

**LONGVIEW
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2005

Introductory Section

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Longview Independent School District
Annual Financial Report
For The Year Ended August 31, 2005

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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 period ended August 31, 2005, at a meeting of the board of trustees of such school district on the 9TH day of JANUARY, 2006.

ORIGINAL SIGNATURES ON FILE WITH TEXAS EDUCATION AGENCY.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

Karen A. Jacks, CPA
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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, 2005, 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, 2005, 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 16, 2005, on our consideration of Longview Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be 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 required supplementary 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 16, 2005

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 8/31/05. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

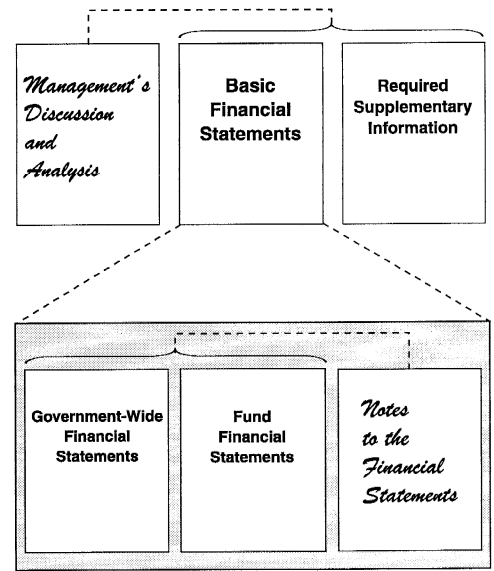
- The District's total combined net assets were \$40,163,615 at 8/31/05.
- During the year, the District's expenses were \$5,575,226 less than the \$70,002,563 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$11,946,917.
- The District issued \$6,329,998 of Unlimited Tax Refunding Bonds during the fiscal year 8/31/05.

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.

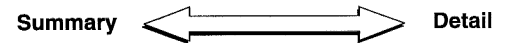


Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

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

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.

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 \$40,163,615 at 8/31/05. (See Table A-1).

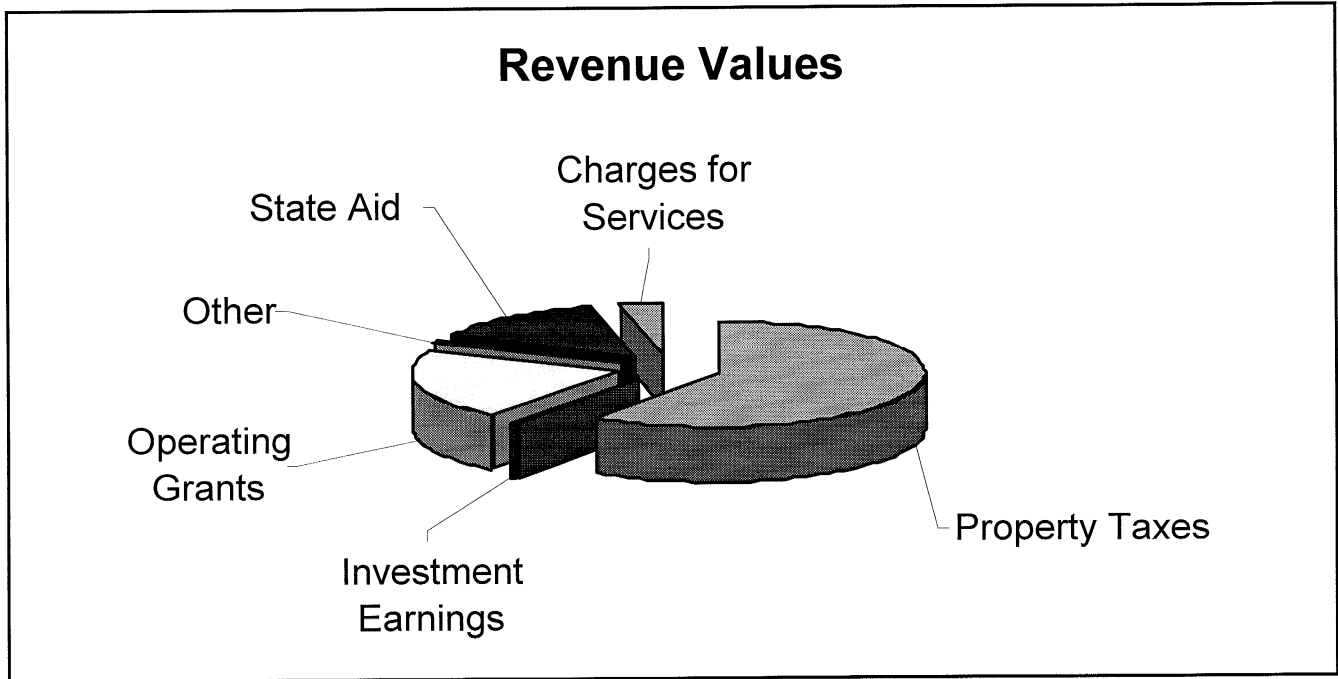
Table A-1
Longview Independent School District's Net Assets
(In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change <u>2005-2004</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
Current assets:							
Cash and cash equivalents	\$2.117	\$4.278	0	(0)	\$2.117	\$4.278	(50.50)
Current Investments	11.759	6.594	0	(0)	11.759	6.594	78.33
Property Taxes Receivable	2.368	2.561	0	(0)	2.368	2.561	(7.54)
Due from other Government	3.007	.908	0	(0)	3.007	.908	231.17
Other receivables	.146	.079	0	(0)	.146	.079	84.81
Inventories – at cost	.367	.423			.367	.423	(13.24)
Deferred Expenses	.019	.283	0	(0)	.019	.283	(93.29)
Total current assets:	<u>19.783</u>	<u>15.126</u>	<u>0</u>	<u>(0)</u>	<u>19.783</u>	<u>15.126</u>	30.79
Noncurrent assets:							
Bldg., Furn. & Eqmt, CIP	67.188	66.676	0	(0)	67.188	66.676	0.77
Less Accum. Depr.	(25.354)	(23.91)	0	(0)	(25.354)	(23.91)	6.03
Land	2.595	2.597	(0)	(0)	2.595	2.597	(0.08)
Total noncurrent assets	<u>44.429</u>	<u>45.362</u>	<u>0</u>	<u>(0)</u>	<u>44.429</u>	<u>45.362</u>	(2.06)
Total Assets	<u>64.212</u>	<u>60.488</u>	<u>0</u>	<u>(0)</u>	<u>64.212</u>	<u>60.488</u>	6.16
Current liabilities:							
Accounts payable and accrued liabilities	4.490	3.731	0	(0)	4.490	3.731	20.34
Notes payable	2.549	2.375	0	(0)	2.549	2.375	7.33
Due to other governments	.181	.089	0	(0)	.181	.089	103.37
Deferred revenue	.248	.366	0	(0)	.248	.366	(32.24)
Total current liabilities	<u>7.468</u>	<u>6.561</u>	<u>0</u>	<u>(0)</u>	<u>7.468</u>	<u>6.561</u>	13.82
Long-term liabilities:							
Notes payable	16.581	19.338	0	(0)	16.581	19.338	(14.26)
Total Liabilities	<u>24.049</u>	<u>25.899</u>	<u>0</u>	<u>(0)</u>	<u>24.049</u>	<u>25.899</u>	(7.14)
Net Assets:							
Invested in capital assets	25.300	22.860	0	(0)	25.300	22.859	10.68
Restricted	1.165	.215	0	(0)	1.165	.216	439.35
Unrestricted	13.698	11.514	0	(0)	13.698	11.514	18.97
Total Net Assets	<u>40.163</u>	<u>34.589</u>	<u>0</u>	<u>(0)</u>	<u>40.163</u>	<u>34.589</u>	16.11

Restricted Net Assets are dedicated to various uses, namely: debt service, capital projects, and campus activities. The \$13,698,298 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 \$70,002,563. A significant portion, \$41,955,534 or 60%, of the District's revenue comes from taxes. (See Figure Below) 37% comes from State aid, Operating Grants and Contributions, while only 3% relates to charges for services.

The total cost of all programs and services was \$63,921,331; 83% of these costs are for instructional and student services.



Governmental Activities

- Property tax rates decreased a fractional percent. This slight decrease coupled with increasing property values enabled an increase in the tax levy by \$2.515 million over the prior year.
- The District issued \$6,329,998 of Unlimited Tax Refunding Bonds. The vast majority of these bonds, 82.78%, were used to partially refund maturities 2006 through 2010 of the District's outstanding Unlimited Tax School Building Bonds, series 1995 & 1996, for interest savings. This refunding will save the District \$152,061 in interest savings over the next five years. The remaining amount, \$1,089,998, was issued as capital appreciation bonds.

