

**LONGVIEW
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2012

Introductory Section

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Longview Independent School District
Annual Financial Report
For The Year Ended August 31, 2012

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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) X approved _____disapproved for the year ended August 31, 2012, at a meeting of the board of trustees of such school district on the 14th day of January, 2013.

SIGNATURES ON FILE WITH TEXAS EDUCATION AGENCY

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Independent Auditors' Report 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, 2012, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Longview Independent School District as of August 31, 2012, and the respective changes in financial position, 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 January 7, 2013, on our consideration of Longview Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Longview Independent School District's financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
January 7, 2013

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 8/31/12. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

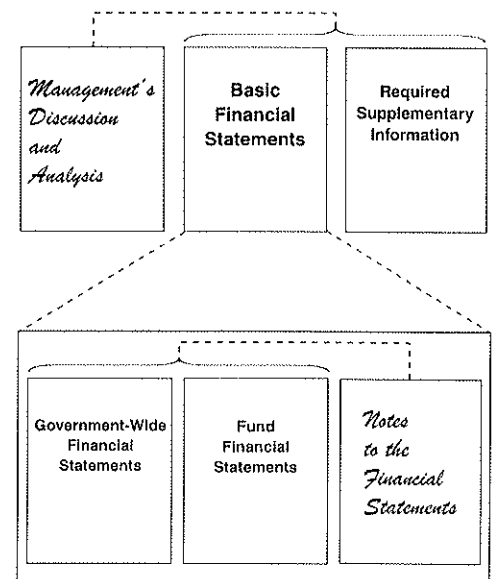
- The District's total combined net assets were \$88,602,564 at 8/31/12.
- During the year, the District's expenses were \$6,474,938 less than the \$94,000,198 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$48,143,708.
- The District issued \$9,900,000 in Unlimited Tax School Building Bonds during the year.
- The District provided employees with a retention bonus of \$500 during the year totaling \$537,230.

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.

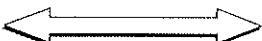
Summary  Detail

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

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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities of the district operations similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• 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

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.

- *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 \$88,602,564 at 8/31/12. (See Table A-1).

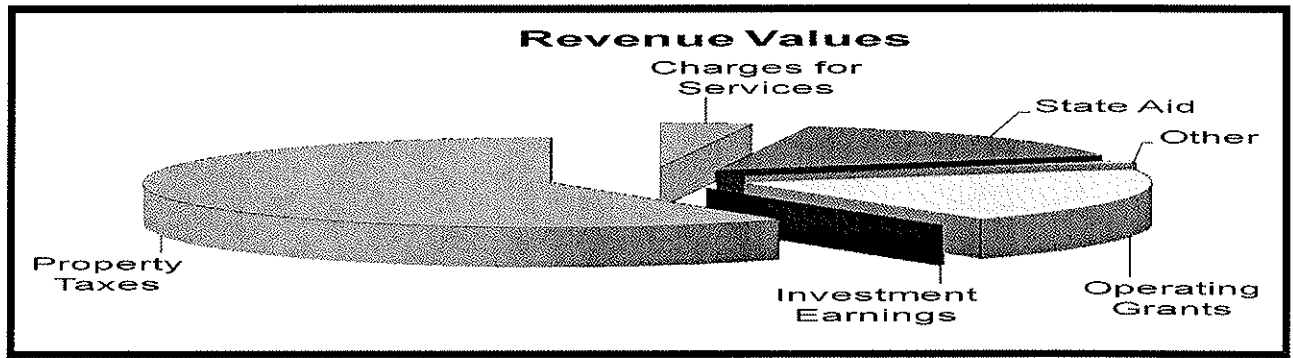
Table A-1
Longview Independent School District's Net Assets
(In millions of dollars)

	Governmental Activities		Percentage Change
	2011	2012	2011-12
Current assets:			
Cash and cash equivalents	24.507	32.826	33.95
Current Investments	41.032	35.771	(12.82)
Property Taxes Receivable	2.479	2.525	1.86
Due from other Government	6.617	2.318	(64.97)
Accrued Interest	.013	.011	(15.38)
Due from Fiduciary	-	.002	100.00
Other receivables	.142	.168	18.31
Inventories – at cost	.364	.345	(5.22)
Deferred Exp & Bond	2.625	2.470	(5.90)
Total current assets:	77.779	76.436	(1.73)
Noncurrent assets:			
Bldg., Furn. & Eqmt, CIP, net	265.887	267.063	.44
Long-Term Investments	.596	1.199	101.17
Land	10.128	10.470	3.38
Total noncurrent assets	276.611	278.732	.77
Total Assets	354.390	355.168	.22
Current liabilities:			
Accounts payable and accrued liabilities	11.656	5.437	(53.35)
Bonds payable	5.535	4.190	(24.30)
Due to other governments	.077	-	(100.00)
Deferred revenue	.150	.197	31.33
Total current liabilities	17.418	9.824	(43.60)
Long-term liabilities:			
Bonds payable	254.844	256.741	.74
Total Liabilities	272.262	266.565	(2.09)
Net Assets:			
Invested in capital assets	29.571	21.244	(28.16)
Restricted	6.186	3.513	(43.21)
Unrestricted	46.371	63.846	37.69
Total Net Assets	82.128	88.603	7.88

Restricted Net Assets are dedicated to various uses, namely: debt service, state and federal programs, and campus activities. The \$63,845,299 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 \$94,000,198. A significant portion, \$57,653,263 or 61%, of the District's revenue comes from taxes. (See Figure Below) 37% comes from State aid, Operating Grants and Contributions, while only 4% relates to charges for services and investment earnings. The district also experienced a loss on asset dispositions in the amount of \$2,877,291 or (3%) of total revenue in connection with the demolition of certain buildings that were abandoned after new facilities were constructed.

The total cost of all programs and services was \$87,525,260; 63% of these costs are for instructional and student services.



Governmental Activities

- Property taxable values increased by 2.51%, resulting in an increase in the tax levy of \$1,401,769 even though the tax rate remained unchanged from the prior year.

