reconciliation of changes in the liability for claims for the current fiscal year is presented below:

|                            | <u>Beginning<br/>Balance</u> | <u>Claims<br/>Incurred</u> | <u>Claims<br/>Paid</u> | <u>Ending<br/>Balance</u> |
|----------------------------|------------------------------|----------------------------|------------------------|---------------------------|
| Year Ended August 31, 2003 | \$ <u>730,883</u>            | \$ <u>484,009</u>          | \$ <u>501,326</u>      | \$ <u>713,566</u>         |

**N. Successor-In-Interest Agency Fund**

County education districts were established on September 1, 1992, to assess, levy, and distribute Tier 1 property tax revenues for the State's Foundation Program. The Texas Supreme Court declared that the county education districts' methodology in assessing and collecting property taxes to supplement State Foundation revenues was unconstitutional. The Supreme Court also deferred the effect of their ruling not to interfere with the collection of all 1992 and 1993 delinquent taxes. The Texas Legislature subsequently approved a new bill providing for corrective measures to school funding that eliminated county education districts. At that time, the Gregg County Education District (CED) elected Longview ISD to serve as the Successor-in-Interest for the purpose of collecting 1992 and 1993 delinquent taxes.

As Successor-In-Interest, Longview ISD collects the delinquent taxes for the CED and distributes the collections to member districts in accordance with CED allocation standards. Tax collections are recorded as receipts in a separate Agency Fund. The related distributions to member districts are summarized as follows:

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2003**

| District        | Amount           |
|-----------------|------------------|
| Gladewater ISD  | \$ 4,141         |
| Kilgore ISD     | 6,118            |
| Longview ISD    | 14,271           |
| Pine Tree ISD   | 7,860            |
| Sabine ISD      | 2,354            |
| Spring Hill ISD | 2,504            |
| White Oak ISD   | 2,290            |
| Total           | <u>\$ 39,538</u> |

The following schedule summarizes property tax activity related to the county education district as reported by member districts.

|                                       |                   |
|---------------------------------------|-------------------|
| Delinquent Taxes Receivable, 08/31/02 | \$ 318,244        |
| Less Current Year Collections         | (12,964)          |
| Less Current Year Adjustments         | <u>(125,161)</u>  |
| Delinquent Taxes Receivable, 08/31/03 | <u>\$ 180,119</u> |

The Texas Legislature amended Section 33.09 of the Tax Code during the 78th Legislative session. This amendment requires that successors-in-interest transfer all collected and uncollected county education district taxes to the component school districts by September 15, 2003.

**O. Other Reserves of Fund Balance**

Other reservations of fund balance consist of the following:

|   |                   |
|---|-------------------|
| Other Governmental Funds                |                   |
| Reserved for state technology allotment | \$ 27,383         |
| Reserved for campus activity funds      | <u>125,887</u>    |
| Total Other Governmental Funds          | <u>\$ 153,270</u> |

**P. Prior Period Adjustments**

Beginning Net Assets in the Statement of Activities at Exhibit B-1 have been increased by \$90,998 to correct errors made in reporting capital assets in the prior period.

**Q. Special Items**

Special items recorded in the financial statements consist of the District's liability to a former employee as a result of a lawsuit.

## 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**

**EXHIBIT G-1**

GENERAL FUND

Page 1 of 2

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED AUGUST 31, 2003

| Data Control Codes                            |  | 1                 | 2                 | 3                 | Variance with Final Budget Positive (Negative) |
|---|--|-------------------|-------------------|-------------------|--|
|   |  | Budgeted Amounts  |                   | Actual            |  |
|   |  | Original          | Final             |                   |  |
| <b>REVENUES:</b>                              |  |                   |                   |                   |  |
| 5700  | Local and Intermediate Sources               | \$ 36,574,479     | \$ 36,700,331     | \$ 37,399,952     | \$ 699,621                                     |
| 5800  | State Program Revenues                       | 11,686,731        | 12,297,382        | 12,129,582        | (167,800)                                      |
| 5900  | Federal Program Revenues                     | 550,000           | 663,239           | 523,015           | (140,224)                                      |
| 5020  | Total Revenues                               | <u>48,811,210</u> | <u>49,660,952</u> | <u>50,052,549</u> | <u>391,597</u>                                 |
| <b>EXPENDITURES:</b>                          |  |                   |                   |                   |  |
| Current:                                      |  |                   |                   |                   |  |
| Instruction & Instructional Related Services: |  |                   |                   |                   |  |
| 0011  | Instruction                                  | 27,473,810        | 29,457,959        | 29,032,430        | 425,529  |
| 0012  | Instructional Resources and Media Services   | 1,048,928         | 1,124,662         | 1,084,931         | 39,731   |
| 0013  | Curriculum and Staff Development             | 671,904           | 561,825           | 471,270           | 90,555   |
|   | Total Instruction & Instr. Related Services  | <u>29,194,642</u> | <u>31,144,446</u> | <u>30,588,631</u> | <u>555,815</u>                                 |
| Instructional and School Leadership:          |  |                   |                   |                   |  |
| 0021  | Instructional Leadership                     | 912,631           | 903,094           | 818,675           | 84,419   |
| 0023  | School Leadership                            | 2,975,022         | 3,094,544         | 3,014,940         | 79,604   |
|   | Total Instructional & School Leadership      | <u>3,887,653</u>  | <u>3,997,638</u>  | <u>3,833,615</u>  | <u>164,023</u>                                 |
| Support Services - Student (Pupil):           |  |                   |                   |                   |  |
| 0031  | Guidance, Counseling and Evaluation Services | 1,960,111         | 2,058,253         | 2,023,480         | 34,773   |
| 0032  | Social Work Services                         | 144,529           | 147,696           | 119,238           | 28,458   |
| 0033  | Health Services                              | 505,493           | 542,619           | 489,784           | 52,835   |
| 0034  | Student (Pupil) Transportation               | 1,954,507         | 2,193,847         | 1,950,114         | 243,733  |
| 0036  | Extracurricular Activities                   | 1,280,666         | 1,504,783         | 1,436,620         | 68,163   |
|   | Total Support Services - Student (Pupil)     | <u>5,845,306</u>  | <u>6,447,198</u>  | <u>6,019,236</u>  | <u>427,962</u>                                 |
| Administrative Support Services:              |  |                   |                   |                   |  |
| 0041  | General Administration                       | 2,244,120         | 2,277,590         | 2,133,873         | 143,717  |
|   | Total Administrative Support Services        | <u>2,244,120</u>  | <u>2,277,590</u>  | <u>2,133,873</u>  | <u>143,717</u>                                 |
| Support Services - Nonstudent Based:          |  |                   |                   |                   |  |
| 0051  | Plant Maintenance and Operations             | 5,665,428         | 5,821,854         | 5,398,245         | 423,609  |
| 0052  | Security and Monitoring Services             | 348,976           | 385,560           | 313,589           | 71,971   |
| 0053  | Data Processing Services                     | 451,725           | 443,182           | 391,633           | 51,549   |
|   | Total Support Services - Nonstudent Based    | <u>6,466,129</u>  | <u>6,650,596</u>  | <u>6,103,467</u>  | <u>547,129</u>                                 |
| Ancillary Services:                           |  |                   |                   |                   |  |
| 0061  | Community Services                           | 112,293           | 99,620            | 95,438            | 4,182  |
|   | Total Ancillary Services                     | <u>112,293</u>    | <u>99,620</u>     | <u>95,438</u>     | <u>4,182</u>                                   |
| Debt Service:                                 |  |                   |                   |                   |  |
| 0071  | Principal on Long-Term Debt                  | 860,387           | 2,844,144         | 2,844,143         | 1  |
| 0072  | Interest on Long-Term Debt                   | --                | 48,676            | 48,676            | --   |
| 0073  | Bond Issuance Costs and Fees                 | --                | 4,705             | 500               | 4,205  |
|   | Total Debt Service                           | <u>860,387</u>    | <u>2,897,525</u>  | <u>2,893,319</u>  | <u>4,206</u>                                   |
| Capital Outlay:                               |  |                   |                   |                   |  |
| 0081  | Capital Outlay                               | --                | 247,959           | 246,273           | 1,686  |
|   | Total Capital Outlay                         | <u>--</u>         | <u>247,959</u>    | <u>246,273</u>    | <u>1,686</u>                                   |
| 6030  | Total Expenditures                           | <u>48,610,530</u> | <u>53,762,572</u> | <u>51,913,852</u> | <u>1,848,720</u>                               |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED AUGUST 31, 2003**

**EXHIBIT G-1**  
**Page 2 of 2**

| Data<br>Control<br>Codes |  | 1                | 2            | 3            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------|--|------------------|--------------|--------------|---|
|                          |  | Budgeted Amounts |              | Actual       |   |
|                          |  | Original         | Final        |              |   |
| 1100                     | Excess (Deficiency) of Revenues Over (Under) |                  |              |              |   |
| 1100                     | Expenditures                                 | 200,680          | (4,101,620)  | (1,861,303)  | 2,240,317   |
|                          | Other Financing Sources (Uses):              |                  |              |              |   |
| 7912                     | Sale of Real or Personal Property            | --               | 4,776        | 4,775        | (1)   |
| 8911                     | Operating Transfers Out                      | (200,680)        | (117,219)    | (60,882)     | 56,337  |
| 7080                     | Total Other Financing Sources and (Uses)     | (200,680)        | (112,443)    | (56,107)     | 56,336  |
|                          | SPECIAL ITEM:                                |                  |              |              |   |
| 8912                     | Special Item (Use)                           | --               | --           | (265,226)    | 265,226   |
| 1200                     | Net Change in Fund Balance                   | --               | (4,214,063)  | (2,182,636)  | 2,031,427   |
| 0100                     | Fund Balance - Beginning                     | 5,419,582        | 5,419,582    | 5,419,582    | --  |
| 3000                     | Fund Balance - Ending                        | \$ 5,419,582     | \$ 1,205,519 | \$ 3,236,946 | \$ 2,031,427  |

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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 are presented for purposes of additional analysis.**



## LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2003

| Data Control Codes       | Special Revenue Funds                      | Debt Service Fund   | Capital Projects Fund | Total Nonmajor Governmental Funds (See Exhibit C-1) |                     |
|--------------------------|--|---------------------|-----------------------|---|---------------------|
| <b>ASSETS:</b>           |  |                     |                       |   |                     |
| 1110                     | Cash and Cash Equivalents                  | \$ 617,189          | \$ 69,406             | \$ 16,400   | \$ 702,995          |
| 1225                     | Taxes Receivable, Net                      | --                  | 165,316               | --  | 165,316             |
| 1240                     | Due from Other Governments                 | 856,967             | 15,070                | --  | 872,037             |
| 1250                     | Accrued Interest                           | --                  | 2                     | 14  | 16                  |
| 1260                     | Due from Other Funds                       | --                  | 6,775                 | --  | 6,775               |
| 1290                     | Other Receivables                          | 3,457               | --                    | --  | 3,457               |
| 1300                     | Inventories                                | 123,379             | --                    | --  | 123,379             |
| 1000                     | <b>Total Assets</b>                        | <b>1,600,992</b>    | <b>256,569</b>        | <b>16,414</b>                                       | <b>1,873,975</b>    |
| <b>LIABILITIES:</b>      |  |                     |                       |   |                     |
| Current Liabilities:     |  |                     |                       |   |                     |
| 2110                     | Accounts Payable                           | \$ 279,064          | \$ --                 | \$ --   | \$ 279,064          |
| 2160                     | Accrued Wages Payable                      | 361,505             | --                    | --  | 361,505             |
| 2170                     | Due to Other Funds                         | 387,298             | --                    | 674   | 387,972             |
| 2180                     | Due to Other Governments                   | 10,217              | --                    | --  | 10,217              |
| 2200                     | Accrued Expenditures                       | 53,848              | --                    | --  | 53,848              |
| 2300                     | Deferred Revenue                           | 166,609             | 157,104               | --  | 323,713             |
| 2000                     | <b>Total Liabilities</b>                   | <b>1,258,541</b>    | <b>157,104</b>        | <b>674</b>  | <b>1,416,319</b>    |
| <b>FUND BALANCES:</b>    |  |                     |                       |   |                     |
| Reserved Fund Balances:  |  |                     |                       |   |                     |
| 3410                     | Investments in Inventory                   | 72,677              | --                    | --  | 72,677              |
| 3420                     | Debt Service                               | --                  | 99,465                | --  | 99,465              |
| 3450                     | Reserve for Food Service                   | 116,504             | --                    | --  | 116,504             |
| 3490                     | Other Reserves of Fund Balance             | 153,270             | --                    | --  | 153,270             |
| Designated Fund Balance: |  |                     |                       |   |                     |
| 3510                     | Construction                               | --                  | --                    | 15,740  | 15,740              |
| 3000                     | <b>Total Fund Balances</b>                 | <b>342,451</b>      | <b>99,465</b>         | <b>15,740</b>                                       | <b>457,656</b>      |
| 4000                     | <b>Total Liabilities and Fund Balances</b> | <b>\$ 1,600,992</b> | <b>\$ 256,569</b>     | <b>\$ 16,414</b>                                    | <b>\$ 1,873,975</b> |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2003

| Data<br>Control<br>Codes            |  | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds (See<br>Exhibit C-2) |
|-------------------------------------|--|-----------------------------|-------------------------|-----------------------------|---|
| <b>REVENUES:</b>                    |  |                             |                         |                             |   |
| 5700                                | Local and Intermediate Sources               | \$ 1,455,883                | \$ 1,328,991            | \$ 528                      | \$ 2,785,402  |
| 5800                                | State Program Revenues                       | 2,849,792                   | 251,145                 | --                          | 3,100,937   |
| 5900                                | Federal Program Revenues                     | 6,907,402                   | --                      | --                          | 6,907,402   |
| 5020                                | Total Revenues                               | <u>11,213,077</u>           | <u>1,580,136</u>        | <u>528</u>                  | <u>12,793,741</u>   |
| <b>EXPENDITURES:</b>                |  |                             |                         |                             |   |
| Current:                            |  |                             |                         |                             |   |
| 0011                                | Instruction                                  | 6,014,342                   | --                      | --                          | 6,014,342   |
| 0012                                | Instructional Resources and Media Services   | 82,813                      | --                      | --                          | 82,813  |
| 0013                                | Curriculum and Staff Development             | 413,356                     | --                      | --                          | 413,356   |
| 0021                                | Instructional Leadership                     | 271,951                     | --                      | --                          | 271,951   |
| 0023                                | School Leadership                            | 106,901                     | --                      | --                          | 106,901   |
| 0031                                | Guidance, Counseling, & Evaluation Services  | 191,781                     | --                      | --                          | 191,781   |
| 0032                                | Social Work Services                         | 2,321                       | --                      | --                          | 2,321   |
| 0033                                | Health Services                              | 17,200                      | --                      | --                          | 17,200  |
| 0034                                | Student Transportation                       | 108,240                     | --                      | --                          | 108,240   |
| 0035                                | Food Service                                 | 3,775,130                   | --                      | --                          | 3,775,130   |
| 0036                                | Extracurricular Activities                   | 26,096                      | --                      | --                          | 26,096  |
| 0041                                | General Administration                       | 20,780                      | --                      | --                          | 20,780  |
| 0051                                | Plant Maintenance and Operations             | 148,931                     | --                      | 155,755                     | 304,686   |
| 0052                                | Security and Monitoring Services             | 1,082                       | --                      | --                          | 1,082   |
| 0053                                | Data Processing Services                     | 57,890                      | --                      | --                          | 57,890  |
| 0061                                | Community Services                           | 15,560                      | --                      | --                          | 15,560  |
| 0071                                | Principal on Long-term Debt                  | --                          | 1,090,000               | --                          | 1,090,000   |
| 0072                                | Interest on Long-term Debt                   | --                          | 747,618                 | --                          | 747,618   |
| 0073                                | Bond Issuance Costs and Fees                 | --                          | 1,543                   | --                          | 1,543   |
| 0081                                | Capital Outlay                               | 5,474                       | --                      | 2,401                       | 7,875   |
| 6030                                | Total Expenditures                           | <u>11,259,848</u>           | <u>1,839,161</u>        | <u>158,156</u>              | <u>13,257,165</u>   |
| 1100                                | Excess (Deficiency) of Revenues Over (Under) |                             |                         |                             |   |
| 1100                                | Expenditures                                 | <u>(46,771)</u>             | <u>(259,025)</u>        | <u>(157,628)</u>            | <u>(463,424)</u>  |
| Other Financing Sources and (Uses): |  |                             |                         |                             |   |
| 7911                                | Capital-Related Debt Issued (Regular Bonds)  | --                          | 14,180,000              | --                          | 14,180,000  |
| 7915                                | Operating Transfers In                       | 78,800                      | --                      | 1,989                       | 80,789  |
| 7916                                | Premium or Discount on Issuance of Bonds     | --                          | 375,165                 | --                          | 375,165   |
| 8911                                | Operating Transfers Out                      | (19,907)                    | --                      | --                          | (19,907)  |
| 8949                                | Other Uses                                   | --                          | (14,498,046)            | --                          | (14,498,046)  |
| 7080                                | Total Other Financing Sources and (Uses)     | <u>58,893</u>               | <u>57,119</u>           | <u>1,989</u>                | <u>118,001</u>  |
| 1200                                | Net Change in Fund Balances                  | <u>12,122</u>               | <u>(201,906)</u>        | <u>(155,639)</u>            | <u>(345,423)</u>  |
| 0100                                | Fund Balances - Beginning                    | 330,329                     | 301,371                 | 171,379                     | 803,079   |
| 3000                                | Fund Balances - Ending                       | <u>\$ 342,451</u>           | <u>\$ 99,465</u>        | <u>\$ 15,740</u>            | <u>\$ 457,656</u>   |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2003

| Data Control Codes      | 204<br>ESEA<br>Title IV<br>SDFSC           | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 224<br>IDEA-B<br>Formula | 225<br>IDEA-B<br>Preschool Grant |                 |
|-------------------------|--|--|--------------------------|----------------------------------|-----------------|
| <b>ASSETS:</b>          |  |  |                          |                                  |                 |
| 1110                    | Cash and Cash Equivalents                  | \$ 1   | \$ 159                   | \$ --                            | \$ --           |
| 1240                    | Due from Other Governments                 | 14,276   | 134,728                  | 125,734                          | 1,074           |
| 1290                    | Other Receivables                          | --   | --                       | --                               | --              |
| 1300                    | Inventories                                | --   | --                       | --                               | --              |
| 1000                    | <b>Total Assets</b>                        | <b>14,277</b>                                      | <b>134,887</b>           | <b>125,734</b>                   | <b>1,074</b>    |
| <b>LIABILITIES:</b>     |  |  |                          |                                  |                 |
| Current Liabilities:    |  |  |                          |                                  |                 |
| 2110                    | Accounts Payable                           | \$ 3,273   | \$ 159                   | \$ 28,658                        | \$ --           |
| 2160                    | Accrued Wages Payable                      | --   | 119,512                  | 83,730                           | 1,074           |
| 2170                    | Due to Other Funds                         | 11,004   | 15,216                   | 13,346                           | --              |
| 2180                    | Due to Other Governments                   | --   | --                       | --                               | --              |
| 2200                    | Accrued Expenditures                       | --   | --                       | --                               | --              |
| 2300                    | Deferred Revenue                           | --   | --                       | --                               | --              |
| 2000                    | <b>Total Liabilities</b>                   | <b>14,277</b>                                      | <b>134,887</b>           | <b>125,734</b>                   | <b>1,074</b>    |
| <b>FUND BALANCES:</b>   |  |  |                          |                                  |                 |
| Reserved Fund Balances: |  |  |                          |                                  |                 |
| 3410                    | Investments in Inventory                   | --   | --                       | --                               | --              |
| 3450                    | Reserve for Food Service                   | --   | --                       | --                               | --              |
| 3490                    | Other Reserves of Fund Balance             | --   | --                       | --                               | --              |
| 3000                    | <b>Total Fund Balances</b>                 | <b>--</b>  | <b>--</b>                | <b>--</b>                        | <b>--</b>       |
| 4000                    | <b>Total Liabilities and Fund Balances</b> | <b>\$ 14,277</b>                                   | <b>\$ 134,887</b>        | <b>\$ 125,734</b>                | <b>\$ 1,074</b> |