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 2005-2004
	2005	2004	2005	2004	2005	2004	
Program Revenues:							
Charges for Services	2.362	2.227	0	0	2.362	2.227	6.06
Operating Grants and Contributions	14.764	12.581	0	0	14.764	12.581	17.35
Capital Grants and Contributions	0	0	0	0	0	0	0
General Revenues							
Property Taxes	41.956	39.550	0	0	41.956	39.550	6.08
State Aid	9.874	9.245	0	0	9.874	9.245	6.80
Investment Earnings	.522	.172	0	0	.522	.172	203.49
Other	.525	.119	0	0	.525	.119	341.18
Total Revenues	<u>70.003</u>	<u>63.894</u>	<u>0</u>	<u>0</u>	<u>70.003</u>	<u>63.894</u>	<u>9.56</u>
Expenses:							
Instruction	35.195	32.822	0	0	35.195	32.822	7.23
Instructional Resources and Media Services	1.221	1.234	0	0	1.221	1.234	(1.05)
Curriculum Dev. And Instructional Staff Dev.	1.256	.845	0	0	1.256	.845	48.64
Instructional Leadership	1.625	1.151	0	0	1.625	1.151	41.18
School Leadership	3.250	3.055	0	0	3.250	3.055	6.38
Guidance, Counseling and Evaluation Services	2.041	1.947	0	0	2.041	1.947	4.83
Social Work Services	.116	.128	0	0	.116	.128	(9.38)
Health Services	.537	.510	0	0	.537	.510	5.29
Student (Pupil) Transportation	2.237	2.026	0	0	2.237	2.026	10.41
Food Services	4.236	3.985	0	0	4.236	3.985	6.30
Curricular/Extracurricular Activities	1.865	1.709	0	0	1.865	1.709	9.13
General Administration	2.448	2.215	0	0	2.448	2.215	10.52
Plant Maintenance & Oper.	5.970	5.836	0	0	5.970	5.836	2.30
Security & Monitoring Svcs.	.425	.367	0	0	.425	.367	15.80
Data Processing Services	.457	.463	0	0	.457	.463	(1.30)
Community Services	.144	.134	0	0	.144	.134	7.46
School District Admin.							
Support Services	0	0	0	0	0	0	0
Debt Service	.811	1.029	0	0	.811	1.029	(21.19)
Facilities Acquisition and Construction	.087	0	0	0	.087	0	100.00
Contracted Instr. Services							
Between Public Schools	0	0	0	0	0	0	0
Increment Costs Associated Chapter 41 (WADA)	0	0	0	0	0	0	0
Payments to Fiscal Agent/Member Dist. – SSA	0	0	0	0	0	0	0
Public Education Grant Progr.	0	0	0	0	0	0	0
Payments to Juvenile Justice							
Alternative Ed. Program	0	0	0	0	0	0	0
Payments to Charter Schools	0	0	0	0	0	0	0
Payments to Tax Increment Fund	0	0	0	0	0	0	0
Total Expenses	<u>63.921</u>	<u>59.456</u>	<u>0</u>	<u>0</u>	<u>63.921</u>	<u>59.456</u>	<u>7.51</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	6.082	4.438	0	0	6.082	4.438	37.04
Special Item Outflow	(.507)	(0.012)	0	0	(.507)	(0.012)	4125.00
Other Resources (Uses) Transfers In (Out)							
Increase (Decrease) in Net Assets	<u>5.575</u>	<u>4.426</u>	<u>0</u>	<u>0</u>	<u>5.575</u>	<u>4.426</u>	<u>25.96</u>

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 \$63,921,331.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$41,955,534.
- Some of the cost was paid by those who directly benefited from the programs, totaling \$2,362,110, or by grants and contributions totaling \$14,764,313.

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
	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>	
Instruction	37.672	34.901	7.94	27.443	25.869	6.08
School administration	4.876	4.206	15.93	3.872	3.538	9.44
Student Support Services	11.033	10.306	7.05	5.813	5.539	4.95
Plant Maintenance & Operations	5.970	5.836	2.30	5.763	5.599	2.93

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$70,187,593, an increase of 9.77% over the preceding year. The net increase in federal revenues is a result of an increase in the value of grants awarded the District during the fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 13 times. Actual expenditures were \$4,473,455 below final budget amounts. The most significant positive variance resulted from staffing. Staffing is budgeted for full employment throughout the full year. In addition, the full contingency amount set aside by the Board in Plant Maintenance & Operations, totaling \$450,000, was not spent during the year. This contributes to the overall benefit to fund balance.

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 01/02 fiscal audit, the district made a concerted effort to provide for adequate budget amounts in all functions in the event of a contingency. This methodology protects the financial integrity of the District by the retention of the remaining fund balance.

Revenues generated were \$965,090 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the District had invested \$69,783,111 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 \$510,120 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 2005-2004
	2005	2004	2005	2004	2005	2004	
	Land	2.595	2.597	0	0	2.595	
Buildings and improvements	61.345	60.626	0	0	61.345	60.626	1.19
Vehicles	3.527	3.416	0	0	3.527	3.416	3.25
Equipment	2.208	2.063	0	0	2.208	2.063	7.03
Other	.108	.571	0	0	.108	.571	(81.09)
Totals at historical cost	<u>69.783</u>	<u>69.273</u>	<u>0</u>	<u>0</u>	<u>69.783</u>	<u>69.273</u>	0.74
Total accumulated depreciation	25.353	23.911	0	0	25.353	23.911	6.03
Net capital assets	<u>44.430</u>	<u>45.362</u>	<u>0</u>	<u>0</u>	<u>44.430</u>	<u>45.362</u>	(2.05)

The District began construction on the synthetic turf and sound system projects as well as the playpads at the elementary campuses during the fiscal year ending 8/31/04. Although a significant amount of work was done during that year, only the sound system project and the playpads were complete at 8/31/05. Resolution of the synthetic turf issue is still being negotiated. Reductions to the District's capital assets resulted from the sale of a small piece of land behind the ESC building and the trade in of vehicles during the year.

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 \$19,129,432 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 2005-2004
	2005	2004	2005	2004	2005	2004	
	Leases payable	0.025	0.048	0	0	0.025	
Bonds payable	19.935	22.455	0	0	19.935	22.455	(11.22)
Less deferred amount On refundings	(0.831)	(0.790)	(0)	(0)	(0.831)	(0.790)	5.19
Total bonds & notes payable	<u>19.129</u>	<u>21.713</u>	<u>0</u>	<u>0</u>	<u>19.129</u>	<u>21.713</u>	(11.90)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2006 budget preparation is up \$196 million or 7% from last year.
- A salary study was completed and a 2 year action plan was included in the 05/06 budget. The salary plan includes a hiring schedule upgrade for teachers, librarians, and nurses, a 3% increase for non-instruction staff, and equity increases for positions that were out of alignment as compared to our comparison group.

- The tax rate to support the 05/06 budget is \$1.61 per hundred in value as compared to \$1.615 per hundred in 04/05.
- The LISD average daily attendance is expected to increase by less than 1%; rising from 7603 to 7620.
- Property values continue to increase. The new construction value for 05/06 added to the tax rolls is \$45 million.

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, 2005

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 2,116,996
1120	Current Investments	11,759,076
1225	Property Taxes Receivable (Net)	2,367,615
1240	Due from Other Governments	3,006,737
1250	Accrued Interest	3,170
1267	Due from Fiduciary	40,438
1290	Other Receivables (Net)	102,327
1300	Inventories	367,052
1410	Deferred Expenses	315,630
1420	Capitalized Bond and Other Debt Issuance Costs	212,717
1430	Premium and Discount on Issuance of Bonds	(509,230)
Capital Assets:		
1510	Land	2,595,158
1520	Buildings and Improvements, Net	40,970,936
1530	Furniture and Equipment, Net	835,165
1550	Capital Lease Assets, Net	28,358
1000	Total Assets	<u>64,212,145</u>
LIABILITIES:		
2110	Accounts Payable	1,255,021
2140	Interest Payable	32,221
2165	Accrued Liabilities	3,202,610
2180	Due to Other Governments	181,274
2300	Deferred Revenue	247,972
Noncurrent Liabilities:		
2501	Due Within One Year	2,548,771
2502	Due in More Than One Year	16,580,661
2000	Total Liabilities	<u>24,048,530</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	25,300,185
Restricted For:		
3820	State and Federal Programs	634,290
3850	Debt Service	414,164
3860	Capital Projects	499
3870	Campus Activities	116,179
3900	Unrestricted	13,698,298
3000	Total Net Assets	<u>\$ 40,163,615</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Operating Grants and Contributions	
	Government Activities:				
11	Instruction	\$ 35,195,387	\$ 800,313	\$ 8,529,193	\$ (25,865,881)
12	Instructional Resources and Media Services	1,220,536	22,697	59,529	(1,138,310)
13	Curriculum and Staff Development	1,255,856	39,485	777,574	(438,797)
21	Instructional Leadership	1,625,375	--	706,114	(919,261)
23	School Leadership	3,250,469	57,433	240,311	(2,952,725)
31	Guidance, Counseling, & Evaluation Services	2,041,296	--	212,066	(1,829,230)
32	Social Work Services	115,952	--	6,398	(109,554)
33	Health Services	537,014	467	33,297	(503,250)
34	Student Transportation	2,237,429	--	125,265	(2,112,164)
35	Food Service	4,236,275	1,027,396	3,371,875	162,996
36	Cocurricular/Extracurricular Activities	1,865,012	399,017	44,329	(1,421,666)
41	General Administration	2,447,639	--	279,470	(2,168,169)
51	Plant Maintenance and Operations	5,969,785	15,302	191,608	(5,762,875)
52	Security and Monitoring Services	425,256	--	2,484	(422,772)
53	Data Processing Services	457,379	--	67,979	(389,400)
61	Community Services	143,760	--	31,087	(112,673)
72	Interest on Long-term Debt	781,030	--	--	(781,030)
73	Bond Issuance Costs and Fees	30,145	--	--	(30,145)
81	Capital Outlay	85,736	--	85,734	(2)
TG	Total Governmental Activities	63,921,331	2,362,110	14,764,313	(46,794,908)
TP	Total Primary Government	\$ 63,921,331	\$ 2,362,110	\$ 14,764,313	(46,794,908)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				38,962,412
DT	Property Taxes, Levied for Debt Service				2,993,122
IE	Investment Earnings				521,654
GC	Grants and Contributions Not Restricted to Specific Programs				9,873,870
MI	Miscellaneous				525,082
	Special and Extraordinary Items:				
S1	Special Item Inflow				60,000
S2	Special Item Outflow				(566,006)
TR	Total General Revenues				52,370,134
CN	Change in Net Assets				5,575,226
NB	Net Assets - Beginning				34,588,389
NE	Net Assets - Ending				\$ 40,163,615