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

	Governmental Activities		Total Percentage Change
	<u>2011</u>	<u>2012</u>	<u>2011-12</u>
Program Revenues:			
Charges for Services	3.064	3.551	15.89
Operating Grants and Contributions	18.238	15.614	(14.39)
General Revenues			
Property Taxes	56.760	57.653	1.57
State Aid	20.973	19.172	(8.59)
Investment Earnings	.342	.322	(5.85)
Disposition of Assets	(1.011)	(2.877)	184.57
Other	.605	.565	(6.61)
Total Revenues	<u>98.971</u>	<u>94.000</u>	<u>(5.02)</u>
Expenses:			
Instruction	41.807	40.426	(3.30)
Instructional Resources and Media Services	.974	.913	(6.26)
Curriculum Dev. And Instructional Staff Dev.	1.810	1.402	(22.54)
Instructional Leadership	1.936	1.669	(13.79)
School Leadership	4.097	4.226	3.15
Guidance, Counseling and Evaluation Services	2.307	2.434	5.50
Social Work Services	.011	.003	(72.73)
Health Services	.667	.608	(8.85)
Student (Pupil) Transportation	3.188	2.818	(11.61)
Food Services	4.595	4.437	(3.44)
Curricular/Extracurricular Activities	2.526	2.269	(10.17)
General Administration	2.187	2.280	4.25
Plant Maintenance & Oper.	7.229	7.796	7.84
Security & Monitoring Svcs.	.497	.491	(1.21)
Data Processing Services	.753	.740	(1.73)
Community Services	.619	.670	8.24
Debt Service	11.344	11.951	5.35
Bond Issuance Costs	0.137	.292	113.14
Facilities Acquisition and Construction	5.194	1.316	(74.66)
Other			
Intergovernmental Charges	.785	.784	(.13)
Total Expenses	<u>92.663</u>	<u>87.525</u>	<u>(5.54)</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	6.308	6.475	2.65
Special Item Inflow	-	-	-
Other Resources (Uses)			
Transfers In (Out)	-	-	-
Increase (Decrease) in Net Assets	<u>6.308</u>	<u>6.475</u>	<u>2.65</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 \$87,525,260.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$57,653,263.
- Some of the cost was paid by those who directly benefited from the programs, totaling \$3,551,007, or by grants and contributions totaling \$15,613,550.

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

	Total Cost of Services			Net Cost of Services		
	2011	2012	% Change	2011	2012	% Change
Instruction	44.590	42.741	(4.15)	31.641	30.341	(4.11)
School Administration	6.033	5.895	(2.29)	5.146	5.478	6.45
Student Support Services	13.295	12.569	(5.46)	7.332	7.152	(2.45)
Plant Maintenance & Operations	7.229	7.796	7.84	6.362	7.584	19.21
Interest on Long-Term Debt	11.344	11.951	5.35	10.996	11.538	4.93

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$96,833,860, a decrease of 3.24% over the preceding year. The net decrease is a result of less proceeds from state program revenues and federal program revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 14 times. Actual expenditures were \$6,706,337 below final budget amounts. The most significant positive variance resulted from instruction. Final costs for instruction were below the amount anticipated and initially budgeted.

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

Revenues generated were \$3,585,666 above the final budgeted amount. Average daily attendance in excess of original projections caused state funding to exceed beginning budget amounts for the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had invested \$277,532,276 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net increase (including additions and deductions) of \$1,517,529, or .55% over the prior year.

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

	Governmental Activities		Total Percentage Change
	2011	2012	2011-12
Land	10.128	10.469	3.37
Buildings and improvements	156.180	279.468	78.94
Vehicles	4.750	4.730	(.42)
Equipment	4.161	8.735	109.93
Construction in progress	131.083	4.110	(96.86)
Totals at historical cost	306.302	307.512	.40
Total accumulated depreciation	30.287	29.980	(1.01)
Net capital assets	276.015	277.532	.55

The District completed construction projects on 2 elementary, 2 middle schools, and the high school campuses during the year. Reductions to the District's capital assets resulted from the sale of a campus, demolition of a campus, and the disposal of obsolete equipment.

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

Long Term Debt

At year-end the District had \$254,685,258 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: Standard & Poor's "AA-" and Fitch "AA".

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

	Governmental Activities		Total Percentage Change
	<u>2011</u>	<u>2012</u>	<u>2011-12</u>
Bonds payable	254.636	254.685	.02
Accreted interest on CABs	2.039	2.566	25.85
Premiums on Issue of Bonds	3.840	3.680	(4.17)
Less Defer. Amt. On refunding	(.135)	-	(100.00)
Total bonds & notes payable	<u>260.380</u>	<u>260.931</u>	<u>.21</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The appraised value used for the 2013 budget preparation increased by \$112 million or (2%) from last year.
- Due to the decrease in state funding, state revenue is projected to be 3 million dollars less than 11-12.
- The tax rate to support the 12/13 budget is 1.513 per hundred dollars in value. This reflects no change from the prior year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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Basic Financial Statements