| 226<br>IDEA-B<br>Discretionary | 227<br>IDEA-B<br>Deaf | 228<br>IDEA-B<br>Preschool<br>Deaf | 240<br>National School<br>Breakfast/Lunch<br>Program | 242<br>Summer<br>Feeding<br>Program |
|--------------------------------|-----------------------|------------------------------------|--|-------------------------------------|
| \$ --                          | \$ --                 | \$ --                              | \$ 277,028   | \$ 12,005                           |
| --                             | --                    | --                                 | 167,302  | --                                  |
| --                             | --                    | --                                 | 2,944  | --                                  |
| --                             | --                    | --                                 | 123,379  | --                                  |
| <u>--</u>                      | <u>--</u>             | <u>--</u>                          | <u>570,653</u>                                       | <u>12,005</u>                       |
| \$ --                          | \$ --                 | \$ --                              | \$ 210,302   | \$ --                               |
| --                             | --                    | --                                 | 78,625   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | 53,848   | --                                  |
| <u>--</u>                      | <u>--</u>             | <u>--</u>                          | <u>50,702</u>  | <u>--</u>                           |
| <u>--</u>                      | <u>--</u>             | <u>--</u>                          | <u>393,477</u>                                       | <u>--</u>                           |
| --                             | --                    | --                                 | 72,677   | --                                  |
| --                             | --                    | --                                 | 104,499  | 12,005                              |
| --                             | --                    | --                                 | --   | --                                  |
| <u>--</u>                      | <u>--</u>             | <u>--</u>                          | <u>177,176</u>                                       | <u>12,005</u>                       |
| <u>\$ --</u>                   | <u>\$ --</u>          | <u>\$ --</u>                       | <u>\$ 570,653</u>                                    | <u>\$ 12,005</u>                    |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2003

| Data Control Codes      | 244<br>Vo Ed<br>Basic<br>Grant             | 253<br>IDEA-C<br>Deaf | 255<br>ESEA Title II<br>Training and<br>Recruitment | 262<br>ESEA Title II<br>Enhancing<br>Education |
|-------------------------|--|-----------------------|---|--|
| <b>ASSETS:</b>          |  |                       |   |  |
| 1110                    | Cash and Cash Equivalents                  | \$ --                 | \$ --   | \$ --  |
| 1240                    | Due from Other Governments                 | --                    | --  | 31,196   |
| 1290                    | Other Receivables                          | --                    | --  | --   |
| 1300                    | Inventories                                | --                    | --  | --   |
| 1000                    | <b>Total Assets</b>                        | <b>--</b>             | <b>31,196</b>                                       | <b>2,771</b>                                   |
| <b>LIABILITIES:</b>     |  |                       |   |  |
| Current Liabilities:    |  |                       |   |  |
| 2110                    | Accounts Payable                           | \$ --                 | \$ --   | \$ --  |
| 2160                    | Accrued Wages Payable                      | --                    | --  | 31,186   |
| 2170                    | Due to Other Funds                         | --                    | 10  | --   |
| 2180                    | Due to Other Governments                   | --                    | --  | --   |
| 2200                    | Accrued Expenditures                       | --                    | --  | --   |
| 2300                    | Deferred Revenue                           | --                    | --  | --   |
| 2000                    | <b>Total Liabilities</b>                   | <b>--</b>             | <b>31,196</b>                                       | <b>2,771</b>                                   |
| <b>FUND BALANCES:</b>   |  |                       |   |  |
| Reserved Fund Balances: |  |                       |   |  |
| 3410                    | Investments in Inventory                   | --                    | --  | --   |
| 3450                    | Reserve for Food Service                   | --                    | --  | --   |
| 3490                    | Other Reserves of Fund Balance             | --                    | --  | --   |
| 3000                    | <b>Total Fund Balances</b>                 | <b>--</b>             | <b>--</b>   | <b>--</b>                                      |
| 4000                    | <b>Total Liabilities and Fund Balances</b> | <b>\$ --</b>          | <b>\$ 31,196</b>                                    | <b>\$ 2,771</b>                                |

| 263<br>English Language<br>Acquisition and<br>Enhancement | 269<br>ESEA Title V<br>Innovative | 382<br>Temporary<br>Assistance for<br>Needy Families | 384<br>Texas<br>After School<br>Initiative | 385<br>School<br>Mentor<br>Program |
|---|-----------------------------------|--|--|------------------------------------|
| \$ --   | \$ --                             | \$ --  | \$ --                                      | \$ --                              |
| 300   | --                                | --   | 8,287                                      | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| <u>300</u>  | <u>--</u>                         | <u>--</u>  | <u>8,287</u>                               | <u>--</u>                          |
| \$ --   | \$ --                             | \$ --  | \$ --                                      | \$ --                              |
| 299   | --                                | --   | --   | --                                 |
| 1   | --                                | --   | 8,287                                      | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| <u>300</u>  | <u>--</u>                         | <u>--</u>  | <u>8,287</u>                               | <u>--</u>                          |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| <u>--</u>   | <u>--</u>                         | <u>--</u>  | <u>--</u>                                  | <u>--</u>                          |
| <u>\$ 300</u>   | <u>\$ --</u>                      | <u>\$ --</u>   | <u>\$ 8,287</u>                            | <u>\$ --</u>                       |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2003

| Data Control Codes                              | 390<br>LEP<br>Summer<br>Program | 393<br>Texas<br>Successful<br>Schools | 394<br>Pregnancy<br>Education and<br>Parenting Program | 397<br>Advanced<br>Placement<br>Incentives |
|---|---------------------------------|---------------------------------------|--|--|
| <b>ASSETS:</b>                                  |                                 |                                       |  |  |
| 1110 Cash and Cash Equivalents                  | \$ --                           | \$ --                                 | \$ 2,558   | \$ 10,217                                  |
| 1240 Due from Other Governments                 | 9,600                           | --                                    | --   | --   |
| 1290 Other Receivables                          | --                              | --                                    | --   | --   |
| 1300 Inventories                                | --                              | --                                    | --   | --   |
| <b>1000 Total Assets</b>                        | <b>9,600</b>                    | <b>--</b>                             | <b>2,558</b>   | <b>10,217</b>                              |
| <b>LIABILITIES:</b>                             |                                 |                                       |  |  |
| Current Liabilities:                            |                                 |                                       |  |  |
| 2110 Accounts Payable                           | \$ --                           | \$ --                                 | \$ 2,558   | \$ --                                      |
| 2160 Accrued Wages Payable                      | --                              | --                                    | --   | --   |
| 2170 Due to Other Funds                         | 9,600                           | --                                    | --   | --   |
| 2180 Due to Other Governments                   | --                              | --                                    | --   | 10,217                                     |
| 2200 Accrued Expenditures                       | --                              | --                                    | --   | --   |
| 2300 Deferred Revenue                           | --                              | --                                    | --   | --   |
| <b>2000 Total Liabilities</b>                   | <b>9,600</b>                    | <b>--</b>                             | <b>2,558</b>   | <b>10,217</b>                              |
| <b>FUND BALANCES:</b>                           |                                 |                                       |  |  |
| Reserved Fund Balances:                         |                                 |                                       |  |  |
| 3410 Investments in Inventory                   | --                              | --                                    | --   | --   |
| 3450 Reserve for Food Service                   | --                              | --                                    | --   | --   |
| 3490 Other Reserves of Fund Balance             | --                              | --                                    | --   | --   |
| <b>3000 Total Fund Balances</b>                 | <b>--</b>                       | <b>--</b>                             | <b>--</b>  | <b>--</b>                                  |
| <b>4000 Total Liabilities and Fund Balances</b> | <b>\$ 9,600</b>                 | <b>\$ --</b>                          | <b>\$ 2,558</b>  | <b>\$ 10,217</b>                           |

| 399<br>Investment<br>Capital<br>Funds | 401<br>Optional<br>Extended Year<br>Program | 404<br>Student<br>Success<br>Initiative | 409<br>Basic Skills<br>Programs | 411<br>Technology<br>Allotment |
|---------------------------------------|---|---|---------------------------------|--------------------------------|
| \$ --                                 | \$ --                                       | \$ --                                   | \$ --                           | \$ 25,261                      |
| 86,175                                | 61,881                                      | 63,149                                  | 40,816                          | 3,979                          |
| --                                    | --  | 218                                     | --                              | 295                            |
| --                                    | --  | --                                      | --                              | --                             |
| <u>86,175</u>                         | <u>61,881</u>                               | <u>63,367</u>                           | <u>40,816</u>                   | <u>29,535</u>                  |
| \$ --                                 | \$ 23,242                                   | \$ --                                   | \$ --                           | \$ 2,152                       |
| --                                    | --  | --                                      | --                              | --                             |
| 86,175                                | 38,639                                      | 63,367                                  | 40,816                          | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| <u>86,175</u>                         | <u>61,881</u>                               | <u>63,367</u>                           | <u>40,816</u>                   | <u>2,152</u>                   |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | 27,383                         |
| --                                    | --  | --                                      | --                              | <u>27,383</u>                  |
| <u>\$ 86,175</u>                      | <u>\$ 61,881</u>                            | <u>\$ 63,367</u>                        | <u>\$ 40,816</u>                | <u>\$ 29,535</u>               |



# LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2003

| Data<br>Control<br>Codes                        | 413<br>TIF<br>Grant | 418<br>Employee<br>Health<br>Coverage |
|---|---------------------|---------------------------------------|
| <b>ASSETS:</b>                                  |                     |                                       |
| 1110 Cash and Cash Equivalents                  | \$ --               | \$ --                                 |
| 1240 Due from Other Governments                 | 4,949               | 100,750                               |
| 1290 Other Receivables                          | --                  | --                                    |
| 1300 Inventories                                | --                  | --                                    |
| <b>1000 Total Assets</b>                        | <b>4,949</b>        | <b>100,750</b>                        |
| <b>LIABILITIES:</b>                             |                     |                                       |
| Current Liabilities:                            |                     |                                       |
| 2110 Accounts Payable                           | \$ --               | \$ --                                 |
| 2160 Accrued Wages Payable                      | --                  | 4,862                                 |
| 2170 Due to Other Funds                         | 4,949               | 95,888                                |
| 2180 Due to Other Governments                   | --                  | --                                    |
| 2200 Accrued Expenditures                       | --                  | --                                    |
| 2300 Deferred Revenue                           | --                  | --                                    |
| <b>2000 Total Liabilities</b>                   | <b>4,949</b>        | <b>100,750</b>                        |
| <b>FUND BALANCES:</b>                           |                     |                                       |
| Reserved Fund Balances:                         |                     |                                       |
| 3410 Investments in Inventory                   | --                  | --                                    |
| 3450 Reserve for Food Service                   | --                  | --                                    |
| 3490 Other Reserves of Fund Balance             | --                  | --                                    |
| <b>3000 Total Fund Balances</b>                 | <b>--</b>           | <b>--</b>                             |
| <b>4000 Total Liabilities and Fund Balances</b> | <b>\$ 4,949</b>     | <b>\$ 100,750</b>                     |

| 429<br>State Funded<br>Special Revenue<br>Fund | 435<br>Regional<br>Day School<br>for the Deaf | 461<br>Campus<br>Activity<br>Funds | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-1) |
|--|---|------------------------------------|---|
| \$ --  | \$ 164,073                                    | \$ 125,887                         | \$ 617,189  |
| --   | --  | --                                 | 856,967   |
| --   | --  | --                                 | 3,457   |
| --   | --  | --                                 | 123,379   |
| <u>--</u>                                      | <u>164,073</u>                                | <u>125,887</u>                     | <u>1,600,992</u>  |
| \$ --  | \$ 8,720                                      | \$ --                              | \$ 279,064  |
| --   | 39,446  | --                                 | 361,505   |
| --   | --  | --                                 | 387,298   |
| --   | --  | --                                 | 10,217  |
| --   | --  | --                                 | 53,848  |
| --   | 115,907                                       | --                                 | 166,609   |
| <u>--</u>                                      | <u>164,073</u>                                | <u>--</u>                          | <u>1,258,541</u>  |
| --   | --  | --                                 | 72,677  |
| --   | --  | --                                 | 116,504   |
| --   | --  | 125,887                            | 153,270   |
| <u>--</u>                                      | <u>--</u>                                     | <u>125,887</u>                     | <u>342,451</u>  |
| <u>\$ --</u>                                   | <u>\$ 164,073</u>                             | <u>\$ 125,887</u>                  | <u>\$ 1,600,992</u>   |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED AUGUST 31, 2003

| Data Control Codes                                | 204<br>ESEA<br>Title IV<br>SDFSC | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 224<br>IDEA-B<br>Formula | 225<br>IDEA-B<br>Preschool Grant |
|---|----------------------------------|--|--------------------------|----------------------------------|
| <b>REVENUES:</b>                                  |                                  |  |                          |                                  |
| 5700 Local and Intermediate Sources               | \$ --                            | \$ --  | \$ --                    | \$ --                            |
| 5800 State Program Revenues                       | --                               | --   | --                       | --                               |
| 5900 Federal Program Revenues                     | 102,403                          | 2,340,674  | 1,057,627                | 25,364                           |
| 5020 Total Revenues                               | <u>102,403</u>                   | <u>2,340,674</u>                                   | <u>1,057,627</u>         | <u>25,364</u>                    |
| <b>EXPENDITURES:</b>                              |                                  |  |                          |                                  |
| Current:  |                                  |  |                          |                                  |
| 0011 Instruction                                  | 29                               | 2,092,118  | 942,405                  | 25,364                           |
| 0012 Instructional Resources and Media Services   | --                               | --   | --                       | --                               |
| 0013 Curriculum and Staff Development             | --                               | 110,831  | 529                      | --                               |
| 0021 Instructional Leadership                     | 518                              | 122,318  | 62,034                   | --                               |
| 0023 School Leadership                            | --                               | 1,211  | --                       | --                               |
| 0031 Guidance, Counseling, & Evaluation Services  | 101,856                          | --   | 52,659                   | --                               |
| 0032 Social Work Services                         | --                               | --   | --                       | --                               |
| 0033 Health Services                              | --                               | --   | --                       | --                               |
| 0034 Student Transportation                       | --                               | --   | --                       | --                               |
| 0035 Food Service                                 | --                               | --   | --                       | --                               |
| 0036 Extracurricular Activities                   | --                               | --   | --                       | --                               |
| 0041 General Administration                       | --                               | --   | --                       | --                               |
| 0051 Plant Maintenance and Operations             | --                               | --   | --                       | --                               |
| 0052 Security and Monitoring Services             | --                               | --   | --                       | --                               |
| 0053 Data Processing Services                     | --                               | --   | --                       | --                               |
| 0061 Community Services                           | --                               | 14,196   | --                       | --                               |
| 0081 Capital Outlay                               | --                               | --   | --                       | --                               |
| 6030 Total Expenditures                           | <u>102,403</u>                   | <u>2,340,674</u>                                   | <u>1,057,627</u>         | <u>25,364</u>                    |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --                               | --   | --                       | --                               |
| 1100 Expenditures                                 | --                               | --   | --                       | --                               |
| Other Financing Sources and (Uses):               |                                  |  |                          |                                  |
| 7915 Operating Transfers In                       | --                               | --   | --                       | --                               |
| 8911 Operating Transfers Out                      | --                               | --   | --                       | --                               |
| 7080 Total Other Financing Sources and (Uses)     | --                               | --   | --                       | --                               |
| 1200 Net Change in Fund Balances                  | --                               | --   | --                       | --                               |
| 0100 Fund Balances - Beginning                    | --                               | --   | --                       | --                               |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>                     | <u>\$ --</u>                                       | <u>\$ --</u>             | <u>\$ --</u>                     |

| 226<br>IDEA-B<br>Discretionary | 227<br>IDEA-B<br>Deaf | 228<br>IDEA-B<br>Preschool<br>Deaf | 240<br>National School<br>Breakfast/Lunch<br>Program | 242<br>Summer<br>Feeding<br>Program |
|--------------------------------|-----------------------|------------------------------------|--|-------------------------------------|
| \$ --                          | \$ --                 | \$ --                              | \$ 1,065,606   | \$ 816                              |
| --                             | --                    | --                                 | 84,208   | 1,793                               |
| 14,378                         | 19,559                | 1,985                              | 2,405,407  | 66,693                              |
| <u>14,378</u>                  | <u>19,559</u>         | <u>1,985</u>                       | <u>3,555,221</u>                                     | <u>69,302</u>                       |
| 14,378                         | 19,559                | 1,985                              | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | 3,593,042  | 57,297                              |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| --                             | --                    | --                                 | --   | --                                  |
| <u>14,378</u>                  | <u>19,559</u>         | <u>1,985</u>                       | <u>3,593,042</u>                                     | <u>57,297</u>                       |
| --                             | --                    | --                                 | (37,821)   | 12,005                              |
| --                             | --                    | --                                 | 57,635   | --                                  |
| --                             | --                    | --                                 | --   | (19,907)                            |
| <u>--</u>                      | <u>--</u>             | <u>--</u>                          | <u>57,635</u>  | <u>(19,907)</u>                     |
| --                             | --                    | --                                 | 19,814   | (7,902)                             |
| --                             | --                    | --                                 | 157,362  | 19,907                              |
| <u>\$ --</u>                   | <u>\$ --</u>          | <u>\$ --</u>                       | <u>\$ 177,176</u>                                    | <u>\$ 12,005</u>                    |

# LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED AUGUST 31, 2003

| Data Control Codes                                | 244<br>Vo Ed<br>Basic<br>Grant | 253<br>IDEA-C<br>Deaf | 255<br>ESEA Title II<br>Training &<br>Recruitment | 262<br>ESEA Title II<br>Enhancing<br>Education |
|---|--------------------------------|-----------------------|---|--|
| <b>REVENUES:</b>                                  |                                |                       |   |  |
| 5700 Local and Intermediate Sources               | \$ --                          | \$ --                 | \$ --   | \$ --  |
| 5800 State Program Revenues                       | --                             | --                    | --  | --   |
| 5900 Federal Program Revenues                     | 142,590                        | 231                   | 593,205   | 71,626   |
| 5020 Total Revenues                               | <u>142,590</u>                 | <u>231</u>            | <u>593,205</u>                                    | <u>71,626</u>                                  |
| <b>EXPENDITURES:</b>                              |                                |                       |   |  |
| Current:  |                                |                       |   |  |
| 0011 Instruction                                  | 135,369                        | 231                   | 460,843   | 53,053   |
| 0012 Instructional Resources and Media Services   | --                             | --                    | --  | --   |
| 0013 Curriculum and Staff Development             | 7,221                          | --                    | 136,093   | 18,573   |
| 0021 Instructional Leadership                     | --                             | --                    | (6,955)   | --   |
| 0023 School Leadership                            | --                             | --                    | 3,224   | --   |
| 0031 Guidance, Counseling, & Evaluation Services  | --                             | --                    | --  | --   |
| 0032 Social Work Services                         | --                             | --                    | --  | --   |
| 0033 Health Services                              | --                             | --                    | --  | --   |
| 0034 Student Transportation                       | --                             | --                    | --  | --   |
| 0035 Food Service                                 | --                             | --                    | --  | --   |
| 0036 Extracurricular Activities                   | --                             | --                    | --  | --   |
| 0041 General Administration                       | --                             | --                    | --  | --   |
| 0051 Plant Maintenance and Operations             | --                             | --                    | --  | --   |
| 0052 Security and Monitoring Services             | --                             | --                    | --  | --   |
| 0053 Data Processing Services                     | --                             | --                    | --  | --   |
| 0061 Community Services                           | --                             | --                    | --  | --   |
| 0081 Capital Outlay                               | --                             | --                    | --  | --   |
| 6030 Total Expenditures                           | <u>142,590</u>                 | <u>231</u>            | <u>593,205</u>                                    | <u>71,626</u>                                  |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --                             | --                    | --  | --   |
| 1100 Expenditures                                 | --                             | --                    | --  | --   |
| Other Financing Sources and (Uses):               |                                |                       |   |  |
| 7915 Operating Transfers In                       | --                             | --                    | --  | --   |
| 8911 Operating Transfers Out                      | --                             | --                    | --  | --   |
| 7080 Total Other Financing Sources and (Uses)     | --                             | --                    | --  | --   |
| 1200 Net Change in Fund Balances                  | --                             | --                    | --  | --   |
| 0100 Fund Balances - Beginning                    | --                             | --                    | --  | --   |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>                   | <u>\$ --</u>          | <u>\$ --</u>                                      | <u>\$ --</u>                                   |

