

**LONGVIEW
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2015

Introductory Section

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Longview Independent School District
Annual Financial Report
For The Year Ended August 31, 2015

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CERTIFICATE OF BOARD

Longview Independent School District
Name of School District

Gregg
County

092-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2015, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

SIGNATURES ON FILE WITH TEA

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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Karen A. Jacks, CPA, CGMA
Peggy J. Lantz, CPA

Sherry Davis, CPA
Chanie A. Johnson, CPA

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Longview Independent School District ("the District") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Longview Independent School District as of August 31, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, Longview Independent School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter. The adoption of these standards decreased the District's previously reported net position.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Longview Independent School District's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2016 on our consideration of Longview Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Longview Independent School District's internal control over financial reporting and compliance.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
January 5, 2016

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 8/31/15. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

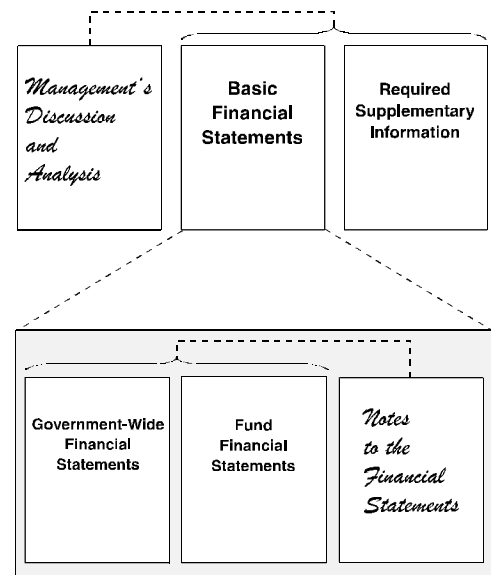
- i The District’s total combined net position was \$94,827,437 at 8/31/15.
- i During the year, the District’s expenses were \$6,748,335 less than the \$99,263,192 generated in taxes and other revenues for governmental activities.
- i The general fund reported a fund balance this year of \$55,576,560.
- i The District increased salaries for professional, paraprofessional, auxiliary and manual trade staff at 3% of their pay grade midpoint and increased salaries for teachers, counselors, librarians, and nurses by one step. Performance incentives were paid in the amount of \$389,520.
- i \$2.295 million was approved for athletic renovations including a new softball field at the high school. Work was on-going as of 8/31/15. The downtown auditorium, T.G. Field, was demolished with the work on-going as of 8/31/15. Approximately 20 acres were purchased northeast of Hwy 259 for future development. The District purchased approximately 21 acres near Hwy 80 and Eastman Road for a PK-K Montessori campus. Phases 1 and 2 of HVAC at Longview High School were completed.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another. Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

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

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

long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$94,827,437 at 8/31/15. (See Table A-1).

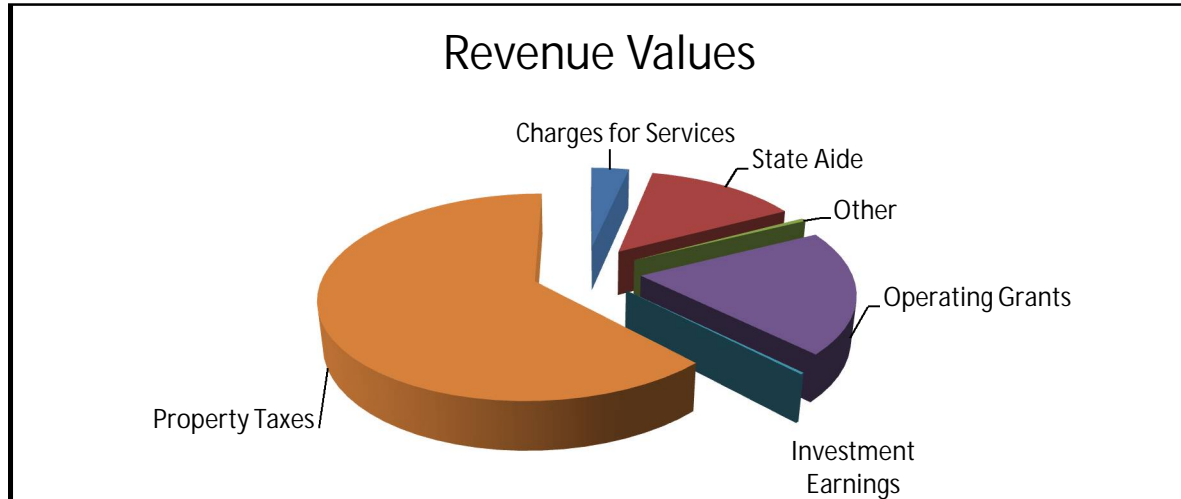
Table A-1
Longview Independent School District's Net Position
(In millions of dollars)