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2012

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	32,826,362
1120	Current Investments		35,770,607
1225	Property Taxes Receivable (Net)		2,525,054
1240	Due from Other Governments		2,317,907
1250	Accrued Interest		10,822
1267	Due from Fiduciary		2,225
1290	Other Receivables (Net)		168,496
1300	Inventories		344,998
1410	Deferred Expenses		100,599
1420	Capitalized Bond and Other Debt Issuance Costs		2,369,222
Capital Assets:			
1510	Land		10,469,633
1520	Buildings and Improvements, Net		255,069,623
1530	Furniture and Equipment, Net		7,882,696
1580	Construction in Progress		4,110,324
1910	Long-Term Investments		1,198,681
1000	Total Assets		<u>355,167,249</u>
LIABILITIES:			
2110	Accounts Payable		2,140,267
2140	Interest Payable		479,171
2165	Accrued Liabilities		2,817,845
2300	Unearned Revenue		196,462
Noncurrent Liabilities:			
2501	Due Within One Year		4,189,950
2502	Due in More Than One Year		256,740,990
2000	Total Liabilities		<u>266,564,685</u>
NET ASSETS			
3200	Invested in Capital Assets, Net of Related Debt		21,244,342
Restricted For:			
3820	State and Federal Programs		1,418,060
3850	Debt Service		1,996,274
3870	Campus Activities		98,589
3900	Unrestricted		63,845,299
3000	Total Net Assets	\$	<u>88,602,564</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 40,426,410	\$ 2,054,936	\$ 9,022,221	\$ (29,349,253)
12	Instructional Resources and Media Services	912,896	21,440	39,735	(851,721)
13	Curriculum and Staff Development	1,401,615	8,178	1,253,359	(140,078)
21	Instructional Leadership	1,668,762	--	131,762	(1,537,000)
23	School Leadership	4,225,890	24,389	260,682	(3,940,819)
31	Guidance, Counseling, & Evaluation Services	2,433,877	--	478,271	(1,955,606)
32	Social Work Services	2,868	--	186	(2,682)
33	Health Services	608,253	--	30,991	(577,262)
34	Student Transportation	2,817,609	--	105,819	(2,711,790)
35	Food Service	4,437,434	828,146	3,304,248	(305,040)
36	Cocurricular/Extracurricular Activities	2,269,242	603,198	65,992	(1,600,052)
41	General Administration	2,280,148	--	208,268	(2,071,880)
51	Plant Maintenance and Operations	7,796,044	10,720	201,603	(7,583,721)
52	Security and Monitoring Services	491,384	--	578	(490,806)
53	Data Processing Services	739,818	--	31,689	(708,129)
61	Community Services	669,661	--	64,837	(604,824)
72	Interest on Long-term Debt	11,950,859	--	413,309	(11,537,550)
73	Bond Issuance Costs and Fees	292,356	--	--	(292,356)
81	Capital Outlay	1,315,821	--	--	(1,315,821)
99	Other Intergovernmental Charges	784,313	--	--	(784,313)
TG	Total Governmental Activities	<u>87,525,260</u>	<u>3,551,007</u>	<u>15,613,550</u>	<u>(68,360,703)</u>
TP	Total Primary Government	<u>\$ 87,525,260</u>	<u>\$ 3,551,007</u>	<u>\$ 15,613,550</u>	<u>(68,360,703)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				39,649,791
DT	Property Taxes, Levied for Debt Service				18,003,472
IE	Investment Earnings				322,062
GC	Grants Not Restricted to Specific Programs				19,172,394
MI	Miscellaneous				(2,312,078)
TR	Total General Revenues				<u>74,835,641</u>
CN	Change in Net Assets				6,474,938
NB	Net Assets - Beginning				82,127,626
NE	Net Assets - Ending				<u>\$ 88,602,564</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 30,157,675	\$ 710,027
1120 Current Investments	18,452,782	2,549
1225 Taxes Receivable, Net	1,964,956	560,098
1240 Due from Other Governments	1,054,519	--
1250 Accrued Interest	6,732	4,090
1260 Due from Other Funds	1,035,814	--
1290 Other Receivables	157,423	--
1300 Inventories	200,892	--
1410 Deferred Expenditures	100,599	--
1900 Other Assets	--	1,198,681
1000 Total Assets	<u>\$ 53,131,392</u>	<u>\$ 2,475,445</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 475,547	\$ --
2150 Payroll Deductions & Withholdings	650	--
2160 Accrued Wages Payable	1,976,141	--
2170 Due to Other Funds	--	--
2200 Accrued Expenditures	597,286	--
2300 Deferred Revenue	1,938,060	497,284
2000 Total Liabilities	<u>4,987,684</u>	<u>497,284</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories	200,893	--
3430 Prepaid Items	100,599	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3480 Retirement of Long-Term Debt	--	1,978,161
3490 Other Restrictions of Fund Balance	--	--
Committed Fund Balances:		
3510 Construction	20,441,984	--
3545 Other Committed Fund Balance	--	--
Assigned Fund Balances:		
3570 Capital Expenditures for Equipment	12,400,000	--
3600 Unassigned	15,000,232	--
3000 Total Fund Balances	<u>48,143,708</u>	<u>1,978,161</u>
4000 Total Liabilities and Fund Balances	<u>\$ 53,131,392</u>	<u>\$ 2,475,445</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 151,927	\$ 1,806,733	\$ 32,826,362
17,315,276	--	35,770,607
--	--	2,525,054
--	1,263,388	2,317,907
--	--	10,822
--	--	1,035,814
7,310	3,763	168,496
--	144,106	344,998
--	--	100,599
--	--	1,198,681
<u>\$ 17,474,513</u>	<u>\$ 3,217,990</u>	<u>\$ 76,299,340</u>
\$ 1,315,159	\$ 349,561	\$ 2,140,267
--	--	650
--	216,317	2,192,458
--	1,033,589	1,033,589
--	27,451	624,737
--	74,423	2,509,767
<u>1,315,159</u>	<u>1,701,341</u>	<u>8,501,468</u>
--	103,590	304,483
--	--	100,599
--	1,314,470	1,314,470
--	--	1,978,161
16,159,354	--	16,159,354
--	--	20,441,984
--	98,589	98,589
--	--	12,400,000
--	--	15,000,232
<u>16,159,354</u>	<u>1,516,649</u>	<u>67,797,872</u>
<u>\$ 17,474,513</u>	<u>\$ 3,217,990</u>	<u>\$ 76,299,340</u>

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LONGVIEW INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total fund balances - governmental funds balance sheet	\$ 67,797,872
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	277,532,276
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,313,305
Payables for bond principal which are not due in the current period are not reported in the funds.	(254,685,258)
Payables for bond interest which are not due in the current period are not reported in the funds.	(479,171)
Unamortized premiums and discounts on issuance of bonds are not reported in the funds.	(3,679,755)
Unamortized debt issuance costs are not reported in the funds.	2,369,222
Accreted interest on capital appreciation bonds is not reported in the funds.	<u>(2,565,927)</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 88,602,564</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, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 41,257,155	\$ 18,003,070
5800 State Program Revenues	21,711,885	--
5900 Federal Program Revenues	1,561,199	413,309
5020 Total Revenues	<u>64,530,239</u>	<u>18,416,379</u>
EXPENDITURES:		
Current:		
0011 Instruction	30,271,003	--
0012 Instructional Resources and Media Services	824,577	--
0013 Curriculum and Staff Development	124,716	--
0021 Instructional Leadership	1,357,638	--
0023 School Leadership	3,837,221	--
0031 Guidance, Counseling, & Evaluation Services	1,911,252	--
0032 Social Work Services	2,566	--
0033 Health Services	566,470	--
0034 Student Transportation	2,614,684	--
0035 Food Service	2,426	--
0036 Cocurricular/Extracurricular Activities	1,853,106	--
0041 General Administration	2,099,500	--
0051 Plant Maintenance and Operations	7,255,855	--
0052 Security and Monitoring Services	457,580	--
0053 Data Processing Services	723,518	--
0061 Community Services	580,286	--
0071 Principal on Long-term Debt	190,000	9,660,616
0072 Interest on Long-term Debt	3,297	11,716,068
0073 Bond Issuance Costs and Fees	300	3,273
0081 Capital Outlay	364,434	--
0099 Other Intergovernmental Charges	784,313	--
6030 Total Expenditures	<u>55,824,742</u>	<u>21,379,957</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>8,705,497</u>	<u>(2,963,578)</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Regular Bonds)	--	--
7912 Sale of Real or Personal Property	--	338,265
7915 Transfers In	--	--
7916 Premium or Discount on Issuance of Bonds	--	--
7917 Prepaid Interest	--	42,525
8911 Transfers Out	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>380,790</u>
1200 Net Change in Fund Balances	<u>8,705,497</u>	<u>(2,582,788)</u>
0100 Fund Balances - Beginning	39,438,211	4,560,949
3000 Fund Balances - Ending	<u>\$ 48,143,708</u>	<u>\$ 1,978,161</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 62,507	\$ 1,390,263	\$ 60,712,995
--	1,814,213	23,526,098
--	10,620,259	12,594,767
<u>62,507</u>	<u>13,824,735</u>	<u>96,833,860</u>
--	7,731,715	38,002,718
--	26,596	851,173
--	1,265,346	1,390,062
--	193,619	1,551,257
--	92,096	3,929,317
--	380,356	2,291,608
--	--	2,566
--	--	566,470
--	--	2,614,684
--	4,063,862	4,066,288
--	195,950	2,049,056
--	8,263	2,107,763
--	--	7,255,855
--	--	457,580
--	43	723,561
--	39,005	619,291
--	--	9,850,616
--	--	11,719,365
167,686	--	171,259
10,407,149	--	10,771,583
--	--	784,313
<u>10,574,835</u>	<u>13,996,851</u>	<u>101,776,385</u>
<u>(10,512,328)</u>	<u>(172,116)</u>	<u>(4,942,525)</u>
9,900,000	--	9,900,000
--	--	338,265
--	57,482	57,482
97,855	--	97,855
--	--	42,525
--	(57,482)	(57,482)
<u>9,997,855</u>	<u>--</u>	<u>10,378,645</u>
<u>(514,473)</u>	<u>(172,116)</u>	<u>5,436,120</u>
16,673,827	1,688,765	62,361,752
<u>\$ 16,159,354</u>	<u>\$ 1,516,649</u>	<u>\$ 67,797,872</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