| 263<br>English Language<br>Acquisition and<br>Enhancement | 269<br>ESEA Title V<br>Innovative | 382<br>Temporary<br>Assistance for<br>Needy Families | 384<br>Texas<br>After School<br>Initiative | 385<br>School<br>Mentor<br>Program |
|---|-----------------------------------|--|--|------------------------------------|
| \$ --   | \$ --                             | \$ --  | \$ --                                      | \$ --                              |
| --  | --                                | 5,214  | 62,867                                     | 540                                |
| 15,634  | 50,026                            | --   | --   | --                                 |
| <u>15,634</u>   | <u>50,026</u>                     | <u>5,214</u>   | <u>62,867</u>                              | <u>540</u>                         |
| 11,260  | 50,026                            | 5,214  | 50,984                                     | --                                 |
| --  | --                                | --   | --   | --                                 |
| 4,278   | --                                | --   | (59)                                       | 540                                |
| --  | --                                | --   | (297)                                      | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | 12,239                                     | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| 96  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| <u>15,634</u>   | <u>50,026</u>                     | <u>5,214</u>   | <u>62,867</u>                              | <u>540</u>                         |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| --  | --                                | --   | --   | --                                 |
| <u>\$ --</u>  | <u>\$ --</u>                      | <u>\$ --</u>   | <u>\$ --</u>                               | <u>\$ --</u>                       |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED AUGUST 31, 2003

| Data Control Codes                                | 390<br>LEP<br>Summer<br>Program | 393<br>Texas<br>Successful<br>Schools | 394<br>Pregnancy<br>Education and<br>Parenting Program | 397<br>Advanced<br>Placement<br>Incentives |
|---|---------------------------------|---------------------------------------|--|--|
| <b>REVENUES:</b>                                  |                                 |                                       |  |  |
| 5700 Local and Intermediate Sources               | \$ --                           | \$ --                                 | \$ --  | \$ --                                      |
| 5800 State Program Revenues                       | 9,600                           | 482                                   | 54,772   | 6,511                                      |
| 5900 Federal Program Revenues                     | --                              | --                                    | --   | --   |
| 5020 Total Revenues                               | <u>9,600</u>                    | <u>482</u>                            | <u>54,772</u>  | <u>6,511</u>                               |
| <b>EXPENDITURES:</b>                              |                                 |                                       |  |  |
| Current:  |                                 |                                       |  |  |
| 0011 Instruction                                  | 9,600                           | 482                                   | 54,772   | 6,511                                      |
| 0012 Instructional Resources and Media Services   | --                              | --                                    | --   | --   |
| 0013 Curriculum and Staff Development             | --                              | --                                    | --   | --   |
| 0021 Instructional Leadership                     | --                              | --                                    | --   | --   |
| 0023 School Leadership                            | --                              | --                                    | --   | --   |
| 0031 Guidance, Counseling, & Evaluation Services  | --                              | --                                    | --   | --   |
| 0032 Social Work Services                         | --                              | --                                    | --   | --   |
| 0033 Health Services                              | --                              | --                                    | --   | --   |
| 0034 Student Transportation                       | --                              | --                                    | --   | --   |
| 0035 Food Service                                 | --                              | --                                    | --   | --   |
| 0036 Extracurricular Activities                   | --                              | --                                    | --   | --   |
| 0041 General Administration                       | --                              | --                                    | --   | --   |
| 0051 Plant Maintenance and Operations             | --                              | --                                    | --   | --   |
| 0052 Security and Monitoring Services             | --                              | --                                    | --   | --   |
| 0053 Data Processing Services                     | --                              | --                                    | --   | --   |
| 0061 Community Services                           | --                              | --                                    | --   | --   |
| 0081 Capital Outlay                               | --                              | --                                    | --   | --   |
| 6030 Total Expenditures                           | <u>9,600</u>                    | <u>482</u>                            | <u>54,772</u>  | <u>6,511</u>                               |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                                 |                                       |  |  |
| 1100 Expenditures                                 | --                              | --                                    | --   | --   |
| Other Financing Sources and (Uses):               |                                 |                                       |  |  |
| 7915 Operating Transfers In                       | --                              | --                                    | --   | --   |
| 8911 Operating Transfers Out                      | --                              | --                                    | --   | --   |
| 7080 Total Other Financing Sources and (Uses)     | --                              | --                                    | --   | --   |
| 1200 Net Change in Fund Balances                  | --                              | --                                    | --   | --   |
| 0100 Fund Balances - Beginning                    | --                              | --                                    | --   | --   |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>                    | <u>\$ --</u>                          | <u>\$ --</u>   | <u>\$ --</u>                               |

| 399<br>Investment<br>Capital<br>Funds | 401<br>Optional<br>Extended Year<br>Program | 404<br>Student<br>Success<br>Initiative | 409<br>Basic Skills<br>Programs | 411<br>Technology<br>Allotment |
|---------------------------------------|---|---|---------------------------------|--------------------------------|
| \$ --                                 | \$ --                                       | \$ --                                   | \$ --                           | \$ --                          |
| 89,440                                | 61,881                                      | 199,071                                 | 132,698                         | 232,255                        |
| --                                    | --  | --                                      | --                              | --                             |
| <u>89,440</u>                         | <u>61,881</u>                               | <u>199,071</u>                          | <u>132,698</u>                  | <u>232,255</u>                 |
| 72,443                                | 54,157                                      | 193,454                                 | 132,633                         | 123,133                        |
| --                                    | --  | --                                      | --                              | --                             |
| 16,997                                | --  | 2,065                                   | 65                              | 4,955                          |
| --                                    | --  | 206                                     | --                              | --                             |
| --                                    | 1,754                                       | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | 476   | --                                      | --                              | --                             |
| --                                    | 5,494                                       | 3,346                                   | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | 45,721                         |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | 49,597                         |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | 5,474                          |
| <u>89,440</u>                         | <u>61,881</u>                               | <u>199,071</u>                          | <u>132,698</u>                  | <u>228,880</u>                 |
| --                                    | --  | --                                      | --                              | 3,375                          |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | 3,375                          |
| --                                    | --  | --                                      | --                              | --                             |
| --                                    | --  | --                                      | --                              | 24,008                         |
| <u>\$ --</u>                          | <u>\$ --</u>                                | <u>\$ --</u>                            | <u>\$ --</u>                    | <u>\$ 27,383</u>               |



**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED AUGUST 31, 2003

| Data<br>Control<br>Codes                          | 413<br>TIF<br>Grant | 418<br>Employee<br>Health<br>Coverage |
|---|---------------------|---------------------------------------|
| <b>REVENUES:</b>                                  |                     |                                       |
| 5700 Local and Intermediate Sources               | \$ --               | \$ --                                 |
| 5800 State Program Revenues                       | 180,155             | 1,256,003                             |
| 5900 Federal Program Revenues                     | --                  | --                                    |
| 5020 Total Revenues                               | <u>180,155</u>      | <u>1,256,003</u>                      |
| <b>EXPENDITURES:</b>                              |                     |                                       |
| Current:  |                     |                                       |
| 0011 Instruction                                  | 143,026             | 738,585                               |
| 0012 Instructional Resources and Media Services   | --                  | 22,976                                |
| 0013 Curriculum and Staff Development             | 37,129              | 1,391                                 |
| 0021 Instructional Leadership                     | --                  | 20,800                                |
| 0023 School Leadership                            | --                  | 75,566                                |
| 0031 Guidance, Counseling, & Evaluation Services  | --                  | 37,266                                |
| 0032 Social Work Services                         | --                  | 2,321                                 |
| 0033 Health Services                              | --                  | 16,724                                |
| 0034 Student Transportation                       | --                  | 87,161                                |
| 0035 Food Service                                 | --                  | 124,791                               |
| 0036 Extracurricular Activities                   | --                  | 16,852                                |
| 0041 General Administration                       | --                  | 20,780                                |
| 0051 Plant Maintenance and Operations             | --                  | 101,312                               |
| 0052 Security and Monitoring Services             | --                  | 1,082                                 |
| 0053 Data Processing Services                     | --                  | 8,293                                 |
| 0061 Community Services                           | --                  | 1,268                                 |
| 0081 Capital Outlay                               | --                  | --                                    |
| 6030 Total Expenditures                           | <u>180,155</u>      | <u>1,277,168</u>                      |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --                  | --                                    |
| 1100 Expenditures                                 | --                  | (21,165)                              |
| Other Financing Sources and (Uses):               |                     |                                       |
| 7915 Operating Transfers In                       | --                  | 21,165                                |
| 8911 Operating Transfers Out                      | --                  | --                                    |
| 7080 Total Other Financing Sources and (Uses)     | <u>--</u>           | <u>21,165</u>                         |
| 1200 Net Change in Fund Balances                  | --                  | --                                    |
| 0100 Fund Balances - Beginning                    | --                  | --                                    |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>        | <u>\$ --</u>                          |