	Governmental Activities		Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014-15</u>
Current Assets:			
Cash and Cash Equivalents	40.375	43.403	7.50
Current Investments	37.226	36.167	(2.84)
Property Taxes Receivable	2.772	3.522	27.06
Due from Other Government	1.262	2.004	58.80
Accrued Interest	.010	.011	10.00
Other Receivables	.050	.082	64.00
Inventories – at cost	.634	.607	(4.26)
Unrealized Expenses	.015	.068	353.33
Total Current Assets:	82.344	85.864	4.27
Noncurrent Assets:			
Bldg., Furn. & Eqmt., CIP, net	262.102	258.218	(1.48)
Long-Term Investments	2.397	2.997	25.03
Land	10.621	11.273	6.14
Total Noncurrent Assets	275.120	272.488	(.96)
Total Assets	357.464	358.352	.25
Total Deferred Outflows of Resources	-	2.025	100.00
Current Liabilities:			
Accounts Payable and			
Accrued Liabilities	5.179	5.632	8.75
Bonds Payable	4.157	5.247	26.22
Due to Other Governments	1.644	.324	(80.29)
Unearned Revenue	.445	.410	(7.87)
Total Current Liabilities	11.425	11.613	1.65
Long-term Liabilities:			
Bonds Payable	248.407	242.926	(2.21)
Net Pension Liability	-	8.432	100.00
Total Liabilities	259.832	262.971	1.21
Total Deferred Inflows of Resources	-	2.579	100.00
Net Position:			
Invested in Capital Assets	20.160	21.319	5.75
Restricted	20.816	24.857	19.41
Unrestricted	56.656	48.651	(14.13)
Total Net Position	97.632	94.827	(2.87)

Restricted Net Position is dedicated to various uses, namely: debt service, state and federal programs, capital projects, and campus activities. The \$48,651,621 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$99,263,192. A significant portion, \$62,009,156 or 62%, of the District's revenue comes from taxes. (See Figure Below) 34% comes from State Aid, Operating Grants and Contributions, while only 4% relates to charges for services and investment earnings.

The total cost of all programs and services was \$92,514,857; 71% of these costs are for instructional and student services.



Governmental Activities

- i Property taxable values increased by 2.70%, resulting in an increase in the tax levy of \$1,595,478 even though the tax rate remained unchanged from the prior year.

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

	Governmental Activities		Total Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014-15</u>
Program Revenues:			
Charges for Services	3.780	3.408	(9.84)
Operating Grants and Contributions	14.590	13.760	(5.69)
General Revenues			
Property Taxes	60.353	62.009	2.74
State Aid	16.765	19.643	17.17
Investment Earnings	.223	.265	18.83
Other	.771	.502	(34.89)
Total Revenues	<u>96.482</u>	<u>99.587</u>	<u>3.22</u>
Expenses:			
Instruction	42.868	43.794	2.16
Instructional Resources and Media Services	.664	.619	(6.78)
Curriculum Dev. and Instructional Staff Dev.	1.287	.985	(23.47)
Instructional Leadership	1.758	1.904	8.30
School Leadership	4.237	4.326	2.10
Guidance, Counseling and Evaluation Services	2.494	2.855	14.47
Social Work Services	.014	.042	200.00
Health Services	.640	.631	(1.41)
Student (Pupil) Transportation	3.010	3.019	.30
Food Services	4.989	5.262	5.47
Curricular/Extracurricular Activities	2.490	2.476	(.56)
General Administration	2.652	2.648	(.15)
Plant Maintenance & Oper.	9.104	9.188	.92
Security & Monitoring Svcs.	.613	.620	1.14
Data Processing Services	1.055	1.105	4.74
Community Services	.846	.862	1.89
Debt Service	11.457	11.310	(1.28)
Bond Issuance Costs	.002	.003	50.00
Facilities Acquisition and Construction	.281	.039	(86.12)
Other			
Intergovernmental Charges	.801	.827	3.25
Total Expenses	<u>91.262</u>	<u>92.515</u>	<u>1.37</u>
Special Item Outflow	-	(.324)	(100.00)
Increase (Decrease) in Net Position	5.220	6.748	29.27
Beginning Net Position	92.412	97.632	5.65
Prior Period Adjustment	-	(9.553)	(100.00)
Ending Net Position	<u>97.632</u>	<u>94.827</u>	<u>(2.87)</u>