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2005

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 993,572	\$ 1,058,151	\$ 2,051,723
1120	Current Investments	11,458,206	300,870	11,759,076
1225	Taxes Receivable, Net	2,199,379	168,236	2,367,615
1240	Due from Other Governments	1,754,361	1,252,376	3,006,737
1250	Accrued Interest	2,997	32	3,029
1260	Due from Other Funds	560,176	--	560,176
1290	Other Receivables	100,277	2,050	102,327
1300	Inventories	192,183	174,869	367,052
1410	Deferred Expenditures	310,213	5,417	315,630
1000	Total Assets	<u>\$ 17,571,364</u>	<u>\$ 2,962,001</u>	<u>\$ 20,533,365</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 766,973	\$ 488,047	\$ 1,255,020
2150	Payroll Deductions & Withholdings	345,684	59,147	404,831
2160	Accrued Wages Payable	1,771,560	319,687	2,091,247
2170	Due to Other Funds	--	519,049	519,049
2180	Due to Other Governments	--	181,274	181,274
2200	Accrued Expenditures	614,506	92,026	706,532
2300	Deferred Revenue	2,125,724	291,770	2,417,494
2000	Total Liabilities	<u>5,624,447</u>	<u>1,951,000</u>	<u>7,575,447</u>
FUND BALANCES:				
Reserved Fund Balances:				
3410	Investments in Inventory	192,183	92,336	284,519
3420	Debt Service	--	260,033	260,033
3450	Reserve for Food Service	--	532,816	532,816
3470	Capital Acquisitions & Contractual Obligations	278,251	--	278,251
3490	Other Reserves of Fund Balance	--	125,317	125,317
Designated Fund Balance:				
3510	Construction	--	499	499
3600	Unreserved	11,476,483	--	11,476,483
3000	Total Fund Balances	<u>11,946,917</u>	<u>1,011,001</u>	<u>12,957,918</u>
4000	Total Liabilities and Fund Balances	<u>\$ 17,571,364</u>	<u>\$ 2,962,001</u>	<u>\$ 20,533,365</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, 2005

Total fund balances - governmental funds balance sheet	\$ 12,957,918
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.	44,429,617
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,169,522
Unamortized debt issuance costs are not reported in the funds.	212,717
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	64,723
Payables for bond principal which are not due in the current period are not reported in the funds.	(19,960,316)
Payables for bond interest which are not due in the current period are not reported in the funds.	(32,221)
Unamortized premium on issuance of bonds is not reported in the funds.	(509,230)
Deferred loss on refunding bonds is not reported in the funds.	851,873
The accretion of interest on capital appreciation bonds is not reported in the funds.	(20,989)
Rounding difference	<u>1</u>
Net assets of governmental activities - statement of net assets	<u>\$ 40,163,615</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 40,999,266	\$ 4,550,144	\$ 45,549,410
5800 State Program Revenues	11,672,649	1,804,100	13,476,749
5900 Federal Program Revenues	402,575	10,758,859	11,161,434
5020 Total Revenues	<u>53,074,490</u>	<u>17,113,103</u>	<u>70,187,593</u>
EXPENDITURES:			
Current:			
0011 Instruction	27,317,032	7,301,609	34,618,641
0012 Instructional Resources and Media Services	1,131,639	34,812	1,166,451
0013 Curriculum and Staff Development	435,577	818,128	1,253,705
0021 Instructional Leadership	931,894	672,356	1,604,250
0023 School Leadership	3,060,814	172,443	3,233,257
0031 Guidance, Counseling, & Evaluation Services	1,890,420	139,617	2,030,037
0032 Social Work Services	114,636	1,014	115,650
0033 Health Services	523,618	9,057	532,675
0034 Student Transportation	2,149,598	38,519	2,188,117
0035 Food Service	--	4,158,031	4,158,031
0036 Cocurricular/Extracurricular Activities	1,562,301	14,380	1,576,681
0041 General Administration	2,297,245	105,618	2,402,863
0051 Plant Maintenance and Operations	5,960,607	98,385	6,058,992
0052 Security and Monitoring Services	422,115	507	422,622
0053 Data Processing Services	430,944	2,233	433,177
0061 Community Services	108,405	26,973	135,378
0071 Principal on Long-term Debt	142,874	2,400,000	2,542,874
0072 Interest on Long-term Debt	33,174	666,655	699,829
0073 Bond Issuance Costs and Fees	300	2,343	2,643
0081 Capital Outlay	169,197	85,736	254,933
6030 Total Expenditures	<u>48,682,390</u>	<u>16,748,416</u>	<u>65,430,806</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>4,392,100</u>	<u>364,687</u>	<u>4,756,787</u>
OTHER FINANCING SOURCES AND (USES):			
7911 Capital-Related Debt Issued (Regular Bonds)	--	6,329,998	6,329,998
7912 Sale of Real or Personal Property	17,950	--	17,950
7915 Transfers In	541,643	50,002	591,645
7916 Premium or Discount on Issuance of Bonds	--	287,271	287,271
7917 Prepaid Interest	--	12,663	12,663
7949 Other Resources	--	22,566	22,566
8911 Transfers Out	(8,456)	(17,183)	(25,639)
8949 Other Uses	--	(6,607,498)	(6,607,498)
7080 Total Other Financing Sources and (Uses)	<u>551,137</u>	<u>77,819</u>	<u>628,956</u>
SPECIAL ITEMS:			
7918 Special Item (Resource)	60,000	--	60,000
8912 Special Item (Use)	(541,643)	(24,363)	(566,006)
1200 Net Change in Fund Balances	<u>4,461,594</u>	<u>418,143</u>	<u>4,879,737</u>
0100 Fund Balances - Beginning	7,485,323	592,858	8,078,181
3000 Fund Balances - Ending	<u>\$ 11,946,917</u>	<u>\$ 1,011,001</u>	<u>\$ 12,957,918</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
 FOR THE YEAR ENDED AUGUST 31, 2005

Net change in fund balances - total governmental funds	\$ 4,879,737
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	637,822
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,569,220)
The gain or loss on the sale of capital assets is not reported in the funds.	16,588
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(17,950)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(224,186)
Bond proceeds are reported as other financing sources in the funds but not in the SOA.	(6,329,998)
The escrow of funds in the defeasance of debt is not reported in the SOA.	6,524,212
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,520,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	22,873
Bond issuance costs and similar items are amortized in the SOA but not in the funds	55,784
The premium on issuance of bonds is amortized in the SOA but not in the funds.	(234,923)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(20,989)
(Increase) decrease in accrued interest from beginning of period to end of period	7,017
The net revenue (expense) of internal service funds is reported with governmental activities.	(559,304)
Loss on refunding bonds is amortized in the SOA but not in the funds.	(132,240)
Rounding difference	3
Change in net assets of governmental activities - statement of activities	<u>\$ 5,575,226</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

AUGUST 31, 2005

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
	ASSETS:		
	Current Assets:		
1110	Cash and Cash Equivalents	\$ 65,271	
	Receivables:		
1250	Accrued Interest		141
	Total Current Assets		<u>65,412</u>
1000	Total Assets	<u>\$ 65,412</u>	
	LIABILITIES:		
	Current Liabilities:		
2170	Due to Other Funds	\$ 689	
	Total Current Liabilities		<u>689</u>
2000	Total Liabilities		<u>689</u>
	NET ASSETS:		
3900	Unrestricted Net Assets		64,723
3000	Total Net Assets	<u>\$ 64,723</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
 FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 5,665
5020	Total Revenues	<u>5,665</u>
	OPERATING EXPENSES:	
6400	Other Operating Costs	(1,037)
6030	Total Expenses	<u>(1,037)</u>
	Income (Loss) before Contributions and Transfers	6,702
8911	Transfers Out	(566,006)
1300	Change in Net Assets	<u>(559,304)</u>
0100	Total Net Assets - Beginning	624,027
3300	Total Net Assets - Ending	<u>\$ 64,723</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2005

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	\$ 247
Other Operating Cash Receipts (Payments)	47,331
Net Cash Provided (Used) by Operating Activities	<u>47,578</u>
Cash Flows from Non-capital Financing Activities:	
Operating Transfers From (To) Other Funds	(566,006)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(566,006)</u>
Cash Flows from Capital and Related Financing Activities:	
Contributed Capital	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	5,725
Net Cash Provided (Used) for Investing Activities	<u>5,725</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(512,703)
Cash and Cash Equivalents at Beginning of Year	577,974
Cash and Cash Equivalents at End of Year	<u>\$ 65,271</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (559,304)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Interest on Investments	(5,725)
Transfer to Other Funds	566,006
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	47,431
Decrease (Increase) in Interest Receivable	60
Increase (Decrease) in Accounts Payable	(100)
Increase (Decrease) in Interfund Payables	(790)
Total Adjustments	<u>606,882</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 47,578</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2005

Data Control Codes		Agency Fund	Student Activity
ASSETS:			
1110	Cash and Cash Equivalents	\$ 221,298	
1000	Total Assets	\$ 221,298	
 LIABILITIES:			
Current Liabilities:			
2170	Due to Other Funds	\$ 40,438	
2190	Due to Student Groups	180,860	
2000	Total Liabilities	221,298	
 NET ASSETS			
3000	Total Net Assets	\$ --	

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

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 Financial 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.