Net change in fund balances - total governmental funds \$ 5,436,120

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	9,882,536
The depreciation of capital assets used in governmental activities is not reported in the funds.	(5,129,435)
The gain or loss on the sale of capital assets is not reported in the funds.	(2,877,291)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(358,283)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	63,647
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	9,850,616
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	13,926
The accretion of interest on capital appreciation bonds is not reported in the funds.	(526,551)
(Increase) decrease in accrued interest from beginning of period to end of period.	(5,272)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(9,900,000)
Bond premiums are reported in the funds but not in the SOA.	159,948
Loss on refunding bonds is amortized in the SOA but not in the funds.	(135,023)

Change in net assets of governmental activities - Statement of Activities \$ 6,474,938

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2012

		Agency Fund
Data Control Codes		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 135,351
1000	Total Assets	\$ 135,351
LIABILITIES:		
Current Liabilities:		
2170	Due to Other Funds	\$ 2,225
2190	Due to Student Groups	133,126
2000	Total Liabilities	135,351
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, 2012

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," as revised by GASB Statement No.39, 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.

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.

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

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

In addition, the District reports the following fund types:

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. 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, 2012 is \$410,395.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

b. Inventories and Prepaid Items

Inventories of supplies and purchased food on the balance sheet are stated at cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while purchased food and food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as transportation and instructional supplies.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

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

d. 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.

e. 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.

f. Use of Estimates

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

g. 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.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

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

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$32,961,713 and the bank balance was \$33,724,109. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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, 2012 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	< 60 days	\$ 21,382,928
Texas CLASS	< 60 days	4,154,226
Certificates of Deposit	6-12 months	10,233,453
Total Current Investments		<u>\$ 35,770,607</u>
Certificates of Deposit	02/1/2025	\$ 1,198,681
Total Long-Term Investments		<u>\$ 1,198,681</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012, 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>
Lone Star Investment Pool	AAAm
Texas CLASS	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.

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.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

Public Funds Investment Pools

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

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

D. Capital Assets

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,128,071	\$ 341,562	\$ --	\$ 10,469,633
Construction in progress	131,082,899	9,027,872	136,000,447	4,110,324
Total capital assets not being depreciated	141,210,970	9,369,434	136,000,447	14,579,957
Capital assets being depreciated:				
Buildings and improvements	156,179,869	130,039,475	6,751,562	279,467,782
Equipment	4,160,897	6,248,268	1,674,299	8,734,866
Vehicles	4,749,786	225,806	245,598	4,729,994
Total capital assets being depreciated	165,090,552	136,513,549	8,671,459	292,932,642
Less accumulated depreciation for:				
Buildings and improvements	(23,539,733)	(4,385,537)	(3,527,111)	(24,398,159)
Equipment	(3,327,778)	(508,507)	(1,665,240)	(2,171,045)
Vehicles	(3,419,264)	(235,391)	(243,536)	(3,411,119)
Total accumulated depreciation	(30,286,775)	(5,129,435)	(5,435,887)	(29,980,323)
Total capital assets being depreciated, net	134,803,777	131,384,114	3,235,572	262,952,319
Governmental activities capital assets, net	\$ 276,014,747	\$ 140,753,548	\$ 139,236,019	\$ 277,532,276

Current year decreases in net capital assets include the sale of the Forest Park property, as well as the demolition of old buildings at the site of Judson Middle School.

Depreciation was charged to functions as follows:

Instruction	\$ 2,456,477
Instructional Resources and Media Services	61,723
Curriculum and Staff Development	11,553
Instructional Leadership	117,505
School Leadership	296,573
Guidance, Counseling, & Evaluation Services	142,269
Social Work Services	302
Health Services	41,783
Student Transportation	387,445
Food Services	378,146
Extracurricular Activities	243,609
General Administration	172,385

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

Plant Maintenance and Operations	623,940
Security and Monitoring Services	33,804
Data Processing Services	111,551
Community Services	50,370
	<u>\$ 5,129,435</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2012, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 1,033,589	Short-term loans
General Fund	Fiduciary Funds	2,225	Short-term loans
	Total	<u>\$ 1,035,814</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	Other Governmental Funds	\$ 57,482	Transfer fund balance of Summer Feeding Program to National School Lunch/Breakfast Fund.
	Total	<u>\$ 57,482</u>	

F. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 254,635,874	\$ 9,900,000	\$ 9,850,616	\$ 254,685,258	\$ 4,189,950
Accreted interest on CABs	2,039,376	526,551	--	2,565,927	--
Unamortized bond premium	3,839,703	97,855	257,803	3,679,755	--
Deferred loss on defeasance	(135,023)	--	(135,023)	--	--
Total governmental activities	<u>\$ 260,379,930</u>	<u>\$ 10,524,406</u>	<u>\$ 9,973,396</u>	<u>\$ 260,930,940</u>	<u>\$ 4,189,950</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

2. Bonds Payable

Bonds payable currently outstanding are as follows:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 2008	4.00-5.00%	FY 2036	\$ 111,605,000
Unlimited Tax School Building Bonds, Series 2008 - CAB	2.81-4.46%	FY 2018	13,840,258
Unlimited Tax School Building Bonds, Series 2009	2.50-5.00%	FY 2037	60,675,000
Unlimited Tax School Building Bonds, Series 2010	2.00-5.00%	FY 2040	49,790,000
Unlimited Tax Qualified School Construction Bonds, Series 2010	4.657%	FY 2025	8,875,000
Unlimited Tax School Building Bonds, Series 2011	4.50%	FY 2038	9,720,000
Unlimited Tax School Building Bonds, Series 2011 - CAB	4.07-4.28%	FY 2028	180,000
			<u>\$ 254,685,258</u>

3. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2012, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 4,189,950	\$ 5,514,755	\$ 9,704,705
2014	4,170,009	5,444,404	9,614,413
2015	4,156,465	5,366,030	9,522,495
2016	5,246,671	5,280,304	10,526,975
2017	5,182,908	5,195,329	10,378,237
2018-2022	33,644,255	24,326,847	57,971,102
2023-2027	54,230,000	20,434,613	74,664,613
2028-2032	59,385,000	14,408,200	73,793,200
2033-2037	68,255,000	7,730,100	75,985,100
2038-2042	16,225,000	717,600	16,942,600
Totals	<u>\$ 254,685,258</u>	<u>\$ 94,418,182</u>	<u>\$ 349,103,440</u>

4. Qualified School Construction Bonds

Certain Series 2010 bonds include an irrevocable election to receive directly from the United States Department of the Treasury a tax credit equal to the amount of interest which would have been payable on the Securities by the Issuer if such interest were determined at the credit rate determined under section 54(A)(b)(3) of the Internal Revenue Code (which credit rate applicable to the Bonds is 4.657% per annum), which election is based on the Securities' qualification as "Qualified School Construction Bonds" under section 54F of the Code and as "qualified bonds" under subsection 6431(f)(1)(A) of the Code, and the Issuer's irrevocable election to treat the Securities as such at their time of issuance. During the year ended August 31, 2012, the District received \$413,309 from the Department of the Treasury which directly offset the cost of interest expense on this issue.