Beginning net position has been reduced by \$9,553,289 to reflect a change in accounting policy. The District implemented the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" during the period ended 8/31/15.

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

- i The cost of all *governmental* activities this year was \$92,514,857.
- i The amount received from taxpayers for these activities was \$62,009,156.
- i Some of the cost was paid by those who directly benefited from the programs, totaling \$3,408,485, or by grants and contributions totaling \$13,759,912.

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

	Total Cost of Services			Net Cost of Services		
	<u>2014</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>	<u>2015</u>	<u>% Change</u>
Instruction	44.820	45.399	1.29	33.831	36.121	6.77
School Administration	5.994	6.230	3.92	5.578	5.832	4.55
Student Support Services	13.636	14.285	4.76	7.676	8.108	5.63
Plant Maintenance & Operations	9.104	9.188	.92	8.856	9.038	2.06

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$99,400,131, an increase of 3.37% over the preceding year. The increase is a result of additional state and local sources.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 13 times. Actual expenditures were \$5,484,468 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 \$3,099,059 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$269,491,137 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net decrease (including additions and deductions) of \$3,232,997, or 1.19% under the prior year.

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

	Governmental Activities		Total Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014-15</u>
Land	10.622	11.273	6.13
Buildings and improvements	284.579	286.215	.57
Vehicles	5.078	5.348	5.32
Equipment	13.188	14.147	7.27
Construction in progress	2.334	3.152	35.05
Totals at historical cost	315.801	320.135	1.37
Total accumulated depreciation	43.077	50.644	17.57
Net capital assets	<u>272.724</u>	<u>269.491</u>	<u>(1.19)</u>

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 \$242,168,834 in bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

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

	Governmental Activities		Total Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014-15</u>
Bonds Payable	237.450	233.294	(1.75)
Accreted Interest on CABs	2.987	2.963	(.80)
Premiums on Issue of Bonds	3.252	3.040	(6.49)
QSC Bonds	8.875	8.875	-
Total Bonds Payable	<u>252.564</u>	<u>248.172</u>	<u>(1.74)</u>

Bond Ratings

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- i The appraised value used for the 2016 budget preparation was \$4,199,392,194, a decrease of \$24 million from last year due to legislative action increasing the homestead exemption to \$25,000.
- i The tax rate to support the 15/16 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.

Basic Financial Statements

LONGVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2015

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	43,402,991
1120	Current Investments		36,166,594
1225	Property Taxes Receivable (Net)		3,522,533
1240	Due from Other Governments		2,004,416
1250	Accrued Interest		11,162
1290	Other Receivables (Net)		81,632
1300	Inventories		607,046
1410	Unrealized Expenses		68,164
Capital Assets:			
1510	Land		11,272,787
1520	Buildings and Improvements, Net		244,586,213
1530	Furniture and Equipment, Net		10,480,672
1580	Construction in Progress		3,151,465
1910	Long-Term Investments		2,997,003
1000	Total Assets		358,352,678
DEFERRED OUTFLOWS OF RESOURCES:			
1705	Deferred Outflow Related to Pensions		2,024,819
1700	Total Deferred Outflows of Resources		2,024,819
LIABILITIES:			
2110	Accounts Payable		1,939,889
2140	Interest Payable		470,429
2165	Accrued Liabilities		3,222,277
2180	Due to Other Governments		324,280
2300	Unearned Revenue		409,591
Noncurrent Liabilities:			
2501	Due Within One Year		5,246,672
2502	Due in More Than One Year		242,925,781
2540	Net Pension Liability		8,431,822
2000	Total Liabilities		262,970,741
DEFERRED INFLOWS OF RESOURCES:			
2605	Deferred Inflow Related to Pensions		2,579,319
2600	Total Deferred Inflows of Resources		2,579,319
NET POSITION:			
3200	Net Investment in Capital Assets		21,318,684
Restricted For:			
3820	State and Federal Programs		1,706,878
3850	Debt Service		13,132,738
3860	Capital Projects		9,923,365
3870	Campus Activities		94,151
3900	Unrestricted		48,651,621
3000	Total Net Position	\$	94,827,437