In addition, the District reports the following fund types:

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

Internal Service Fund: This fund is used to account for the activity of the District's self-funded health insurance plan.

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 sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2005

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, 2005 was \$436,053.

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

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.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with 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 approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2005, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,338,294 and the bank balance was \$2,211,121. The District's cash deposits at August 31, 2005 and during the period ended August 31, 2005, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

2. Investments:

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

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

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

The District's investments at August 31, 2005 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texpool	N/A	\$ 5,796,138
TexStar	N/A	5,962,938
Total Investments		<u>\$ 11,759,076</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2005, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>
Texpool	AAAm
Texstar	AAAm

b. Custodial Credit Risk

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

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

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

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

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

D. Capital Assets

Capital asset activity for the period ended August 31, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,596,520	\$ --	\$ 1,362	\$ 2,595,158
Construction in progress	463,290	169,196	632,486	--
Total capital assets not being depreciated	<u>3,059,810</u>	<u>169,196</u>	<u>633,848</u>	<u>2,595,158</u>
Capital assets being depreciated:				
Buildings and improvements	60,625,612	719,027	--	61,344,639
Equipment	2,063,119	145,300	--	2,208,419
Vehicles	3,416,170	236,785	126,340	3,526,615
Assets under capital lease	108,280	--	--	108,280
Total capital assets being depreciated	<u>66,213,181</u>	<u>1,101,112</u>	<u>126,340</u>	<u>67,187,953</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,189,263)	(1,184,440)	--	(20,373,703)
Equipment	(1,803,184)	(175,070)	--	(1,978,254)
Vehicles	(2,859,901)	(188,054)	(126,340)	(2,921,615)
Assets under capital lease	(58,266)	(21,656)	--	(79,922)
Total accumulated depreciation	<u>(23,910,614)</u>	<u>(1,569,220)</u>	<u>(126,340)</u>	<u>(25,353,494)</u>
Total capital assets being depreciated, net	<u>42,302,567</u>	<u>(468,108)</u>	<u>--</u>	<u>41,834,459</u>
Governmental activities capital assets, net	<u>\$ 45,362,377</u>	<u>\$ (298,912)</u>	<u>\$ 633,848</u>	<u>\$ 44,429,617</u>

Depreciation was charged to functions as follows:

Instruction	\$ 789,254
Instructional Resources and Media Services	54,085
Curriculum and Staff Development	2,151
Instructional Leadership	21,125
School Leadership	17,212
Guidance, Counseling, & Evaluation Services	11,259
Social Work Services	302
Health Services	4,339
Student Transportation	177,426
Food Services	86,310
Extracurricular Activities	288,331
General Administration	44,776
Plant Maintenance and Operations	37,432
Security and Monitoring Services	2,634
Data Processing Services	24,202
Community Services	8,382
	<u>\$ 1,569,220</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2005, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 519,049	Short-term loans
General Fund	Internal Service Fund	689	Short-term loans
General Fund	Agency Fund	40,438	General revenues to be remitted
	Total	\$ 560,176	

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, 2005, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 8,456	Fund benefits on TRS supplement
Other Governmental Funds	Other Governmental Funds	17,183	Transfer program income
Internal Service Fund	General Fund	541,643	Distribute health plan net assets
Internal Service Fund	Other Governmental Funds	24,363	Distribute health plan net assets
	Total	\$ 591,645	

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 period ended August 31, 2005, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bonds and notes payable	\$ 22,455,000	\$ 6,329,998	\$ 8,850,000	\$ 19,934,998	2,527,000
Capital leases	48,192	--	22,874	25,318	21,771
Accreted interest on CABs	--	20,989	--	20,989	--
Less deferred amount on refunding	(789,901)	(194,212)	(132,240)	(851,873)	--
Total governmental activities	\$ 21,713,291	\$ 6,156,775	\$ 8,740,634	\$ 19,129,432	\$ 2,548,771

2. Bonds and Notes Payable

Bonds and notes payable currently outstanding are as follows:

Description	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 1996	4.25-6.25%	FY 2010	\$ 760,000
Unlimited Tax Refunding Bonds, Series 2003	2.50-3.375%	FY 2015	12,185,000
Unlimited Tax Refunding Bonds, Series 2004	3.00%	FY 2010	6,159,998
Maintenance Tax Notes, Series 2004	3.47%	FY 2014	830,000
			\$ 19,934,998

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

3. Debt Service Requirements

Debt service requirements on bonds payable at August 31, 2005, are as follows:

Year Ending August 31.	Governmental Activities		
	Principal	Interest	Total
2006	\$ 2,527,000	\$ 645,662	\$ 3,172,662
2007	2,284,998	895,864	3,180,862
2008	2,663,000	528,018	3,191,018
2009	2,765,000	443,141	3,208,141
2010	2,770,000	353,123	3,123,123
2011-2015	6,925,000	820,054	7,745,054
Totals	<u>\$ 19,934,998</u>	<u>\$ 3,685,862</u>	<u>\$ 23,620,860</u>

4. Advance Refunding of Debt

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, 2005, 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.

Bond Issue	Amount
Contractual Obligations, Series 1998	\$ 1,870,000
Contractual Obligations, Series 1999	2,680,000
Tax and Revenue Notes, Series 2001	5,665,000
Unlimited Tax School Building Bonds, Series 1996	3,425,000
Total	<u>\$ 13,640,000</u>

On December 14, 2004, the District issued \$6,329,998 of Unlimited Tax Refunding Bonds. \$5,240,000 of the bonds were issued as current issue bonds, carry an interest rate of 3.0% and mature between February 15, 2005 and February 15, 2010. \$1,089,998 of the bonds were issued as capital appreciation bonds yielding 2.35% and maturing on February 15, 2007. The bond proceeds were used to partially refund maturities 2006 through 2010 of the District's outstanding Unlimited Tax School Building Bonds, series 1995 and 1996, for interest savings. The refunding bond issue reduced total debt service payments over the next five years by \$152,061 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$138,068.

5. Capital Leases

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of August 31, 2005, as follows:

<u>Year Ending August 31:</u>	
2006	\$ 22,644
2007	3,573
Total Minimum Rentals	<u>26,217</u>
Less: Amount Representing Interest Costs	(899)
Present Value of Minimum Lease Payments	<u>\$ 25,318</u>
Rental Expenditures in 2005	<u>\$ 25,113</u>

The effective interest rate on capital leases is 7.500%.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2005, as follows:

<u>Year Ending August 31,</u>	
2006	\$ 412,897
2007	412,897
2008	344,119
2009	107,673
Total Minimum Rentals	<u>\$ 1,277,586</u>
Rental Expenditures in 2005	<u>\$ 412,897</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 2005, 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) 223-8778.

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 fiscal periods ending in 2005, 2004 and 2003 were \$2,361,071, \$2,392,927 and \$2,526,403, 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 fiscal periods ending in 2005, 2004 and 2003 were \$440,859, \$464,626 and \$475,590, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,059,289 for the year ended August 31, 2005.

J. Health Care Coverage

During the year ended August 31, 2005, the District participated in the TRS Active-Care health insurance plan offered through the Teacher Retirement System of Texas. The District made monthly contributions to the plan of \$225 per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents.

Prior to joining the TRS plan on January 1, 2004, the District operated a self-funded health insurance plan. As of August 31, 2004, the plan had net assets of \$624,027. During FY2005 \$566,006 of those net assets were distributed to former participants who had made prior contributions to the self-funded plan. The remaining net assets will be distributed to former participants in FY2006.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

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

No reportable litigation was pending against the District at August 31, 2005.

3. Commitments

The District had a contractual commitment at August 31, 2005 of \$278,251 in connection with the installation of synthetic turf at its football field. This obligation is currently in litigation as a result of the contractor's performance. When the District's obligation, if any, is determined, it will be funded from the remaining proceeds of a maintenance tax note. \$278,251 is included in reserved fund balance in the General Fund in recognition of this contingency.