| 429<br>State Funded<br>Special Revenue<br>Fund | 435<br>Regional<br>Day School<br>for the Deaf | 461<br>Campus<br>Activity<br>Funds | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-2) |
|--|---|------------------------------------|---|
| \$ --  | \$ 114,753                                    | \$ 274,708                         | \$ 1,455,883  |
| 225  | 472,077                                       | --                                 | 2,849,792   |
| --   | --  | --                                 | 6,907,402   |
| <u>225</u>                                     | <u>586,830</u>                                | <u>274,708</u>                     | <u>11,213,077</u>   |
| 225  | 513,503                                       | 109,000                            | 6,014,342   |
| --   | --  | 59,837                             | 82,813  |
| --   | --  | 72,748                             | 413,356   |
| --   | 73,327  | --                                 | 271,951   |
| --   | --  | 25,146                             | 106,901   |
| --   | --  | --                                 | 191,781   |
| --   | --  | --                                 | 2,321   |
| --   | --  | --                                 | 17,200  |
| --   | --  | --                                 | 108,240   |
| --   | --  | --                                 | 3,775,130   |
| --   | --  | 9,244                              | 26,096  |
| --   | --  | --                                 | 20,780  |
| --   | --  | 1,898                              | 148,931   |
| --   | --  | --                                 | 1,082   |
| --   | --  | --                                 | 57,890  |
| --   | --  | --                                 | 15,560  |
| --   | --  | --                                 | 5,474   |
| <u>225</u>                                     | <u>586,830</u>                                | <u>277,873</u>                     | <u>11,259,848</u>   |
| --   | --  | (3,165)                            | (46,771)  |
| --   | --  | --                                 | 78,800  |
| --   | --  | --                                 | (19,907)  |
| --   | --  | --                                 | 58,893  |
| --   | --  | (3,165)                            | 12,122  |
| --   | --  | 129,052                            | 330,329   |
| <u>\$ --</u>                                   | <u>\$ --</u>                                  | <u>\$ 125,887</u>                  | <u>\$ 342,451</u>   |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT H-5**

CAPITAL PROJECTS FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2003

| Data<br>Control<br>Codes             |  | 1                | 2                   | 3                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--|------------------|---------------------|------------------|---|
|                                      |  | Budgeted Amounts |                     | Actual           |   |
|                                      |  | Original         | Final               |                  |   |
| <b>REVENUES:</b>                     |  |                  |                     |                  |   |
| 5700                                 | Local and Intermediate Sources               | \$ --            | \$ --               | \$ 528           | \$ 528  |
| 5020                                 | Total Revenues                               | <u>--</u>        | <u>--</u>           | <u>528</u>       | <u>528</u>  |
| <b>EXPENDITURES:</b>                 |  |                  |                     |                  |   |
| Current:                             |  |                  |                     |                  |   |
| Support Services - Nonstudent Based: |  |                  |                     |                  |   |
| 0051                                 | Plant Maintenance and Operations             | --               | 180,296             | 155,755          | 24,541  |
|                                      | Total Support Services - Nonstudent Based    | <u>--</u>        | <u>180,296</u>      | <u>155,755</u>   | <u>24,541</u>   |
| Capital Outlay:                      |  |                  |                     |                  |   |
| 0081                                 | Capital Outlay                               | --               | 2,189               | 2,401            | (212)   |
|                                      | Total Capital Outlay                         | <u>--</u>        | <u>2,189</u>        | <u>2,401</u>     | <u>(212)</u>  |
| 6030                                 | Total Expenditures                           | <u>--</u>        | <u>182,485</u>      | <u>158,156</u>   | <u>24,329</u>   |
| 1100                                 | Excess (Deficiency) of Revenues Over (Under) |                  |                     |                  |   |
| 1100                                 | Expenditures                                 | --               | (182,485)           | (157,628)        | 24,857  |
| Other Financing Sources (Uses):      |  |                  |                     |                  |   |
| 7915                                 | Operating Transfers In                       | --               | 1,989               | 1,989            | --  |
| 7080                                 | Total Other Financing Sources and (Uses)     | <u>--</u>        | <u>1,989</u>        | <u>1,989</u>     | <u>--</u>   |
| 1200                                 | Net Change in Fund Balance                   | --               | (180,496)           | (155,639)        | 24,857  |
| 0100                                 | Fund Balance - Beginning                     | --               | --                  | 171,379          | 171,379   |
| 3000                                 | Fund Balance - Ending                        | <u>\$ --</u>     | <u>\$ (180,496)</u> | <u>\$ 15,740</u> | <u>\$ 196,236</u>                                       |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**AUGUST 31, 2003**

| Data<br>Control<br>Codes       | 865<br><u>Student<br/>Activity</u> | 866<br><u>Successor-in-<br/>Interest Tax<br/>Collection</u> | Total<br>Agency<br>Funds (See<br>Exhibit E-1)<br><u></u> |
|--------------------------------|------------------------------------|---|--|
| <b>ASSETS:</b>                 |                                    |   |  |
| 1110 Cash and Cash Equivalents | \$ 197,327                         | \$ 4,211  | \$ 201,538   |
| 1000 Total Assets              | <u>\$ 197,327</u>                  | <u>\$ 4,211</u>   | <u>\$ 201,538</u>  |
| <b>LIABILITIES:</b>            |                                    |   |  |
| Current Liabilities:           |                                    |   |  |
| 2170 Due to Other Funds        | 30,358                             | 2,478   | 32,836   |
| 2180 Due to Other Governments  | --                                 | 1,733   | 1,733  |
| 2190 Due to Student Groups     | 166,969                            | --  | 166,969  |
| 2000 Total Liabilities         | <u>197,327</u>                     | <u>4,211</u>  | <u>201,538</u>   |
| <b>NET ASSETS</b>              |                                    |   |  |
| 3000 Total Net Assets          | <u>\$ --</u>                       | <u>\$ --</u>  | <u>\$ --</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**  
**YEAR ENDED AUGUST 31, 2003**

| Year Ended<br>August 31        | 1           |         | 2            |         | 3  |               |
|--------------------------------|-------------|---------|--------------|---------|--|---------------|
|                                | Tax Rates   |         |              |         | Assessed/Appraised<br>Value For School<br>Tax Purposes |               |
|                                | Maintenance |         | Debt Service |         |  |               |
| 1994 and Prior Years           | \$          | Various | \$           | Various | \$   | Various       |
| 1995                           |             | 1.2632  |              | .1168   |  | 1,661,820,330 |
| 1996                           |             | 1.27    |              | .11     |  | 1,788,909,034 |
| 1997                           |             | 1.2631  |              | .1324   |  | 1,866,128,699 |
| 1998                           |             | 1.2631  |              | .1467   |  | 2,145,009,222 |
| 1999                           |             | 1.2911  |              | .1377   |  | 2,358,054,088 |
| 2000                           |             | 1.3387  |              | .1001   |  | 2,046,438,236 |
| 2001                           |             | 1.384   |              | .0902   |  | 2,384,838,232 |
| 2002                           |             | 1.4342  |              | .12     |  | 2,323,115,236 |
| 2003 (School Year Under Audit) |             | 1.50    |              | .05327  |  | 2,413,452,523 |

1000 Totals

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

| 10<br>Beginning<br>Balance<br>9/1/02 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/03 |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| \$ 341,404                           | \$ --                                 | \$ 12,910                        | \$ 1,350                          | \$ (30,947)                           | \$ 296,197                         |
| 103,667                              | --                                    | 5,284                            | 489                               | (1,948)                               | 95,946                             |
| 124,360                              | --                                    | 5,850                            | 507                               | (1,438)                               | 116,565                            |
| 140,487                              | --                                    | 6,684                            | 701                               | (2,785)                               | 130,317                            |
| 162,718                              | --                                    | 9,470                            | 1,100                             | (3,278)                               | 148,870                            |
| 159,111                              | --                                    | 16,606                           | 1,771                             | (2,360)                               | 138,374                            |
| 298,188                              | --                                    | 51,681                           | 3,864                             | (7,867)                               | 234,776                            |
| 500,300                              | --                                    | 148,347                          | 9,668                             | (56,823)                              | 285,462                            |
| 1,049,420                            | --                                    | 556,451                          | 46,558                            | (55,441)                              | 390,970                            |
| --                                   | 37,487,434                            | 34,867,592                       | 1,238,264                         | (5,642)                               | 1,375,936                          |
| <u>\$ 2,879,655</u>                  | <u>\$ 37,487,434</u>                  | <u>\$ 35,680,875</u>             | <u>\$ 1,304,272</u>               | <u>\$ (168,529)</u>                   | <u>\$ 3,213,413</u>                |
| \$ --                                | \$ --                                 | \$ --                            | \$ --                             | \$ --                                 | \$ --                              |



**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2004-2005**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**YEAR ENDED AUGUST 31, 2003**