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 43,794,213	\$ 1,537,894	\$ 6,953,314	\$ (35,303,005)
12	Instructional Resources and Media Services	619,196	10,790	27,264	(581,142)
13	Curriculum and Staff Development	985,323	11,338	736,949	(237,036)
21	Instructional Leadership	1,904,259	54	140,305	(1,763,900)
23	School Leadership	4,326,017	41,594	216,639	(4,067,784)
31	Guidance, Counseling, & Evaluation Services	2,855,304	--	582,923	(2,272,381)
32	Social Work Services	42,126	--	611	(41,515)
33	Health Services	631,074	--	32,210	(598,864)
34	Student Transportation	3,018,879	--	134,308	(2,884,571)
35	Food Service	5,261,826	750,299	3,966,298	(545,229)
36	Cocurricular/Extracurricular Activities	2,475,633	644,570	65,823	(1,765,240)
41	General Administration	2,648,349	--	218,845	(2,429,504)
51	Facilities Maintenance and Operations	9,188,160	14,661	135,684	(9,037,815)
52	Security and Monitoring Services	619,600	--	1,944	(617,656)
53	Data Processing Services	1,105,417	--	37,033	(1,068,384)
61	Community Services	861,566	397,285	126,625	(337,656)
72	Interest on Long-term Debt	11,309,794	--	383,137	(10,926,657)
73	Bond Issuance Costs and Fees	2,495	--	--	(2,495)
81	Capital Outlay	38,823	--	--	(38,823)
99	Other Intergovernmental Charges	826,803	--	--	(826,803)
TG	Total Governmental Activities	92,514,857	3,408,485	13,759,912	(75,346,460)
TP	Total Primary Government	\$ 92,514,857	\$ 3,408,485	\$ 13,759,912	(75,346,460)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				42,719,713
DT	Property Taxes, Levied for Debt Service				19,289,443
IE	Investment Earnings				265,386
GC	Grants and Contributions Not Restricted to Specific Progra				19,642,886
MI	Miscellaneous				501,647
	Special and Extraordinary Items:				
S2	Special Item Outflow				(324,280)
TR	Total General Revenues				82,094,795
CN	Change in Net Position				6,748,335
NB	Net Position - Beginning				97,632,391
PA	Prior Period Adjustment				(9,553,289)
	Net Position - Beginning, as Restated				88,079,102
NE	Net Position - Ending				\$ 94,827,437

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 39,349,127	\$ 2,092,157
1120 Current Investments	18,709,072	7,558,284
1225 Taxes Receivable, Net	2,573,856	948,677
1240 Due from Other Governments	682,950	--
1250 Accrued Interest	4,116	7,046
1260 Due from Other Funds	841,368	--
1290 Other Receivables	75,984	--
1300 Inventories	212,895	--
1410 Unrealized Expenditures	68,164	--
1900 Long-Term Investments	--	2,997,003
1000 Total Assets	<u>62,517,532</u>	<u>13,603,167</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 1,590,356	\$ --
2150 Payroll Deductions & Withholdings	3,590	--
2160 Accrued Wages Payable	2,092,177	--
2170 Due to Other Funds	--	--
2180 Due to Other Governments	324,280	--
2200 Accrued Expenditures	791,497	--
2300 Unearned Revenue	77,688	--
2000 Total Liabilities	<u>4,879,588</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Property Taxes	2,061,384	715,912
2600 Total Deferred Inflows of Resources	<u>2,061,384</u>	<u>715,912</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories	212,895	--
3430 Prepaid Items	68,164	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3480 Retirement of Long-Term Debt	--	12,887,255
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	22,453,517	--
3000 Total Fund Balances	<u>55,576,560</u>	<u>12,887,255</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 62,517,532</u>	<u>\$ 13,603,167</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 24,127	\$ 1,937,581	\$ 43,402,992
9,899,238	--	36,166,594
--	--	3,522,533
--	1,321,466	2,004,416
--	--	11,162
--	--	841,368
--	5,648	81,632
--	394,151	607,046
--	--	68,164
--	--	2,997,003
<u>9,923,365</u>	<u>3,658,846</u>	<u>89,702,910</u>
\$ --	\$ 349,533	\$ 1,939,889
--	(3,028)	562
--	292,842	2,385,019
--	841,368	841,368
--	--	324,280
--	45,199	836,696
--	331,903	409,591
<u>--</u>	<u>1,857,817</u>	<u>6,737,405</u>
--	--	2,777,296
<u>--</u>	<u>--</u>	<u>2,777,296</u>
--	108,466	321,361
--	--	68,164
--	1,598,412	1,598,412
--	--	12,887,255
9,923,365	--	9,923,365
--	--	20,441,984
--	94,151	94,151
--	--	12,400,000
--	--	22,453,517
<u>9,923,365</u>	<u>1,801,029</u>	<u>80,188,209</u>
\$ <u>9,923,365</u>	\$ <u>3,658,846</u>	\$ <u>89,702,910</u>