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides deaf education 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 Fund 435, the Regional School for the Deaf Special Education Fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Elysian Fields ISD	\$ 52,503
Gilmer ISD	10,500
Gladewater ISD	10,500
Hallsville ISD	21,001
Harleton ISD	31,501
Harmony ISD	31,501
Jefferson ISD	10,500
Karnack ISD	21,001
Kilgore ISD	31,501
Leverett's Chapel ISD	21,001
Longview ISD	199,509
Marshall ISD	115,505
Ore City ISD	10,500
Pine Tree ISD	52,503
Sabine ISD	10,770
Spring Hill ISD	21,001
Tatum ISD	10,500
Union Grove ISD	10,500
Waskom ISD	31,501
White Oak ISD	10,500
Total	\$ <u>714,298</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2005

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 2004-05 school year, the District paid a fixed cost in the amount of \$169,675 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$126,156 for current year claims and \$189,864 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 the loss fund maximum. When and if other schools in the Association exceed their loss fund maximum, the District will be required to pay a percentage share of the excess.

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

	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
Year Ended August 31, 2005	\$ 591,266	\$ 431,288	\$ 316,022	\$ 706,532

N. Other Reserves of Fund Balance

Other reservations of fund balance consist of the following:

Other Governmental Funds

Reserved for state technology allotment	\$ 9,138
Reserved for campus activity funds	<u>116,179</u>
Total Other Governmental Funds	<u>\$ 125,317</u>

O. Special Items

Special items are transactions that are significant and either unusual in nature or infrequent in occurrence. For the year ended August 31, 2005, the District reported the following special items:

Proceeds from lawsuit relating to roofing projects	\$ 60,000
Distribution of internal service fund assets to prior participants in the District's self-insured health insurance plan	<u>(566,006)</u>
	<u>\$ (506,006)</u>

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Required Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1		2		3		Variance with Final Budget Positive (Negative)
		Budgeted Amounts				Actual		
		Original	Final					
REVENUES:								
5700	Local and Intermediate Sources	\$ 39,347,826	\$ 39,675,966	\$ 40,999,266	\$ 1,323,300			
5800	State Program Revenues	9,840,524	11,767,749	11,672,649	(95,100)			
5900	Federal Program Revenues	717,685	665,685	402,575	(263,110)			
5020	Total Revenues	<u>49,906,035</u>	<u>52,109,400</u>	<u>53,074,490</u>	<u>965,090</u>			
EXPENDITURES:								
Current:								
Instruction & Instructional Related Services:								
0011	Instruction	27,675,427	29,265,901	27,317,032	1,948,869			
0012	Instructional Resources and Media Services	1,128,549	1,200,315	1,131,639	68,676			
0013	Curriculum and Staff Development	569,237	570,034	435,577	134,457			
	Total Instruction & Instr. Related Services	<u>29,373,213</u>	<u>31,036,250</u>	<u>28,884,248</u>	<u>2,152,002</u>			
Instructional and School Leadership:								
0021	Instructional Leadership	912,599	958,237	931,894	26,343			
0023	School Leadership	3,003,915	3,186,837	3,060,814	126,023			
	Total Instructional & School Leadership	<u>3,916,514</u>	<u>4,145,074</u>	<u>3,992,708</u>	<u>152,366</u>			
Support Services - Student (Pupil):								
0031	Guidance, Counseling and Evaluation Services	1,969,714	2,014,151	1,890,420	123,731			
0032	Social Work Services	130,425	139,375	114,636	24,739			
0033	Health Services	516,513	558,686	523,618	35,068			
0034	Student (Pupil) Transportation	2,439,354	2,591,116	2,149,598	441,518			
0036	Cocurricular/Extracurricular Activities	1,507,851	1,662,107	1,562,301	99,806			
	Total Support Services - Student (Pupil)	<u>6,563,857</u>	<u>6,965,435</u>	<u>6,240,573</u>	<u>724,862</u>			
Administrative Support Services:								
0041	General Administration	2,332,444	2,418,091	2,297,245	120,846			
	Total Administrative Support Services	<u>2,332,444</u>	<u>2,418,091</u>	<u>2,297,245</u>	<u>120,846</u>			
Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations	6,481,878	7,120,576	5,960,607	1,159,969			
0052	Security and Monitoring Services	454,062	472,753	422,115	50,638			
0053	Data Processing Services	477,650	496,906	430,944	65,962			
	Total Support Services - Nonstudent Based	<u>7,413,590</u>	<u>8,090,235</u>	<u>6,813,666</u>	<u>1,276,569</u>			
Ancillary Services:								
0061	Community Services	115,715	140,030	108,405	31,625			
	Total Ancillary Services	<u>115,715</u>	<u>140,030</u>	<u>108,405</u>	<u>31,625</u>			
Debt Service:								
0071	Principal on Long-Term Debt	142,874	142,904	142,874	30			
0072	Interest on Long-Term Debt	33,123	33,123	33,174	(51)			
0073	Bond Issuance Costs and Fees	4,705	4,705	300	4,405			
	Total Debt Service	<u>180,702</u>	<u>180,732</u>	<u>176,348</u>	<u>4,384</u>			
Capital Outlay:								
0081	Capital Outlay	--	179,997	169,197	10,800			
	Total Capital Outlay	<u>--</u>	<u>179,997</u>	<u>169,197</u>	<u>10,800</u>			
6030	Total Expenditures	<u>49,896,035</u>	<u>53,155,845</u>	<u>48,682,390</u>	<u>4,473,455</u>			

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT G-1
 Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	10,000	(1,046,445)	4,392,100	5,438,545
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real or Personal Property	--	--	17,950	17,950
7915	Transfers In	--	--	541,643	541,643
8911	Transfers Out	(10,000)	(10,000)	(8,456)	1,544
7080	Total Other Financing Sources and (Uses)	(10,000)	(10,000)	551,137	561,137
	SPECIAL ITEMS:				
7918	Special Item (Resource)	--	601,643	60,000	(541,643)
8912	Special Item (Use)	--	--	(541,643)	541,643
1200	Net Change in Fund Balance	--	(454,802)	4,461,594	4,916,396
0100	Fund Balance - Beginning	7,485,323	7,485,323	7,485,323	--
3000	Fund Balance - Ending	<u>\$ 7,485,323</u>	<u>\$ 7,030,521</u>	<u>\$ 11,946,917</u>	<u>\$ 4,916,396</u>

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Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, and not a part of the basic financial statements, but which are presented for purposes of additional analysis.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2005

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110 Cash and Cash Equivalents	\$ 1,050,329	\$ 7,777	\$ 45	\$ 1,058,151
1120 Current Investments	--	300,416	454	300,870
1225 Taxes Receivable, Net	--	168,236	--	168,236
1240 Due from Other Governments	1,252,376	--	--	1,252,376
1250 Accrued Interest	--	32	--	32
1290 Other Receivables	2,050	--	--	2,050
1300 Inventories	174,869	--	--	174,869
1410 Deferred Expenditures	5,417	--	--	5,417
1000 Total Assets	<u>\$ 2,485,041</u>	<u>\$ 476,461</u>	<u>\$ 499</u>	<u>\$ 2,962,001</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 488,047	\$ --	\$ --	\$ 488,047
2150 Payroll Deductions & Withholdings	59,147	--	--	59,147
2160 Accrued Wages Payable	319,687	--	--	319,687
2170 Due to Other Funds	509,822	9,227	--	519,049
2180 Due to Other Governments	128,204	53,070	--	181,274
2200 Accrued Expenditures	92,026	--	--	92,026
2300 Deferred Revenue	137,639	154,131	--	291,770
2000 Total Liabilities	<u>1,734,572</u>	<u>216,428</u>	<u>--</u>	<u>1,951,000</u>
FUND BALANCES:				
Reserved Fund Balances:				
3410 Investments in Inventory	92,336	--	--	92,336
3420 Debt Service	--	260,033	--	260,033
3450 Reserve for Food Service	532,816	--	--	532,816
3490 Other Reserves of Fund Balance	125,317	--	--	125,317
Designated Fund Balance:				
3510 Construction	--	--	499	499
3000 Total Fund Balances	<u>750,469</u>	<u>260,033</u>	<u>499</u>	<u>1,011,001</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,485,041</u>	<u>\$ 476,461</u>	<u>\$ 499</u>	<u>\$ 2,962,001</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,536,350	\$ 3,013,780	\$ 14	\$ 4,550,144
5800	State Program Revenues	1,622,570	181,530	--	1,804,100
5900	Federal Program Revenues	10,758,859	--	--	10,758,859
5020	Total Revenues	<u>13,917,779</u>	<u>3,195,310</u>	<u>14</u>	<u>17,113,103</u>
EXPENDITURES:					
Current:					
0011	Instruction	7,301,609	--	--	7,301,609
0012	Instructional Resources and Media Services	34,812	--	--	34,812
0013	Curriculum and Staff Development	818,128	--	--	818,128
0021	Instructional Leadership	672,356	--	--	672,356
0023	School Leadership	172,443	--	--	172,443
0031	Guidance, Counseling, & Evaluation Services	139,617	--	--	139,617
0032	Social Work Services	1,014	--	--	1,014
0033	Health Services	9,057	--	--	9,057
0034	Student Transportation	38,519	--	--	38,519
0035	Food Service	4,158,031	--	--	4,158,031
0036	Cocurricular/Extracurricular Activities	14,380	--	--	14,380
0041	General Administration	105,618	--	--	105,618
0051	Plant Maintenance and Operations	98,385	--	--	98,385
0052	Security and Monitoring Services	507	--	--	507
0053	Data Processing Services	2,233	--	--	2,233
0061	Community Services	26,973	--	--	26,973
0071	Principal on Long-term Debt	--	2,400,000	--	2,400,000
0072	Interest on Long-term Debt	--	666,655	--	666,655
0073	Bond Issuance Costs and Fees	--	2,343	--	2,343
0081	Capital Outlay	85,734	--	2	85,736
6030	Total Expenditures	<u>13,679,416</u>	<u>3,068,998</u>	<u>2</u>	<u>16,748,416</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>238,363</u>	<u>126,312</u>	<u>12</u>	<u>364,687</u>
Other Financing Sources and (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	6,329,998	--	6,329,998
7915	Transfers In	50,002	--	--	50,002
7916	Premium or Discount on Issuance of Bonds	--	287,271	--	287,271
7917	Prepaid Interest	--	12,663	--	12,663
7949	Other Resources	--	22,566	--	22,566
8911	Transfers Out	(17,183)	--	--	(17,183)
8949	Other Uses	--	(6,607,498)	--	(6,607,498)
7080	Total Other Financing Sources and (Uses)	<u>32,819</u>	<u>45,000</u>	<u>--</u>	<u>77,819</u>
SPECIAL ITEM:					
8912	Special Item (Use)	(24,363)	--	--	(24,363)
1200	Net Change in Fund Balances	<u>246,819</u>	<u>171,312</u>	<u>12</u>	<u>418,143</u>
0100	Fund Balances - Beginning	503,650	88,721	487	592,858
3000	Fund Balances - Ending	<u>\$ 750,469</u>	<u>\$ 260,033</u>	<u>\$ 499</u>	<u>\$ 1,011,001</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 9,829	\$ 604
1240	Due from Other Governments	1,843	171,475	85,380	1,913
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Deferred Expenditures	--	--	--	--
1000	Total Assets	<u>\$ 1,843</u>	<u>\$ 171,475</u>	<u>\$ 95,209</u>	<u>\$ 2,517</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 1,444	\$ 7,035	\$ 8,326	\$ --
2150	Payroll Deductions & Withholdings	--	16,766	12,496	604
2160	Accrued Wages Payable	--	106,129	74,387	1,913
2170	Due to Other Funds	399	12,237	--	--
2180	Due to Other Governments	--	29,308	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>1,843</u>	<u>171,475</u>	<u>95,209</u>	<u>2,517</u>
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	--	--	--	--
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,843</u>	<u>\$ 171,475</u>	<u>\$ 95,209</u>	<u>\$ 2,517</u>