EXHIBIT J-2

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION**

| Account Number | Account Name   | 1<br>(702)<br>School<br>Board | 2<br>(703)<br>Tax<br>Collection | 3<br>(701)<br>Supt's<br>Office | 4<br>(750)<br>Indirect<br>Cost | 5<br>(720)<br>Direct<br>Cost | 6<br>(Other)<br>Misc. | 7<br>Total   |
|----------------|--|-------------------------------|---------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------|--------------|
| 611X-6146      | Payroll Costs  | \$ 8                          | \$ --                           | \$ 212,837                     | \$ 923,034                     | \$ 65,907                    | \$ 99,997             | \$ 1,301,783 |
| 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   | --                            | --                              | 55,272                         | --                             | --                           | --                    | 55,272       |
| 6212           | Audit Services   | --                            | --                              | --                             | 28,130                         | --                           | --                    | 28,130       |
| 6213           | Tax Appraisal and Collection   | --                            | 537,532                         | --                             | --                             | --                           | --                    | 537,532      |
| 621X           | Other Prof. Services   | 1,318                         | --                              | --                             | 16,797                         | --                           | --                    | 18,115       |
| 6220           | Tuition and Transfer Payments  | --                            | --                              | --                             | --                             | --                           | --                    | --           |
| 6230           | Education Service Centers  | --                            | --                              | --                             | 7,563                          | --                           | --                    | 7,563        |
| 6240           | Contr. Maint. and Repair   | --                            | --                              | --                             | --                             | 1,109                        | --                    | 1,109        |
| 6250           | Utilities  | --                            | --                              | --                             | --                             | --                           | --                    | --           |
| 6260           | Rentals  | --                            | --                              | --                             | 23,255                         | --                           | --                    | 23,255       |
| 6290           | Miscellaneous Contr.   | --                            | --                              | 26,049                         | 28,789                         | 4,296                        | --                    | 59,134       |
| 6310           | Operational Supplies, Materials  | --                            | --                              | --                             | --                             | --                           | --                    | --           |
| 6320           | Textbooks and Reading  | --                            | --                              | 482                            | 511                            | 407                          | --                    | 1,400        |
| 6330           | Testing Materials  | --                            | --                              | --                             | --                             | --                           | --                    | --           |
| 63XX           | Other Supplies, Materials  | 1,862                         | --                              | 1,186                          | 63,387                         | 3,922                        | --                    | 70,357       |
| 6410           | Travel, Subsistence, Stipends  | 11,702                        | --                              | 5,348                          | 10,056                         | 2,031                        | --                    | 29,137       |
| 6420           | Ins. and Bonding Costs   | 22,752                        | --                              | --                             | --                             | --                           | --                    | 22,752       |
| 6430           | Election Costs   | 13,265                        | --                              | --                             | --                             | --                           | --                    | 13,265       |
| 6490           | Miscellaneous Operating  | 2,975                         | --                              | 3,819                          | 20,215                         | 25,711                       | --                    | 52,720       |
| 6500           | Debt Service   | --                            | --                              | --                             | --                             | --                           | --                    | --           |
| 6600           | Capital Outlay   | --                            | --                              | --                             | --                             | --                           | 389                   | 389          |

Total \$ 53,882 \$ 537,532 \$ 304,993 \$ 1,121,737 \$ 103,383 \$ 100,386 \$ 2,221,913

Total expenditures for General and Special Revenue Funds (9) \$ 63,173,700

LESS: Deductions of Unallowable Costs

FISCAL YEAR

|  |      |              |
|--|------|--------------|
| Total Capital Outlay (6600)                | (10) | \$ 610,623   |
| Total Debt & Lease (6500)                  | (11) | \$ 2,893,319 |
| Plant Maintenance (Function 51, 6100-6400) | (12) | \$ 5,538,814 |
| Food (Function 35, 6341 and 6499)          | (13) | \$ 1,493,191 |
| Stipends (6413)                            | (14) | \$ --        |
| Column 4 (above) - Total Indirect Cost     |      | \$ 1,121,737 |

Subtotal 11,657,684

Net Allowed Direct Cost \$ 51,516,016

CUMULATIVE

|   |      |               |
|---|------|---------------|
| Total Cost of Buildings Before Depreciation (1520)                    | (15) | \$ 60,670,649 |
| Historical Cost of Buildings over 50 years old                        | (16) | 3,924,797     |
| Amount of Federal Money in Building Cost (Net of #16)                 | (17) | --            |
| Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540) | (18) | 5,449,643     |
| Historical Cost of Furniture & Equipment over 16 years old            | (19) | 142,750       |
| Amount of Federal Money in Furniture & Equipment (Net of #19)         | (20) | \$ 24,208     |

(8) Note A - \$67,260 in Function 53 expenditures are included in this report on administrative costs.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**  
**GENERAL FUND**  
**AS OF AUGUST 31, 2003**

**EXHIBIT J-3**

| Data<br>Control<br>Codes | Explanation  | Amount         |
|--------------------------|--|----------------|
| 1                        | Total General Fund Fund Balance as of August 31, 2003 (Exhibit C-1 object 3000 for the General Fund only)  | \$ 3,236,946   |
| 2                        | Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)  | 182,882        |
| 3                        | Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)  | --             |
| 4                        | Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)  | --             |
| 5                        | Estimate of one month's average cash disbursements during the regular school session (9/1/03 - 5/31/04)  | 5,028,950      |
| 6                        | Estimate of delayed payments from state sources (58XX) including August payment delays   | --             |
| 7                        | Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount | --             |
| 8                        | Estimate of delayed payments from federal sources (59XX)   | --             |
| 9                        | Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)                          | --             |
| 10                       | General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)  | 5,211,832      |
| 11                       | Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)  | \$ (1,974,886) |

If Item 11 is a Positive Number

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED AUGUST 31, 2003**

EXHIBIT J-4

| Data<br>Control<br>Codes            |  | 1                 |                   | 2                 |                  | 3      |  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|--|-------------------|-------------------|-------------------|------------------|--------|--|---|
|                                     |  | Budgeted Amounts  |                   |                   |                  | Actual |  |   |
|                                     |  | Original          | Final             |                   |                  |        |  |   |
| <b>REVENUES:</b>                    |  |                   |                   |                   |                  |        |  |   |
| 5700                                | Local and Intermediate Sources               | \$ 1,197,045      | \$ 1,138,251      | \$ 1,065,606      | \$ (72,645)      |        |  |   |
| 5800                                | State Program Revenues                       | 232,680           | 230,230           | 84,208            | (146,022)        |        |  |   |
| 5900                                | Federal Program Revenues                     | 2,352,401         | 2,361,107         | 2,405,407         | 44,300           |        |  |   |
| 5020                                | Total Revenues                               | <u>3,782,126</u>  | <u>3,729,588</u>  | <u>3,555,221</u>  | <u>(174,367)</u> |        |  |   |
| <b>EXPENDITURES:</b>                |  |                   |                   |                   |                  |        |  |   |
| Current:                            |  |                   |                   |                   |                  |        |  |   |
| Support Services - Student (Pupil): |  |                   |                   |                   |                  |        |  |   |
| 0035                                | Food Services                                | 3,782,126         | 3,749,496         | 3,593,042         | 156,454          |        |  |   |
|                                     | Total Support Services - Student (Pupil)     | <u>3,782,126</u>  | <u>3,749,496</u>  | <u>3,593,042</u>  | <u>156,454</u>   |        |  |   |
| 6030                                | Total Expenditures                           | <u>3,782,126</u>  | <u>3,749,496</u>  | <u>3,593,042</u>  | <u>156,454</u>   |        |  |   |
| 1100                                | Excess (Deficiency) of Revenues Over (Under) |                   |                   |                   |                  |        |  |   |
| 1100                                | Expenditures                                 | —                 | (19,908)          | (37,821)          | (17,913)         |        |  |   |
| Other Financing Sources (Uses):     |  |                   |                   |                   |                  |        |  |   |
| 7915                                | Operating Transfers In                       | —                 | 19,908            | 57,635            | 37,727           |        |  |   |
| 7080                                | Total Other Financing Sources and (Uses)     | —                 | 19,908            | 57,635            | 37,727           |        |  |   |
| 1200                                | Net Change in Fund Balance                   | —                 | —                 | 19,814            | 19,814           |        |  |   |
| 0100                                | Fund Balance - Beginning                     | 157,362           | 157,362           | 157,362           | —                |        |  |   |
| 3000                                | Fund Balance - Ending                        | <u>\$ 157,362</u> | <u>\$ 157,362</u> | <u>\$ 177,176</u> | <u>\$ 19,814</u> |        |  |   |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-5**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2003

| Data Control Codes              | 1  |                   | 2                |                  | 3               |  | Variance with Final Budget Positive (Negative) |
|---------------------------------|--|-------------------|------------------|------------------|-----------------|--|--|
|                                 | Budgeted Amounts                             |                   |                  |                  | Actual          |  |  |
|                                 | Original                                     | Final             |                  |                  |                 |  |  |
| <b>REVENUES:</b>                |  |                   |                  |                  |                 |  |  |
| 5700                            | Local and Intermediate Sources               | \$ 1,328,921      | \$ 1,369,821     | \$ 1,328,991     | \$ (40,830)     |  |  |
| 5800                            | State Program Revenues                       | 247,591           | 206,811          | 251,145          | 44,334          |  |  |
| 5020                            | Total Revenues                               | <u>1,576,512</u>  | <u>1,576,632</u> | <u>1,580,136</u> | <u>3,504</u>    |  |  |
| <b>EXPENDITURES:</b>            |  |                   |                  |                  |                 |  |  |
| Debt Service:                   |  |                   |                  |                  |                 |  |  |
| 0071                            | Principal on Long-Term Debt                  | 1,090,000         | 1,090,000        | 1,090,000        | --              |  |  |
| 0072                            | Interest on Long-Term Debt                   | 481,752           | 788,557          | 747,618          | 40,939          |  |  |
| 0073                            | Bond Issuance Costs and Fees                 | 4,880             | 5,000            | 1,543            | 3,457           |  |  |
|                                 | Total Debt Service                           | <u>1,576,632</u>  | <u>1,883,557</u> | <u>1,839,161</u> | <u>44,396</u>   |  |  |
| 6030                            | Total Expenditures                           | <u>1,576,632</u>  | <u>1,883,557</u> | <u>1,839,161</u> | <u>44,396</u>   |  |  |
| 1100                            | Excess (Deficiency) of Revenues Over (Under) |                   |                  |                  |                 |  |  |
| 1100                            | Expenditures                                 | <u>(120)</u>      | <u>(306,925)</u> | <u>(259,025)</u> | <u>47,900</u>   |  |  |
| Other Financing Sources (Uses): |  |                   |                  |                  |                 |  |  |
| 7911                            | Capital-Related Debt Issued (Regular Bonds)  | --                | 14,180,000       | 14,180,000       | --              |  |  |
| 7916                            | Premium or Discount on Issuance of Bonds     | --                | 375,165          | 375,165          | --              |  |  |
| 7917                            | Prepaid Interest                             | --                | 40,939           | --               | (40,939)        |  |  |
| 8949                            | Other Uses                                   | --                | (14,498,046)     | (14,498,046)     | --              |  |  |
| 7080                            | Total Other Financing Sources and (Uses)     | <u>--</u>         | <u>98,058</u>    | <u>57,119</u>    | <u>(40,939)</u> |  |  |
| 1200                            | Net Change in Fund Balance                   | <u>(120)</u>      | <u>(208,867)</u> | <u>(201,906)</u> | <u>6,961</u>    |  |  |
| 0100                            | Fund Balance - Beginning                     | 301,371           | 301,371          | 301,371          | --              |  |  |
| 3000                            | Fund Balance - Ending                        | <u>\$ 301,251</u> | <u>\$ 92,504</u> | <u>\$ 99,465</u> | <u>\$ 6,961</u> |  |  |

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# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

Karen A. Jacks, CPA  
Peggy J. Lantz, CPA  
Sherry Davis, CPA  
Sharon L. Stroman, CPA

P.O. Box 3167  
Longview, Texas 75606  
  
1501 Colony Circle  
Longview, Texas 75604

Phone: 903 • 238 • 8822

Fax: 903 • 238 • 9838

## Independent Auditors' Report

### Report on Compliance and on Internal Control over Financial Reporting 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 75606

#### Members of the Board of Trustees:

We have audited the basic financial statements of Longview Independent School District as of and for the year ended August 31, 2003, and have issued our report thereon dated November 13, 2003. 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.