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LONGVIEW INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2015

Total fund balances - governmental funds balance sheet	\$ 80,188,209
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	269,491,137
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,777,296
Payables for bond principal which are not due in the current period are not reported in the funds.	(242,168,834)
Payables for bond interest which are not due in the current period are not reported in the funds.	(470,429)
Unamortized premiums on issuance of bonds are not reported in the funds.	(3,040,150)
Accreted interest on capital appreciation bonds is not reported in the funds.	(2,963,469)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(8,431,822)
Deferred Resource Inflows related to TRS are not reported in the funds.	(2,579,319)
Deferred Resource Outflows related to TRS are not reported in the funds.	2,024,819
Rounding difference	(1)
Net position of governmental activities - Statement of Net Position	<u>\$ 94,827,437</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, 2015

Data Control Codes		10 General Fund	50 Debt Service Fund
	REVENUES:		
5700	Local and Intermediate Sources	\$ 45,045,858	\$ 19,379,467
5800	State Program Revenues	21,674,646	--
5900	Federal Program Revenues	1,369,757	383,137
5020	Total Revenues	<u>68,090,261</u>	<u>19,762,604</u>
	EXPENDITURES:		
	Current:		
0011	Instruction	35,128,717	--
0012	Instructional Resources and Media Services	555,545	--
0013	Curriculum and Staff Development	220,832	--
0021	Instructional Leadership	1,577,678	--
0023	School Leadership	3,930,320	--
0031	Guidance, Counseling, & Evaluation Services	2,198,747	--
0032	Social Work Services	38,615	--
0033	Health Services	579,272	--
0034	Student Transportation	2,802,144	--
0035	Food Service	205,459	--
0036	Cocurricular/Extracurricular Activities	1,978,041	--
0041	General Administration	2,418,328	--
0051	Facilities Maintenance and Operations	9,077,753	--
0052	Security and Monitoring Services	583,976	--
0053	Data Processing Services	921,149	--
0061	Community Services	707,328	--
0071	Principal on Long-term Debt	--	4,156,465
0072	Interest on Long-term Debt	--	11,548,406
0073	Bond Issuance Costs and Fees	--	2,495
0081	Capital Outlay	3,142,167	--
0099	Other Intergovernmental Charges	826,803	--
6030	Total Expenditures	<u>66,892,874</u>	<u>15,707,366</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>1,197,387</u>	<u>4,055,238</u>
	Other Financing Sources and (Uses):		
8949	Other Uses	<u>(324,280)</u>	<u>--</u>
7080	Total Other Financing Sources and (Uses)	<u>(324,280)</u>	<u>--</u>
1200	Net Change in Fund Balances	873,107	4,055,238
0100	Fund Balances - Beginning	54,703,453	8,832,017
3000	Fund Balances - Ending	<u>\$ 55,576,560</u>	<u>\$ 12,887,255</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 6,010	\$ 1,565,998	\$ 65,997,333
--	1,632,036	23,306,682
--	8,343,222	10,096,116
<u>6,010</u>	<u>11,541,256</u>	<u>99,400,131</u>
--	5,311,566	40,440,283
--	13,186	568,731
--	744,251	965,083
--	189,242	1,766,920
--	60,093	3,990,413
--	480,355	2,679,102
--	--	38,615
--	--	579,272
--	25,315	2,827,459
--	4,449,413	4,654,872
--	264,406	2,242,447
--	9,481	2,427,809
--	--	9,077,753
--	--	583,976
--	--	921,149
--	90,689	798,017
--	--	4,156,465
--	--	11,548,406
--	--	2,495
5,668	--	3,147,835
--	--	826,803
<u>5,668</u>	<u>11,637,997</u>	<u>94,243,905</u>
 342	 (96,741)	 5,156,226
--	--	(324,280)
--	--	(324,280)
<u>342</u>	<u>(96,741)</u>	<u>4,831,946</u>
9,923,023	1,897,770	75,356,263
<u>\$ 9,923,365</u>	<u>\$ 1,801,029</u>	<u>\$ 80,188,209</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, 2015