226 IDEA-B Discretionary	227 IDEA-B Deaf	228 IDEA-B Preschool Deaf	240 National School Breakfast/Lunch Program	242 Summer Feeding Program
\$ --	\$ --	\$ --	\$ 734,646	\$ 21,321
11,178	--	--	152,383	--
--	--	--	2,050	--
--	--	--	174,869	--
--	--	--	--	--
<u>\$ 11,178</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,063,948</u>	<u>\$ 21,321</u>
\$ --	\$ --	\$ --	\$ 240,084	\$ --
297	--	--	15,311	15
926	--	--	30,148	--
9,955	--	--	--	--
--	--	--	--	--
--	--	--	92,026	--
--	--	--	82,533	--
<u>11,178</u>	<u>--</u>	<u>--</u>	<u>460,102</u>	<u>15</u>
--	--	--	92,336	--
--	--	--	511,510	21,306
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>603,846</u>	<u>21,306</u>
<u>\$ 11,178</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,063,948</u>	<u>\$ 21,321</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes		244 Vo Ed Basic Grant	253 IDEA-C Deaf	255 ESEA Title II Training and Recruitment	256 ESEA Title I Part F School Reform
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 6,410	\$ --
1240	Due from Other Governments	--	--	46,123	40,430
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Deferred Expenditures	--	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 52,533</u>	<u>\$ 40,430</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	3,535	--
2160	Accrued Wages Payable	--	--	20,409	6,458
2170	Due to Other Funds	--	--	--	33,972
2180	Due to Other Governments	--	--	28,589	--
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>52,533</u>	<u>40,430</u>
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	--	--	--	--
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 52,533</u>	<u>\$ 40,430</u>

262 Enhancing Education through Technology	263 English Language Acquisition and Enhancement	269 Title V, Part A Innovative Programs	280 Magnet Schools Assistance	390 LEP Summer Program
\$ 185	\$ 1	\$ --	\$ 1	\$ --
--	22,929	8,756	429,435	8,400
--	--	--	--	--
--	--	--	--	--
<u>185</u>	<u>22,930</u>	<u>8,756</u>	<u>429,436</u>	<u>8,400</u>
\$ --	\$ 954	\$ --	\$ 183,101	\$ --
185	34	--	5,372	--
--	243	--	28,618	--
--	21,699	8,756	212,345	8,400
--	--	--	--	--
--	--	--	--	--
<u>185</u>	<u>22,930</u>	<u>8,756</u>	<u>429,436</u>	<u>8,400</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>185</u>	<u>22,930</u>	<u>8,756</u>	<u>429,436</u>	<u>8,400</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes		394 Pregnancy Education and Parenting Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 22,406	\$ --	\$ --
1240	Due from Other Governments	8,754	--	8,948	129,439
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1410	Deferred Expenditures	--	--	--	--
1000	Total Assets	<u>\$ 8,754</u>	<u>\$ 22,406</u>	<u>\$ 8,948</u>	<u>\$ 129,439</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 345	\$ --	\$ --	\$ 45,489
2150	Payroll Deductions & Withholdings	--	--	--	283
2160	Accrued Wages Payable	--	--	--	3,476
2170	Due to Other Funds	8,220	--	8,948	80,191
2180	Due to Other Governments	189	22,406	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>8,754</u>	<u>22,406</u>	<u>8,948</u>	<u>129,439</u>
FUND BALANCES:					
Reserved Fund Balances:					
3410	Investments in Inventory	--	--	--	--
3450	Reserve for Food Service	--	--	--	--
3490	Other Reserves of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,754</u>	<u>\$ 22,406</u>	<u>\$ 8,948</u>	<u>\$ 129,439</u>

409 Basic Skills Programs	411 Technology Allotment	414 Texas Reading Initiative	418 Active Employee Health Coverage	429 State Funded Special Revenue Fund
\$ --	\$ --	\$ --	\$ 42,270	\$ 25
86,757	14,149	24,084	--	--
--	--	--	--	--
--	--	--	5,417	--
<u>\$ 86,757</u>	<u>\$ 14,149</u>	<u>\$ 24,084</u>	<u>\$ 47,687</u>	<u>\$ 25</u>
\$ --	\$ --	\$ --	\$ --	\$ --
235	216	--	--	--
--	--	10,701	--	--
86,522	4,795	13,383	--	--
--	--	--	47,687	25
--	--	--	--	--
--	--	--	--	--
<u>86,757</u>	<u>5,011</u>	<u>24,084</u>	<u>47,687</u>	<u>25</u>
--	--	--	--	--
--	--	--	--	--
--	9,138	--	--	--
--	<u>9,138</u>	--	--	--
<u>\$ 86,757</u>	<u>\$ 14,149</u>	<u>\$ 24,084</u>	<u>\$ 47,687</u>	<u>\$ 25</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes		435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 96,452	\$ 116,179	\$ 1,050,329
1240	Due from Other Governments	--	--	1,252,376
1290	Other Receivables	--	--	2,050
1300	Inventories	--	--	174,869
1410	Deferred Expenditures	--	--	5,417
1000	Total Assets	<u>\$ 96,452</u>	<u>\$ 116,179</u>	<u>\$ 2,485,041</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 1,269	\$ --	\$ 488,047
2150	Payroll Deductions & Withholdings	3,798	--	59,147
2160	Accrued Wages Payable	36,279	--	319,687
2170	Due to Other Funds	--	--	509,822
2180	Due to Other Governments	--	--	128,204
2200	Accrued Expenditures	--	--	92,026
2300	Deferred Revenue	55,106	--	137,639
2000	Total Liabilities	<u>96,452</u>	<u>--</u>	<u>1,734,572</u>
FUND BALANCES:				
Reserved Fund Balances:				
3410	Investments in Inventory	--	--	92,336
3450	Reserve for Food Service	--	--	532,816
3490	Other Reserves of Fund Balance	--	116,179	125,317
3000	Total Fund Balances	<u>--</u>	<u>116,179</u>	<u>750,469</u>
4000	Total Liabilities and Fund Balances	<u>\$ 96,452</u>	<u>\$ 116,179</u>	<u>\$ 2,485,041</u>

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LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	65,304	2,823,929	1,542,242	32,203
5020	Total Revenues	<u>65,304</u>	<u>2,823,929</u>	<u>1,542,242</u>	<u>32,203</u>
EXPENDITURES:					
Current:					
0011	Instruction	--	2,387,257	1,345,428	32,203
0012	Instructional Resources and Media Services	--	2,322	--	--
0013	Curriculum and Staff Development	--	197,946	6,414	--
0021	Instructional Leadership	--	194,239	61,483	--
0023	School Leadership	--	1,745	72,095	--
0031	Guidance, Counseling, & Evaluation Services	65,304	--	56,822	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	12,012	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	1,435	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	26,973	--	--
0081	Capital Outlay	--	--	--	--
6030	Total Expenditures	<u>65,304</u>	<u>2,823,929</u>	<u>1,542,242</u>	<u>32,203</u>
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
SPECIAL ITEM:					
8912	Special Item (Use)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