#### Compliance

As part of obtaining reasonable assurance about whether Longview Independent School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under GOVERNMENT AUDITING STANDARDS.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Longview Independent School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that we have reported to management of Longview Independent School District in a separate letter dated November 13, 2003.

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

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
November 13, 2003

# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

Karen A. Jacks, CPA  
Peggy J. Lantz, CPA  
Sherry Davis, CPA  
Sharon L. Stroman, CPA

P.O. Box 3167  
Longview, Texas 75606  
  
1501 Colony Circle  
Longview, Texas 75604

Phone: 903 • 238 • 8822  
  
Fax: 903 • 238 • 9838

## Independent Auditors' Report

Report on Compliance with Requirements Applicable  
To each Major Program and Internal Control over Compliance  
In Accordance With OMB Circular A-133

Board of Trustees  
Longview Independent School District  
1301 E. Young  
Longview, Texas 75606

Members of the Board of Trustees:

### Compliance

We have audited the compliance of Longview Independent School District with the types of compliance requirements described in the U. S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENT that are applicable to each of its major federal programs for the year ended August 31, 2003. Longview Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Longview Independent School District's management. Our responsibility is to express an opinion on Longview Independent School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on Longview Independent School District's compliance with those requirements.

In our opinion, Longview Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2003.

### Internal Control Over Compliance

The management of Longview Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Longview Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



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

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

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
November 13, 2003

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2003**

**A. Summary of Auditors' Results**

**1. Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**2. Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u>                         |
|-----------------------|---|
| 84.027                | IDEA-B Formula/ IDEA-B Discretionary                              |
| 84.173                | IDEA-B Preschool  |
| 84.367                | ESEA Title II Part A - Teacher & Principal Training & Recruitment |
| 84.318                | ESEA Title II Part D - Technology                                 |

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

Auditee qualified as low-risk auditee?  Yes  No

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2003**

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED AUGUST 31, 2003**

| <u>Finding/Recommendation</u>   | <u>Current Status</u>   | <u>Management's Explanation<br/>If Not Implemented</u> |
|---|---|--|
| <p><u>Finding #2002-01</u><br/> Expenditures exceeded appropriations in five functional areas.</p>                          | <p>There were no expenditures in excess of appropriations for the year ended August 31, 2003.</p> |  |
| <p><u>Finding #2002-02</u><br/> The Insurance Internal Service Fund reported a deficit fund balance at August 31, 2002.</p> | <p>There was no deficit in the Insurance Internal Service Fund at August 31, 2003.</p>            |  |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
YEAR ENDED AUGUST 31, 2003**

None required.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED AUGUST 31, 2003**

**EXHIBIT K-1**  
**Page 1 of 2**

| (1)  | (2)   | (2A)                | (3)                                    |                      |
|--|---|---------------------|--|----------------------|
| Data Control Codes   | Federal Grantor/<br>Pass-Through Grantor/<br>Program Title        | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| <b>U. S. DEPARTMENT OF EDUCATION</b>                               |   |                     |  |                      |
| Passed Through State Department of Education:                      |   |                     |  |                      |
| 211  | ESEA Title I Part A - Improving Basic Programs                    | 84.010A             | 3610101092903                          | \$ 2,236,503         |
| 211  | ESEA Title I, Part D, Subpart 2                                   | 84.010A             | 3610103092903                          | 19,631               |
| 211  | ESEA Title I Part A - Improving Basic Programs                    | 84.010A             | 4610101092903                          | 125,652              |
| 211  | ESEA Title I, Part D, Subpart 2                                   | 84.010A             | 4610103092903                          | 9,076                |
|  | Total CFDA Number 84.010A   |                     |  | <u>2,390,862</u>     |
| 224  | IDEA-B Formula  | 84.027              | 366000109290333                        | 924,528              |
| 224  | IDEA-B Formula  | 84.027              | 466000109290333                        | 125,734              |
| 224  | IDEA-B Capacity Building & Improvement                            | 84.027              | 366000409290333                        | 22,658               |
| 226  | IDEA-B Discretionary  | 84.027              | 366000209290333                        | 14,378               |
| 227  | IDEA-B Deaf   | 84.027              | 366000109290333                        | 19,559               |
|  | Total CFDA Number 84.027  |                     |  | <u>1,106,857</u>     |
| 244  | Vocational Education - Basic Grant                                | 84.048              | 342000609290307                        | 142,590              |
| 225  | IDEA-B Preschool  | 84.173              | 366100109290333                        | 24,655               |
| 225  | IDEA-B Preschool  | 84.173              | 466100109290333                        | 1,074                |
| 228  | IDEA-B Preschool Deaf   | 84.173              | 366100109290333                        | 1,985                |
|  | Total CFDA Number 84.173  |                     |  | <u>27,714</u>        |
| 253  | IDEA-C Early Intervention (Deaf)                                  | 84.181              | 339110109290333                        | 231                  |
| 204  | ESEA Title IV Safe & Drug Free Schools & Communities Act          | 84.184              | 3691001092903                          | 78,909               |
| 204  | ESEA Title IV Safe & Drug Free Schools & Communities Act          | 84.184              | 4691001092903                          | 3,914                |
|  | Total CFDA Number 84.184  |                     |  | <u>82,823</u>        |
| 269  | Title V, Part A Innovative  | 84.298              | 3685001092903                          | 51,150               |
| 262  | Enhancing Education Through Technology                            | 84.318              | 2630001092903                          | 70,332               |
| 262  | Enhancing Education Through Technology                            | 84.318              | 3630001092903                          | 2,771                |
|  | Total CFDA Number 84.318  |                     |  | <u>73,103</u>        |
| 263  | English Language Acquisition and Language Enhancement             | 84.365              | 3671001092903                          | 15,334               |
| 263  | English Language Acquisition and Language Enhancement             | 84.365              | 4671001092903                          | 300                  |
|  | Total CFDA Number 84.365  |                     |  | <u>15,634</u>        |
| 255  | ESEA Title II Part A - Teacher & Principal Training & Recruitment | 84.367              | 3694501092903                          | 574,846              |
| 255  | ESEA Title II Part A - Teacher & Principal Training & Recruitment | 84.367              | 4694501092903                          | 31,196               |
|  | Total CFDA Number 84.367  |                     |  | <u>606,042</u>       |
| Total Passed Through State Department of Education                 |   |                     |  |                      |
| Passed Through Office of the Governor - Criminal Justice Division: |   |                     |  |                      |
| 204  | ESEA Title IV Safe & Drug Free Schools & Communities Act          | 84.184              | ED02J211548003                         | 21,095               |
| Total U. S. Department of Education                                |   |                     |  |                      |
|  |   |                     |  | <u>4,518,101</u>     |
| <b>U. S. DEPARTMENT OF DEFENSE</b>                                 |   |                     |  |                      |
| Direct Program:  |   |                     |  |                      |
| 314  | ROTC  | 12.000              |  | 55,930               |
| Total U. S. Department of Defense                                  |   |                     |  |                      |
|  |   |                     |  | <u>55,930</u>        |

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED AUGUST 31, 2003**

| (1)                      | (2)  | (2A)                      | (3)  |                            |
|--------------------------|--|---------------------------|--|----------------------------|
| Data<br>Control<br>Codes | Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                               | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures    |
|                          | U. S. DEPARTMENT OF AGRICULTURE<br>Passed Through State Department of Education:         |                           |  |                            |
| 241                      | Food Distribution  | 10.550                    | 092-903                                      | \$ 217,088                 |
| 240                      | School Breakfast Program *   | 10.553                    | 092-903                                      | 580,918                    |
| 240                      | National School Lunch Program *  | 10.555                    | 092-903                                      | 1,607,401                  |
| 242                      | Summer Feeding Program *   | 10.559                    | 092-903                                      | 66,693                     |
|                          | Total Passed Through State Department of Education                                       |                           |  | <u>2,472,100</u>           |
|                          | Total U. S. Department of Agriculture  |                           |  | <u>2,472,100</u>           |
|                          | FEDERAL EMERGENCY MANAGEMENT AGENCY<br>Passed Through Texas Department of Public Safety: |                           |  |                            |
| 382                      | Public Assistance Grant  | 83.544                    | 092-903                                      | 240                        |
|                          | Total Federal Emergency Management Agency  |                           |  | <u>240</u>                 |
|                          | <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |                           |  | <u><u>\$ 7,046,371</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**  
**YEAR ENDED AUGUST 31, 2003**

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    | \$ | 7,046,371        |
| Other Federal Revenue Sources:             |    |                  |
| School Health and Related Services (SHARS) |    | 281,424          |
| Medicaid Administrative Claiming (MAC)     |    | <u>102,622</u>   |
| Total Federal Revenues, Exhibit C-2        | \$ | <u>7,430,417</u> |



**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2003

| <u>Data<br/>Control<br/>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 unqualified opinion in the Annual Financial Report?   | Yes              |
| SF5                               | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?  | No               |
| SF9                               | Was there any disclosure in the Annual Financial Report of material noncompliance?   | No               |