The term bond in the amount of \$8,875,000 will mature on February 15, 2025. The District is required to make mandatory payments into a sinking fund annually, which will be used to pay off the bonds at maturity. At August 31, 2012, the District was in compliance with the sinking fund requirements.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, 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.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

H. Pension Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644 for fiscal years 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$2,469,510, \$2,941,630 and \$2,872,738, respectively. The District paid additional state contributions for the years ending August 31, 2012, 2011 and 2010 in the amount of \$265,845, \$348,606 and \$400,181, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$430,835, \$462,888, and \$468,665, respectively, the active member contributions were \$280,047, \$300,877, and \$304,618, respectively, and the District's contributions were \$236,975, \$254,588, and \$257,807, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$111,703, \$110,978, and \$121,472, respectively.

3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2012, the amount received by TRS-Care on behalf of the District was \$105,635.

J. Employee Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2012, and terms of coverage and premium costs are included in the contractual provisions.

K. Commitments and Contingencies

1. Contingencies

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

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, 2012.

3. Commitments

The District has the following contractual commitments at August 31, 2012, in connection with ongoing building projects.

Construction Manager - GK Foster and old Everhart Renovations	\$ 175,900
Construction Manager - Old Foster Middle School Renovations	4,345,273
	<u>\$ 4,521,173</u>

These projects will be funded with remaining bond proceeds reported in the Capital Projects Fund.

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 the Regional Day School for the Deaf Fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Marshall ISD	\$ 80,684
Hallsville ISD	80,684
Jefferson ISD	13,447
New Diana ISD	40,342
West Rusk ISD	13,447
Kilgore ISD	53,790
White Oak ISD	40,342
Gladewater ISD	26,895
Spring Hill ISD	26,895
Carthage ISD	40,342
Big Sandy ISD	13,447
Ore City ISD	13,447
Union Grove ISD	26,895
Gilmer ISD	26,895
Pine Tree ISD	67,237
Longview ISD	174,816
Total	<u>\$ 739,605</u>

M. Fund Balance

Other restrictions of fund balance consist of \$16,159,354 restricted for construction.

Other committed fund balance consists of \$98,589 committed to campus activity funds.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012

N. 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 2011-12 school year, the District paid a fixed cost in the amount of \$166,813 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$78,678 for current year claims and \$193,484 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 and prior fiscal years is presented below:

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
Year Ended August 31, 2012	\$ 702,797	\$ 194,102	\$ 272,162	\$ 624,737
Year Ended August 31, 2011	700,095	250,307	247,605	702,797

O. Subsequent Events

Management has evaluated subsequent events through January 7, 2013, the date on which the financial statements were available to be issued.

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, 2012

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 39,192,324	\$ 39,611,401	\$ 41,257,155	\$ 1,645,754
5800	State Program Revenues	20,765,857	21,198,172	21,711,885	513,713
5900	Federal Program Revenues	135,000	135,000	1,561,199	1,426,199
5020	Total Revenues	60,093,181	60,944,573	64,530,239	3,585,666
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	34,099,724	33,490,621	30,271,003	3,219,618
0012	Instructional Resources and Media Services	844,363	857,519	824,577	32,942
0013	Curriculum and Staff Development	218,476	221,151	124,716	96,435
	Total Instruction & Instr. Related Services	35,162,563	34,569,291	31,220,296	3,348,995
	Instructional and School Leadership:				
0021	Instructional Leadership	1,493,983	1,783,140	1,357,638	425,502
0023	School Leadership	3,723,884	4,083,055	3,837,221	245,834
	Total Instructional & School Leadership	5,217,867	5,866,195	5,194,859	671,336
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	1,925,440	1,992,543	1,911,252	81,291
0032	Social Work Services	11,237	15,707	2,566	13,141
0033	Health Services	586,930	596,021	566,470	29,551
0034	Student (Pupil) Transportation	3,562,364	3,620,644	2,614,684	1,005,960
0035	Food Services	--	20,000	2,426	17,574
0036	Cocurricular/Extracurricular Activities	1,853,295	1,983,037	1,853,106	129,931
	Total Support Services - Student (Pupil)	7,939,266	8,227,952	6,950,504	1,277,448
	Administrative Support Services:				
0041	General Administration	2,223,680	2,419,298	2,099,500	319,798
	Total Administrative Support Services	2,223,680	2,419,298	2,099,500	319,798
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	7,666,473	7,994,704	7,255,855	738,849
0052	Security and Monitoring Services	509,855	521,710	457,580	64,130
0053	Data Processing Services	826,406	836,076	723,518	112,558
	Total Support Services - Nonstudent Based	9,002,734	9,352,490	8,436,953	915,537
	Ancillary Services:				
0061	Community Services	596,296	668,064	580,286	87,778
	Total Ancillary Services	596,296	668,064	580,286	87,778
	Debt Service:				
0071	Principal on Long-Term Debt	60,000	190,000	190,000	--
0072	Interest on Long-Term Debt	5,552	3,296	3,297	(1)
0073	Bond Issuance Costs and Fees	450	450	300	150
	Total Debt Service	66,002	193,746	193,597	149
	Capital Outlay:				
0081	Capital Outlay	--	384,043	364,434	19,609
	Total Capital Outlay	--	384,043	364,434	19,609
0099	Other Intergovernmental Charges	850,000	850,000	784,313	65,687

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Total Intergovernmental Charges	850,000	850,000	784,313	65,687
6030	Total Expenditures	61,058,408	62,531,079	55,824,742	6,706,337
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(965,227)	(1,586,506)	8,705,497	10,292,003
1200	Net Change in Fund Balance	(965,227)	(1,586,506)	8,705,497	10,292,003
0100	Fund Balance - Beginning	39,438,211	39,438,211	39,438,211	--
3000	Fund Balance - Ending	\$ 38,472,984	\$ 37,851,705	\$ 48,143,708	\$ 10,292,003

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Combining Statements and Budget Comparisons as Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes		209 Title I Effective Strategies	210 Title I School Improvement	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	29,860	7,362	533,032	3,894
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ 29,860</u>	<u>\$ 7,362</u>	<u>\$ 533,032</u>	<u>\$ 3,894</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 9,695	\$ --	\$ 3,895	\$ 1,200
2160	Accrued Wages Payable	--	--	74,896	--
2170	Due to Other Funds	20,165	7,362	454,241	2,694
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>29,860</u>	<u>7,362</u>	<u>533,032</u>	<u>3,894</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 29,860</u>	<u>\$ 7,362</u>	<u>\$ 533,032</u>	<u>\$ 3,894</u>