226 IDEA-B Discretionary	227 IDEA-B Deaf	228 IDEA-B Preschool Deaf	240 National School Breakfast/Lunch Program	242 Summer Feeding Program
\$ --	\$ --	\$ --	\$ 1,040,768	\$ 466
--	--	--	66,639	1,578
19,698	17,041	1,679	3,184,639	66,839
<u>19,698</u>	<u>17,041</u>	<u>1,679</u>	<u>4,292,046</u>	<u>68,883</u>
19,698	17,041	1,679	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	4,058,274	47,577
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>19,698</u>	<u>17,041</u>	<u>1,679</u>	<u>4,058,274</u>	<u>47,577</u>
--	--	--	233,772	21,306
--	--	--	41,546	--
--	--	--	--	(17,183)
--	--	--	<u>41,546</u>	<u>(17,183)</u>
--	--	--	(24,363)	--
--	--	--	250,955	4,123
--	--	--	352,891	17,183
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 603,846</u>	<u>\$ 21,306</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	244 Vo Ed Basic Grant	253 IDEA-C Deaf	255 ESEA Title II Training and Recruitment	256 ESEA Title I Part F School Reform
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	152,200	763	651,299	135,572
5020 Total Revenues	<u>152,200</u>	<u>763</u>	<u>651,299</u>	<u>135,572</u>
EXPENDITURES:				
Current:				
0011 Instruction	152,200	763	447,531	31,393
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	--	190,019	95,147
0021 Instructional Leadership	--	--	--	5,967
0023 School Leadership	--	--	3,306	400
0031 Guidance, Counseling, & Evaluation Services	--	--	--	2,665
0032 Social Work Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	10,443	--
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	--	--	--	--
0081 Capital Outlay	--	--	--	--
6030 Total Expenditures	<u>152,200</u>	<u>763</u>	<u>651,299</u>	<u>135,572</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
8911 Transfers Out	--	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
SPECIAL ITEM:				
8912 Special Item (Use)	--	--	--	--
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

262 Enhancing Education through Technology	263 English Language Acquisition and Enhancement	269 Title V, Part A Innovative Programs	280 Magnet Schools Assistance	390 LEP Summer Program
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	8,400
70,592	136,164	57,726	1,800,969	--
<u>70,592</u>	<u>136,164</u>	<u>57,726</u>	<u>1,800,969</u>	<u>8,400</u>
49,475	104,061	57,726	1,154,137	8,400
--	--	--	--	--
21,117	6,934	--	227,037	--
--	1,818	--	258,922	--
--	873	--	10,589	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	22,478	--	64,550	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	85,734	--
<u>70,592</u>	<u>136,164</u>	<u>57,726</u>	<u>1,800,969</u>	<u>8,400</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
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		394 Pregnancy Education and Parenting Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	8,862	12,065	8,948	129,439
5900	Federal Program Revenues	--	--	--	--
5020	Total Revenues	<u>8,862</u>	<u>12,065</u>	<u>8,948</u>	<u>129,439</u>
EXPENDITURES:					
Current:					
0011	Instruction	7,560	12,065	8,948	129,439
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	1,302	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/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>8,862</u>	<u>12,065</u>	<u>8,948</u>	<u>129,439</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
SPECIAL ITEM:					
8912	Special Item (Use)	--	--	--	--
1200	Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

409 Basic Skills Programs	411 Technology Allotment	414 Texas Reading Initiative	418 Active Employee Health Coverage	429 State Funded Special Revenue Fund
\$ --	\$ --	\$ --	\$ --	\$ --
107,838	228,970	24,084	535,562	--
--	--	--	--	--
<u>107,838</u>	<u>228,970</u>	<u>24,084</u>	<u>535,562</u>	<u>--</u>
92,778	155,885	21,461	339,936	--
--	--	--	8,865	--
11,400	18,180	2,623	211	--
3,660	--	--	7,980	--
--	--	--	23,653	--
--	--	--	14,826	--
--	--	--	1,014	--
--	--	--	8,571	--
--	--	--	25,205	--
--	--	--	52,180	--
--	--	--	5,822	--
--	--	--	6,712	--
--	52,082	--	46,303	--
--	--	--	507	--
--	--	--	2,233	--
--	--	--	--	--
<u>107,838</u>	<u>226,147</u>	<u>24,084</u>	<u>544,018</u>	<u>--</u>
--	2,823	--	(8,456)	--
--	--	--	8,456	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>8,456</u>	<u>--</u>
--	--	--	--	--
<u>--</u>	<u>2,823</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	6,315	--	--	--
<u>\$ --</u>	<u>\$ 9,138</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
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 224,113	\$ 271,003	\$ 1,536,350
5800 State Program Revenues	490,185	--	1,622,570
5900 Federal Program Revenues	--	--	10,758,859
5020 Total Revenues	<u>714,298</u>	<u>271,003</u>	<u>13,917,779</u>
EXPENDITURES:			
Current:			
0011 Instruction	576,011	148,534	7,301,609
0012 Instructional Resources and Media Services	--	23,625	34,812
0013 Curriculum and Staff Development	--	41,100	818,128
0021 Instructional Leadership	138,287	--	672,356
0023 School Leadership	--	59,782	172,443
0031 Guidance, Counseling, & Evaluation Services	--	--	139,617
0032 Social Work Services	--	--	1,014
0033 Health Services	--	486	9,057
0034 Student Transportation	--	--	38,519
0035 Food Service	--	--	4,158,031
0036 Cocurricular/Extracurricular Activities	--	8,558	14,380
0041 General Administration	--	--	105,618
0051 Plant Maintenance and Operations	--	--	98,385
0052 Security and Monitoring Services	--	--	507
0053 Data Processing Services	--	--	2,233
0061 Community Services	--	--	26,973
0081 Capital Outlay	--	--	85,734
6030 Total Expenditures	<u>714,298</u>	<u>282,085</u>	<u>13,679,416</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>(11,082)</u>	<u>238,363</u>
Other Financing Sources and (Uses):			
7915 Transfers In	--	--	50,002
8911 Transfers Out	--	--	(17,183)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>32,819</u>
SPECIAL ITEM:			
8912 Special Item (Use)	--	--	(24,363)
1200 Net Change in Fund Balances	<u>--</u>	<u>(11,082)</u>	<u>246,819</u>
0100 Fund Balances - Beginning	--	127,261	503,650
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 116,179</u>	<u>\$ 750,469</u>

Other Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2005

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance		Debt Service		
1996 and Prior Years	\$	Various	\$	Various	\$ Various
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		1.50		.0533	2,413,452,523
2004		1.50		.119	2,416,099,419
2005 (School Year Under Audit)		1.50		.115	2,577,800,433

1000 Totals

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

10 Beginning Balance 9/1/04	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/05
\$ 414,901	\$ --	\$ 17,483	\$ 1,565	\$ (55,421)	\$ 340,432
115,732	--	7,019	736	(3,067)	104,910
127,519	--	6,631	770	(3,271)	116,847
119,689	--	10,424	1,112	(1,816)	106,337
197,860	--	16,248	1,215	(4,561)	175,836
216,402	--	23,117	1,507	(4,995)	186,783
259,773	--	49,592	4,149	(8,058)	197,974
686,094	--	157,553	5,595	(224,790)	298,156
869,955	--	417,488	33,121	(46,585)	372,761
--	41,631,477	37,862,836	2,902,817	37,808	903,632
<u>\$ 3,007,925</u>	<u>\$ 41,631,477</u>	<u>\$ 38,568,391</u>	<u>\$ 2,952,587</u>	<u>\$ (314,756)</u>	<u>\$ 2,803,668</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2006-2007
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 220,890	\$ 1,085,406	\$ 68,882	\$ 47,133	\$ 1,422,311
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	--	--	70,292	--	20,769	--	91,061
6212	Audit Services	--	--	--	20,750	--	--	20,750
6213	Tax Appraisal and Collection	--	636,078	--	--	--	--	636,078
621X	Other Prof. Services	468	--	595	23,660	--	2,695	27,418
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	8,293	--	--	8,293
6240	Contr. Maint. and Repair	--	--	--	--	550	--	550
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	39,064	--	--	39,064
6290	Miscellaneous Contr.	--	--	10,686	7,071	1,299	--	19,056
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	284	320	185	--	789
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	190	--	1,255	69,794	4,410	6,821	82,470
6410	Travel, Subsistence, Stipends	6,443	--	2,579	23,099	1,521	1,534	35,176
6420	Ins. and Bonding Costs	31,693	--	--	988	--	--	32,681
6430	Election Costs	597	--	--	--	--	--	597
6490	Miscellaneous Operating	3,327	--	3,013	20,406	17,295	2,362	46,403
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	9,347	9,347

Total \$ 42,718 \$ 636,078 \$ 309,594 \$ 1,298,851 \$ 114,911 \$ 69,892 \$ 2,472,044