213 ESEA Title VII Indian Education	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	227 IDEA-B Deaf
\$ --	\$ --	\$ --	\$ --	\$ --
637	254,276	2,071	13,487	1,079
--	--	--	--	--
--	--	--	--	--
<u>\$ 637</u>	<u>\$ 254,276</u>	<u>\$ 2,071</u>	<u>\$ 13,487</u>	<u>\$ 1,079</u>
\$ --	\$ 1,596	\$ --	\$ --	\$ --
--	49,694	2,071	1,748	1,079
637	202,986	--	11,739	--
--	--	--	--	--
--	--	--	--	--
<u>637</u>	<u>254,276</u>	<u>2,071</u>	<u>13,487</u>	<u>1,079</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 637</u>	<u>\$ 254,276</u>	<u>\$ 2,071</u>	<u>\$ 13,487</u>	<u>\$ 1,079</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes		228 IDEA-B Preschool Deaf	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 1,513,736	\$ --	\$ --
1240	Due from Other Governments	--	62,178	--	4,398
1290	Other Receivables	--	3,756	--	--
1300	Inventories	--	144,106	--	--
1000	Total Assets	\$ --	\$ 1,723,776	\$ --	\$ 4,398
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 311,851	\$ --	\$ --
2160	Accrued Wages Payable	--	44,577	--	3,737
2170	Due to Other Funds	--	--	--	661
2200	Accrued Expenditures	--	27,451	--	--
2300	Deferred Revenue	--	74,423	--	--
2000	Total Liabilities	--	458,302	--	4,398
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	103,590	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	1,161,884	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	--	1,265,474	--	--
4000	Total Liabilities and Fund Balances	\$ --	\$ 1,723,776	\$ --	\$ 4,398

253 IDEA-C Deaf	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	280 ESEA Title I Part D Subpart 2 ARRA	283 IDEA - Part B Formula - ARRA
\$ --	\$ --	\$ --	\$ --	\$ --
--	38,706	22,230	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ 38,706</u>	<u>\$ 22,230</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 9,441	\$ 8,660	\$ --	\$ --
--	--	--	--	--
--	29,265	13,570	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>38,706</u>	<u>22,230</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ 38,706</u>	<u>\$ 22,230</u>	<u>\$ --</u>	<u>\$ --</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes		284 IDEA - Part B Preschool - ARRA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund	289 Bilingual Education Summer School
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	--	--	270,222	9,900
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 270,222</u>	<u>\$ 9,900</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	--	--	270,222	9,900
2200	Accrued Expenditures	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>270,222</u>	<u>9,900</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 270,222</u>	<u>\$ 9,900</u>

397 Advanced Placement Incentives	409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment	425 Teacher Induction & Mentoring
\$ 8,214	\$ --	\$ --	\$ --	\$ --
--	10,056	--	--	--
7	--	--	--	--
--	--	--	--	--
\$ 8,221	\$ 10,056	\$ --	\$ --	\$ --
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	10,056	--	--	--
--	--	--	--	--
--	10,056	--	--	--
--	--	--	--	--
--	--	--	--	--
8,221	--	--	--	--
--	--	--	--	--
8,221	--	--	--	--
\$ 8,221	\$ 10,056	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes		429	433
		Read to Succeed	District Awards for Teacher Excellence
ASSETS:			
1110	Cash and Cash Equivalents	\$ ---	\$ ---
1240	Due from Other Governments	---	---
1290	Other Receivables	---	---
1300	Inventories	---	---
1000	Total Assets	\$ ---	\$ ---
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ ---	\$ ---
2160	Accrued Wages Payable	---	---
2170	Due to Other Funds	---	---
2200	Accrued Expenditures	---	---
2300	Deferred Revenue	---	---
2000	Total Liabilities	---	---
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	---	---
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	---	---
Committed Fund Balances:			
3545	Other Committed Fund Balance	---	---
3000	Total Fund Balances	---	---
4000	Total Liabilities and Fund Balances	\$ ---	\$ ---

435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 186,103	\$ 98,680	\$ 1,806,733
--	--	1,263,388
--	--	3,763
--	--	144,106
<u>\$ 186,103</u>	<u>\$ 98,680</u>	<u>\$ 3,217,990</u>
\$ 3,223	\$ --	\$ 349,561
38,515	--	216,317
--	91	1,033,589
--	--	27,451
--	--	74,423
<u>41,738</u>	<u>91</u>	<u>1,701,341</u>
--	--	103,590
144,365	--	1,314,470
--	98,589	98,589
<u>144,365</u>	<u>98,589</u>	<u>1,516,649</u>
<u>\$ 186,103</u>	<u>\$ 98,680</u>	<u>\$ 3,217,990</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, 2012

Data Control Codes		209 Title I Effective Strategies	210 Title I School Improvement	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	228,054	61,966	3,189,547	81,240
5020	Total Revenues	228,054	61,966	3,189,547	81,240
EXPENDITURES:					
Current:					
0011	Instruction	122,490	47,496	2,541,663	66,847
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	103,624	14,470	453,007	44
0021	Instructional Leadership	--	--	60,748	--
0023	School Leadership	1,733	--	4,135	--
0031	Guidance, Counseling, & Evaluation Services	207	--	105,109	14,349
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	24,885	--
6030	Total Expenditures	228,054	61,966	3,189,547	81,240
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)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

213 ESEA Title VII Indian Education	224 IDEA-B Formula	225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	227 IDEA-B Deaf
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
637	1,391,127	32,797	40,354	23,029
637	1,391,127	32,797	40,354	23,029
--	1,195,906	32,797	40,354	23,029
--	--	--	--	--
--	--	--	--	--
637	779	--	--	--
--	7,040	--	--	--
--	187,402	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
637	1,391,127	32,797	40,354	23,029
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		228 IDEA-B Preschool Deaf	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ 832,879	\$ --	\$ --
5800	State Program Revenues	--	39,598	--	--
5900	Federal Program Revenues	2,355	3,239,239	--	134,758
5020	Total Revenues	2,355	4,111,716	--	134,758
EXPENDITURES:					
Current:					
0011	Instruction	2,355	--	--	130,456
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	565
0031	Guidance, Counseling, & Evaluation Services	--	--	--	3,737
0035	Food Service	--	4,063,819	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
6030	Total Expenditures	2,355	4,063,819	--	134,758
1100	Excess (Deficiency) of Revenues Over (Under)	--	47,897	--	--
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	57,482	--	--
8911	Transfers Out	--	--	(57,482)	--
7080	Total Other Financing Sources and (Uses)	--	57,482	(57,482)	--
1200	Net Change in Fund Balances	--	105,379	(57,482)	--
0100	Fund Balances - Beginning	--	1,160,095	57,482	--
3000	Fund Balances - Ending	\$ --	\$ 1,265,474	\$ --	\$ --

253	255	263	283	284
IDEA-C	ESEA Title II	English Language	IDEA - Part B	IDEA - Part B
Deaf	Training &	Acquisition and	Formula - ARRA	Preschool - ARRA
	Recruiting	Enhancement		
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
1,596	576,699	177,207	3,016	8
1,596	576,699	177,207	3,016	8
1,596	61,532	74,611	3,016	8
--	--	--	--	--
--	483,497	42,467	--	--
--	4,051	2,767	--	--
--	17,548	--	--	--
--	1,993	46,978	--	--
--	43	--	--	--
--	--	--	--	--
--	7,949	314	--	--
--	43	--	--	--
--	43	10,070	--	--
1,596	576,699	177,207	3,016	8
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Education Jobs Fund	289 Bilingual Education Summer School	397 Advanced Placement Incentives
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	72,080	--	4,165
5900	Federal Program Revenues	116,827	1,309,585	10,218	--
5020	Total Revenues	116,827	1,381,665	10,218	4,165
EXPENDITURES:					
Current:					
0011	Instruction	658	1,381,665	10,218	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	110,702	--	--	1,102
0021	Instructional Leadership	754	--	--	--
0023	School Leadership	706	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	4,007	--	--	--
6030	Total Expenditures	116,827	1,381,665	10,218	1,102
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	3,063
1100	Expenditures	--	--	--	--
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	3,063
0100	Fund Balances - Beginning	--	--	--	5,158
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ 8,221

409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment	425 Teacher Induction & Mentoring	429 Read to Succeed
\$ --	\$ --	\$ --	\$ --	\$ --
106,298	586,487	(12,909)	12,037	46
--	--	--	--	--
106,298	586,487	(12,909)	12,037	46
50,973	586,487	177,708	--	46
--	--	--	--	--
--	--	4,164	12,037	--
--	--	--	--	--
30,116	--	--	--	--
20,581	--	--	--	--
--	--	--	--	--
4,628	--	--	--	--
--	--	--	--	--
--	--	--	--	--
106,298	586,487	181,872	12,037	46
--	--	(194,781)	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	(194,781)	--	--
--	--	194,781	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		433 District Awards for Teacher Excellence	435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ 239,400	\$ 317,984	\$ 1,390,263
5800	State Program Revenues	530,667	475,744	--	1,814,213
5900	Federal Program Revenues	--	--	--	10,620,259
5020	Total Revenues	<u>530,667</u>	<u>715,144</u>	<u>317,984</u>	<u>13,824,735</u>
EXPENDITURES:					
Current:					
0011	Instruction	501,337	614,965	63,502	7,731,715
0012	Instructional Resources and Media Services	--	--	26,596	26,596
0013	Curriculum and Staff Development	29,330	758	10,144	1,265,346
0021	Instructional Leadership	--	123,883	--	193,619
0023	School Leadership	--	--	30,253	92,096
0031	Guidance, Counseling, & Evaluation Services	--	--	--	380,356
0035	Food Service	--	--	--	4,063,862
0036	Cocurricular/Extracurricular Activities	--	--	191,322	195,950
0041	General Administration	--	--	--	8,263
0053	Data Processing Services	--	--	--	43
0061	Community Services	--	--	--	39,005
6030	Total Expenditures	<u>530,667</u>	<u>739,606</u>	<u>321,817</u>	<u>13,996,851</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(24,462)</u>	<u>(3,833)</u>	<u>(172,116)</u>
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	57,482
8911	Transfers Out	--	--	--	(57,482)
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>(24,462)</u>	<u>(3,833)</u>	<u>(172,116)</u>
0100	Fund Balances - Beginning	--	168,827	102,422	1,688,765
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ 144,365</u>	<u>\$ 98,589</u>	<u>\$ 1,516,649</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, 2012

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2003 and Prior Years	\$	Various	\$	Various	\$	Various
2004		1.50		.119		2,416,099,419
2005		1.50		.115		2,577,800,433
2006		1.50		.11		2,770,955,031
2007		1.37		.098		3,036,300,384
2008		1.0401		.098		3,340,013,774
2009		1.0401		.2579		3,635,017,793
2010		1.0401		.3802		3,820,569,211
2011		1.04		.473		3,687,427,693
2012 (School Year Under Audit)		1.04		.473		3,780,076,033

1000 Totals

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

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 495,855	\$ --	\$ 20,174	\$ 816	\$ (90,360)	\$ 384,505
112,844	--	6,178	490	(3,099)	103,077
115,303	--	6,958	534	(2,724)	105,087
130,208	--	9,508	697	(2,402)	117,601
142,109	--	13,753	984	(859)	126,513
157,337	--	18,546	1,748	(564)	136,479
278,248	--	47,099	11,679	(2,052)	217,418
430,027	--	87,761	32,084	(31,216)	278,966
998,243	--	258,821	117,714	(212,691)	409,017
--	57,192,550	38,662,452	17,583,991	110,679	1,056,786
<u>\$ 2,860,174</u>	<u>\$ 57,192,550</u>	<u>\$ 39,131,250</u>	<u>\$ 17,750,737</u>	<u>\$ (235,288)</u>	<u>\$ 2,935,449</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2012

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 255,490	\$ 1,220,189	\$ --	\$ 7,317	\$ 1,482,996
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	--	--	139,370	--	4,700	--	144,070
6212	Audit Services	--	--	--	24,034	--	--	24,034
6213	Tax Appraisal and Collection	--	849,313	--	--	--	--	849,313
621X	Other Prof. Services	--	--	--	10,387	--	--	10,387
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	8,209	--	--	8,209
6240	Contr. Maint. and Repair	--	--	--	--	2,729	--	2,729
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	3,761	18,926	--	--	22,687
6290	Miscellaneous Contr.	72	--	940	108,778	--	--	109,790
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	741	512	--	--	1,253
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	210	--	--	131,286	--	97	131,593
6410	Travel, Subsistence, Stipends	13,710	--	15,528	13,307	--	314	42,859
6420	Ins. and Bonding Costs	10,983	--	--	384	--	--	11,367
6430	Election Costs	3,258	--	--	--	--	--	3,258
6490	Miscellaneous Operating	13,354	--	12,196	70,301	--	3,152	99,003
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 41,587 \$ 849,313 \$ 428,026 \$ 1,606,313 \$ 7,429 \$ 10,880 \$ 2,943,548

Total Expenditures for General and Special Revenue Funds (9) \$ 69,821,593

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,243,394
Total Debt & Lease (6500)	(11)	\$ 193,597
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 7,122,217
Food (Function 35, 6341 and 6499)	(13)	\$ 1,929,525
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 1,606,313

Subtotal

12,095,046

Net Allowed Direct Cost

\$ 57,726,547

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 279,467,782
Historical Cost of Buildings over 50 years old	(16)	3,541,388
Amount of Federal Money in Building Cost (Net of #16)	(17)	131,434
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	13,464,860
Historical Cost of Furniture & Equipment over 16 years old	(19)	1,520,051
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 603,338