Total expenditures for General and Special Revenue Funds (9) \$ 62,361,806

LESS: Deductions of Unallowable Costs

	FISCAL YEAR	
Total Capital Outlay (6600)	(10)	\$ 2,145,663
Total Debt & Lease (6500)	(11)	\$ 176,348
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 5,902,094
Food (Function 35, 6341 and 6499)	(13)	\$ 1,569,109
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 1,298,851
Subtotal		11,092,065
Net Allowed Direct Cost		\$ 51,269,741

	CUMULATIVE	
Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 61,344,637
Historical Cost of Buildings over 50 years old	(16)	4,047,558
Amount of Federal Money in Building Cost (Net of #16)	(17)	86,539
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	5,735,036
Historical Cost of Furniture & Equipment over 16 years old	(19)	913,513
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 41,001

(8) Note A - \$69,181 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, 2005

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2005 (Exhibit C-1 object 3000 for the General Fund only)	\$ 11,946,917
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	470,434
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 (9/1/05 - 5/31/06)	4,056,866
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)	1,395,701
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)	5,923,001
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ 6,023,916

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 ISD plans to fund the purchase of buses & technology items in the upcoming years to replenish near obsolete equipment. Additionally, our overall budgeting strategy is to build our fund balance to three months operating which is the standard adopted by many school districts and state agencies today.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		1		2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual		
		Original	Final			
REVENUES:						
5700	Local and Intermediate Sources	\$ 1,178,356	\$ 1,178,356	\$ 1,040,768	\$ (137,588)	
5800	State Program Revenues	33,000	145,751	66,639	(79,112)	
5900	Federal Program Revenues	2,846,960	2,991,960	3,184,639	192,679	
5020	Total Revenues	<u>4,058,316</u>	<u>4,316,067</u>	<u>4,292,046</u>	<u>(24,021)</u>	
EXPENDITURES:						
Current:						
Support Services - Student (Pupil):						
0035	Food Services	4,058,316	4,357,613	4,058,274	299,339	
	Total Support Services - Student (Pupil)	<u>4,058,316</u>	<u>4,357,613</u>	<u>4,058,274</u>	<u>299,339</u>	
6030	Total Expenditures	<u>4,058,316</u>	<u>4,357,613</u>	<u>4,058,274</u>	<u>299,339</u>	
1100	Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	<u>--</u>	<u>(41,546)</u>	<u>233,772</u>	<u>275,318</u>	
OTHER FINANCING SOURCES (USES):						
7915	Operating Transfers In	<u>--</u>	<u>17,183</u>	<u>41,546</u>	<u>24,363</u>	
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>17,183</u>	<u>41,546</u>	<u>24,363</u>	
SPECIAL ITEMS:						
7918	Special Item (Resource)	<u>--</u>	<u>24,363</u>	<u>--</u>	<u>(24,363)</u>	
8912	Special Item (Use)	<u>--</u>	<u>--</u>	<u>(24,363)</u>	<u>24,363</u>	
1200	Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>250,955</u>	<u>250,955</u>	
0100	Fund Balance - Beginning	<u>352,891</u>	<u>352,891</u>	<u>352,891</u>	<u>--</u>	
3000	Fund Balance - Ending	<u>\$ 352,891</u>	<u>\$ 352,891</u>	<u>\$ 603,846</u>	<u>\$ 250,955</u>	

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,967,201	\$ 2,967,201	\$ 3,013,780	\$ 46,579
5800	State Program Revenues	96,765	171,436	181,530	10,094
5020	Total Revenues	<u>3,063,966</u>	<u>3,138,637</u>	<u>3,195,310</u>	<u>56,673</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	2,400,000	2,400,000	2,400,000	--
0072	Interest on Long-Term Debt	655,492	666,655	666,655	--
0073	Bond Issuance Costs and Fees	8,474	8,474	2,343	6,131
	Total Debt Service	<u>3,063,966</u>	<u>3,075,649</u>	<u>3,068,998</u>	<u>6,651</u>
6030	Total Expenditures	<u>3,063,966</u>	<u>3,075,649</u>	<u>3,068,998</u>	<u>6,651</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	62,988	126,312	63,324
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	6,329,998	6,329,998	--
7916	Premium or Discount on Issuance of Bonds	--	287,271	287,271	--
7917	Prepaid Interest	--	12,663	12,663	--
7949	Other Resources	--	22,566	22,566	--
8949	Other Uses	--	(6,607,498)	(6,607,498)	--
7080	Total Other Financing Sources and (Uses)	--	45,000	45,000	--
1200	Net Change in Fund Balance	--	107,988	171,312	63,324
0100	Fund Balance - Beginning	88,721	88,721	88,721	--
3000	Fund Balance - Ending	<u>\$ 88,721</u>	<u>\$ 196,709</u>	<u>\$ 260,033</u>	<u>\$ 63,324</u>

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Independent Auditors' Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Longview Independent School District as of and for the year ended August 31, 2005, which collectively comprise the Longview Independent School District's basic financial statements and have issued our report thereon dated November 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Longview Independent School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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 that we reported to management of Longview Independent School District in a separate letter dated November 16, 2005.

Compliance and Other Matters

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

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 16, 2005

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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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, 2005. Longview Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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, 2005.

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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we 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 16, 2005

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2005

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.550	Food Distribution
84.010	ESEA Title I Part A - Improving Basic Programs
84.165	Magnet Schools Assistance

Dollar threshold used to distinguish between type A and type B programs: \$327,749

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2005

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2005

None required.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	U. S. DEPARTMENT OF EDUCATION			
	Direct Programs:			
309	Magnet Schools Assistance	84.165A	092-903	\$ 1,717,113
309	Magnet Schools Assistance	84.165A	092-903	83,856
	Total Direct Programs			<u>1,800,969</u>
	Passed Through State Department of Education:			
211	ESEA Title I Part A - Improving Basic Programs	84.010A	05610101092903	2,711,634
211	ESEA Title I Part A - Improving Basic Programs	84.010A	06610101092903	171,475
	Total CFDA Number 84.010A			<u>2,883,109</u>
256	ESEA Title I Part F-Comprehensive School Reform	84.010B	056160017110059	131,451
256	ESEA Title I Part F-Comprehensive School Reform	84.010B	066160017110059	6,458
	Total CFDA Number 84.010B			<u>137,909</u>
224	IDEA-B Formula	84.027	05660001092903	1,477,770
224	IDEA-B Formula	84.027	06660001092903	85,376
226	IDEA-B Discretionary	84.027	05667302092903	18,772
226	IDEA-B Discretionary	84.027	06667302092903	926
227	IDEA-B Deaf	84.027	0566000109290366	17,323
	Total CFDA Number 84.027			<u>1,600,167</u>
244	Vocational Education - Basic Grant	84.048	0542000609290307	152,200
225	IDEA-B Preschool	84.173	05661001092903	30,569
225	IDEA-B Preschool	84.173	06661001092903	1,913
228	IDEA-B Preschool Deaf	84.173	0566100109290366	1,709
	Total CFDA Number 84.173			<u>34,191</u>
253	IDEA-C Early Intervention (Deaf)	84.181A	0539110109290339	763
204	ESEA Title IV Safe & Drug Free Schools & Communities Act	84.186	05691001092903	64,902
204	ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186	06691001092903	1,843
	Total CFDA Number 84.186			<u>66,745</u>
269	Title V, Part A - Innovative Programs	84.298	05685001092903	49,982
269	Title V, Part A - Innovative Programs	84.298	06685001092903	8,756
	Total CFDA Number 84.298			<u>58,738</u>
262	Title II Part D Enhancing Education Through Technology	84.318	05630001092903	72,148
263	Title III Part A English Language Acquisition and Language Enhance	84.365	05671001092903	113,984
263	Title III Part A English Language Acquisition and Language Enhance	84.365	06671001092903	22,180
	Total CFDA Number 84.365			<u>136,164</u>
255	ESEA Title II Part A - Teacher & Principal Training & Recruitment	84.367	05694501092903	618,796
255	ESEA Title II Part A - Teacher & Principal Training & Recruitment	84.367	06694501092903	46,123
	Total CFDA Number 84.367			<u>664,919</u>
	Total Passed Through State Department of Education			<u>5,807,053</u>
	Total U. S. Department of Education			<u>\$ 7,608,022</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	U. S. DEPARTMENT OF DEFENSE			
	Direct Program:			
314	ROTC	12.000	092-903	\$ 65,465
	Total U. S. Department of Defense			<u>65,465</u>
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed Through State Department of Education:			
241	Food Distribution	10.550	092-903	377,330
240	School Breakfast Program *	10.553	092-903	952,659
240	National School Lunch Program *	10.555	092-903	1,854,650
242	Summer Feeding Program *	10.559	092-903	66,839
	Total Passed Through State Department of Education			<u>3,251,478</u>
	Total U. S. Department of Agriculture			<u>3,251,478</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,924,965</u>

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

The accompanying notes are an integral part of this schedule.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

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	\$	10,924,965
Other Federal Revenue Sources:		
School Health and Related Services (SHARS)		215,444
Medicaid Administrative Claiming (MAC)		<u>21,025</u>
Total Federal Revenues, Exhibit C-2	\$	<u>11,161,434</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2005

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an 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

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