(8) Note A - \$51,472 in Function 53 expenditures and \$784,313 in Function 99 expenditures are included in this report on administrative costs.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	REVENUES:				
5700	Local and Intermediate Sources	\$ 948,000	\$ 948,000	\$ 832,879	\$ (115,121)
5800	State Program Revenues	27,000	43,806	39,598	(4,208)
5900	Federal Program Revenues	3,721,041	3,781,041	3,239,239	(541,802)
5020	Total Revenues	4,696,041	4,772,847	4,111,716	(661,131)
	EXPENDITURES:				
	Current:				
	Support Services - Student (Pupil):				
0035	Food Services	4,358,254	4,601,937	4,063,819	538,118
	Total Support Services - Student (Pupil)	4,358,254	4,601,937	4,063,819	538,118
6030	Total Expenditures	4,358,254	4,601,937	4,063,819	538,118
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	337,787	170,910	47,897	(123,013)
	Other Financing Sources (Uses):				
7915	Transfers In	--	57,483	57,482	(1)
7080	Total Other Financing Sources and (Uses)	--	57,483	57,482	(1)
1200	Net Change in Fund Balance	337,787	228,393	105,379	(123,014)
0100	Fund Balance - Beginning	1,160,095	1,160,095	1,160,095	--
3000	Fund Balance - Ending	\$ 1,497,882	\$ 1,388,488	\$ 1,265,474	\$ (123,014)

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 17,381,405	\$ 17,406,405	\$ 18,003,070	\$ 596,665
5900	Federal Program Revenues	413,309	413,309	413,309	--
5020	Total Revenues	17,794,714	17,819,714	18,416,379	596,665
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	6,065,617	10,250,617	9,660,616	590,001
0072	Interest on Long-Term Debt	11,291,169	11,716,069	11,716,068	1
0073	Bond Issuance Costs and Fees	10,000	10,000	3,273	6,727
	Total Debt Service	17,366,786	21,976,686	21,379,957	596,729
6030	Total Expenditures	17,366,786	21,976,686	21,379,957	596,729
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	427,928	(4,156,972)	(2,963,578)	1,193,394
Other Financing Sources (Uses):					
7912	Sale of Real or Personal Property	--	338,265	338,265	--
7917	Prepaid Interest	--	42,525	42,525	--
7080	Total Other Financing Sources and (Uses)	--	380,790	380,790	--
1200	Net Change in Fund Balance	427,928	(3,776,182)	(2,582,788)	1,193,394
0100	Fund Balance - Beginning	4,560,949	4,560,949	4,560,949	--
3000	Fund Balance - Ending	\$ 4,988,877	\$ 784,767	\$ 1,978,161	\$ 1,193,394

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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, 2012, which collectively comprise the Longview Independent School District's basic financial statements and have issued our report thereon dated January 7, 2013. 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

Management of Longview Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Longview Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Longview Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Longview Independent School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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*.

We noted certain matters that we reported to management of Longview Independent School District in a separate letter dated January 7, 2013.

This report is intended solely for the information and use of management, others within the entity, 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.
January 7, 2013

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Independent Auditors' Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on 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 Longview Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Longview Independent School District's major federal programs for the year ended August 31, 2012. Longview Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Longview Independent School District's management. Our responsibility is to express an opinion on Longview Independent School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Longview Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Longview Independent School District's compliance with those requirements.

In our opinion, Longview Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of Longview Independent School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over

compliance. Accordingly, we do not express an opinion on the effectiveness of Longview Independent School District's internal control over compliance.

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

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Longview Independent School District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Longview Independent School District's compliance but not to provide an opinion on the effectiveness of Longview Independent School District's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Longview Independent School District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
January 7, 2013

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010/84.389	ESEA Title I Part A Cluster
84.367	ESEA Title II Part A - Teacher & Principal Training & Recruiting
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$325,396

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, 2012

<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, 2012

None required.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Direct Program:			
Title VII Indian Education Grants	84.060	092-903	\$ 637
Passed Through State Department of Education:			
Title I Effective Strategies *	84.010	12610110092903042	95,150
Title I Effective Strategies *	84.010	12610110092903041	136,704
Title I School Improvement *	84.010	11610104092903041	1,466
Title I School Improvement *	84.010	12610104092903041	46,999
Title I School Improvement *	84.010	12610104092903042	14,771
ESEA Title I Part A - Improving Basic Programs *	84.010	12610101092903	3,065,460
ESEA Title I Part A - Improving Basic Programs *	84.010	13610101092903	192,018
Title I Part D Subpart 2 *	84.010	12610103092903	82,945
Total CFDA Number 84.010			<u>3,635,513</u>
IDEA-B Formula *	84.027	126600010929036600	1,367,239
IDEA-B Formula *	84.027	136600010929036600	53,686
IDEA-B Discretionary *	84.027	126600020929036673	38,606
IDEA-B Discretionary *	84.027	136600020929036673	1,748
IDEA-B Deaf *	84.027	126600010929036601	21,950
IDEA-B Deaf *	84.027	136600010929036601	1,079
Total CFDA Number 84.027			<u>1,484,308</u>
Career and Technical - Basic Grant	84.048	12420006092903	130,456
Career and Technical - Basic Grant	84.048	13420006092903	4,398
Total CFDA Number 84.048			<u>134,854</u>
IDEA-B Preschool *	84.173	126610010929036610	30,726
IDEA-B Preschool *	84.173	136610010929036610	2,071
IDEA-B Preschool Deaf *	84.173	126610010929036611	2,355
Total CFDA Number 84.173			<u>35,152</u>
IDEA-C Early Intervention (Deaf) *	84.181	123911010929033911	1,596
Title III Part A English Language Acquisition and Enhancement	84.365	11671001092903	58,099
Title III Part A English Language Acquisition and Enhancement	84.365	12671001092903	121,608
Total CFDA Number 84.365			<u>179,707</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	11694501092903	60,539
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	12694501092903	524,453
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	13694501092903	2,544
Total CFDA Number 84.367			<u>587,536</u>
Summer School LEP	84.369	69551102	10,218
ARRA - ESEA, Title I, Part A - Improving Basic Programs *	84.389	10551001092903	116,827
ARRA - IDEA-Part B Formula *	84.391	10554001092903	3,016
ARRA - IDEA Part B, Preschool *	84.392	10555001092903	8
Education Jobs Fund	84.410	11550101092903	1,309,585
Total Passed Through State Department of Education			<u>7,498,320</u>
Total U. S. Department of Education			<u>7,498,957</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
ROTC	12.000	092-903	82,971
Total U. S. Department of Defense			82,971
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture:			
Child and Adult Care Food Program	10.558	092-903	25,368
Passed Through State Department of Education:			
School Breakfast Program *	10.553	092-903	825,450
Food Distribution (Non-cash) *	10.555	092-903	215,031
National School Lunch Program *	10.555	092-903	2,198,758
Total CFDA Number 10.555			2,413,789
Total Passed Through State Department of Education			3,239,239
Total U. S. Department of Agriculture			3,264,607
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 10,846,535

* 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, 2012

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	\$ 10,846,535
Other Federal Revenue Sources:	
School Health and Related Services (SHARS)	1,334,923
QSCB Interest Subsidy	<u>413,309</u>
Total Federal Revenues, Exhibit C-2	<u>\$ 12,594,767</u>

Note C - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At August 31, 2012, the District had food commodities totaling \$40,516 in inventory.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2012

<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
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 2,565,927

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