Net change in fund balances - total governmental funds	\$ 4,831,946
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,508,121
The depreciation of capital assets used in governmental activities is not reported in the funds.	(7,741,118)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	187,339
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,156,465
The accretion of interest on capital appreciation bonds is not reported in the funds.	23,485
(Increase) decrease in accrued interest from beginning of period to end of period.	3,722
Bond premiums are reported in the funds but not in the SOA.	211,405
Pension contributions made after the measurement date were de-expended and reduced NPL.	1,346,340
The District's share of the unrecognized deferred inflows and outflows for TRS had to be amortized.	530,439
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(1,309,812)
Rounding difference	3
Change in net position of governmental activities - Statement of Activities	\$ <u>6,748,335</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2015

		Agency Fund
Data Control Codes		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 173,703
1000	Total Assets	173,703
LIABILITIES:		
Current Liabilities:		
2190	Due to Student Groups	\$ 173,703
2000	Total Liabilities	173,703
NET POSITION:		
3000	Total Net Position	\$ --

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, 2015

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The District reports the following major governmental funds:

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

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, 2015

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

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

b. Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

a. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible taxes at August 31, 2015 is \$400,915.

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

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

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

c. **Capital Assets**

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

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

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

d. **Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. **Receivable and Payable Balances**

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

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

f. **Interfund Activity**

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

j. Net Position Flow Assumption

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

k. Fund Balance Flow Assumptions

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

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At August 31, 2015 the District reported the following:

Deferred Outflow Related to Pensions	\$	2,024,819
Net Pension Liability		8,431,822
Deferred Inflow Related to Pensions		2,579,319

5. New Accounting Standards Adopted

In fiscal year 2015, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

- a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are

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made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements. The adoption of Statement No. 67 has no impact on the District's financial statements.

- b. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements based upon criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. See Notes H and O for additional information.

- c. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan results in an increase in deferred outflows of resources and a decrease in net position. See Notes H and O for additional information.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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<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, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$43,576,694 and the bank balance was \$44,457,231. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, 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, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	41-47 days	\$ 7,726,885
Lone Star Investment Pool	27-93 days	18,095,261
Certificates of Deposit	6-12 months	10,344,448
Total Current Investments		<u>\$ 36,166,594</u>
Certificates of Deposit	02/01/2025	\$ 2,997,003
Total Current Investments		<u>\$ 2,997,003</u>

3. Analysis of Specific Deposit and Investment Risks

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

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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, 2015, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

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

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.

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

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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.

Lone Star Investment Pool

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

D. Capital Assets

Capital asset activity for the year ended August 31, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 10,621,584	\$ 651,203	\$ --	\$ 11,272,787
Construction in progress	2,333,739	3,175,555	2,357,829	3,151,465
Total capital assets not being depreciated	<u>12,955,323</u>	<u>3,826,758</u>	<u>2,357,829</u>	<u>14,424,252</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2015

Capital assets being depreciated:

Buildings and improvements	284,579,182	1,636,270	--	286,215,452
Furniture & Equipment	13,188,250	1,065,985	107,165	14,147,070
Vehicles	5,078,196	336,937	66,741	5,348,392
Total capital assets being depreciated	<u>302,845,628</u>	<u>3,039,192</u>	<u>173,906</u>	<u>305,710,914</u>
Less accumulated depreciation for:				
Buildings and improvements	(35,222,985)	(6,406,254)	--	(41,629,239)
Furniture and equipment	(4,249,627)	(1,032,719)	(107,165)	(5,175,181)
Vehicles	(3,604,205)	(302,145)	(66,741)	(3,839,609)
Total accumulated depreciation	<u>(43,076,817)</u>	<u>(7,741,118)</u>	<u>(173,906)</u>	<u>(50,644,029)</u>
Total capital assets being depreciated, net	<u>259,768,811</u>	<u>(4,701,926)</u>	<u>--</u>	<u>255,066,885</u>
Governmental activities capital assets, net	<u>\$ 272,724,134</u>	<u>\$ (875,168)</u>	<u>\$ 2,357,829</u>	<u>\$ 269,491,137</u>

Depreciation was charged to functions as follows:

Instruction	\$ 3,841,444
Instructional Resources and Media Services	52,983
Curriculum and Staff Development	21,447
Instructional Leadership	150,444
School Leadership	374,869
Guidance, Counseling, & Evaluation Services	210,278
Social Work Services	3,682
Health Services	55,190
Student Transportation	516,942
Food Services	724,082
Extracurricular Activities	242,650
General Administration	230,356
Plant Maintenance and Operations	955,842
Security and Monitoring Services	61,219
Data Processing Services	232,238
Community Services	67,452
	<u>\$ 7,741,118</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2015, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 841,368	Short-term loans
	Total	<u>\$ 841,368</u>	

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

F. Long-Term Obligations

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

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, 2015, are as follows:

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	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bonds Payable	\$ 246,325,299	\$ --	\$ 4,156,465	\$ 242,168,834	\$ 5,246,672
Accreted interest on CABs	2,986,954	515,050	538,535	2,963,469	--
Unamortized bond premium	3,251,555	--	211,405	3,040,150	--
Total governmental activities	<u>\$ 252,563,808</u>	<u>\$ 515,050</u>	<u>\$ 4,906,405</u>	<u>\$ 248,172,453</u>	<u>\$ 5,246,672</u>

2. Bonds Payable

Bonds payable currently outstanding are as follows:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 2008	4.00-5.00%	FY 2036	\$ 111,605,000
Unlimited Tax School Building Bonds, Series 2008 - CAB	2.81-4.46%	FY 2018	8,068,834
Unlimited Tax School Building Bonds, Series 2009	2.50-5.00%	FY 2037	56,520,000
Unlimited Tax School Building Bonds, Series 2010	2.00-5.00%	FY 2040	47,200,000
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>\$ 242,168,834</u>

3. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2015, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,246,672	\$ 11,957,475	\$ 17,204,147
2017	5,182,908	12,021,263	17,204,171
2018	5,129,254	12,071,892	17,201,146
2019	6,640,000	10,561,647	17,201,647
2020	6,945,000	10,260,496	17,205,496
2021-2025	49,100,000	45,564,301	94,664,301
2026-2030	53,990,000	32,559,163	86,549,163
2031-2035	68,415,000	17,606,081	86,021,081
2036-2040	41,520,000	3,110,863	44,630,863
Totals	<u>\$ 242,168,834</u>	<u>\$ 155,713,181</u>	<u>\$ 397,882,015</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 Bond 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, 2015, the District received \$383,137 from the Department of the Treasury which partially 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, 2015, the District was in compliance with the sinking fund requirements.

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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 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description in (1.) above.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the 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.

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Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

<u>Contribution Rates</u>		
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 800,296	
District's 2014 Member Contributions	\$ 2,859,491	
NECE 2014 On-Behalf Contributions to District	\$ 2,348,464	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the TRS pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8%
Long-term Expected Rate of Return*	8%

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Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.5%

* Includes inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%

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Risk Parity

Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease in Discount Rate 7%	Current Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 15,067,155	\$ 8,431,822	\$ 3,469,829
Plan net pension liability (in millions from TRS CAFR)	\$ 47,737	\$ 26,717	\$ 10,998

8. Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At August 31, 2015, the District reported a liability of \$8,431,822 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 8,431,822
State's proportionate share of the net pension liability associated with the District	<u>24,795,916</u>
Total	<u>\$ 33,227,738</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's measurement date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$2,292,336 and revenue of \$2,292,336 for support provided by the State.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

At August 31, 2015, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual economic experience	\$ 130,401	\$ --
Changes in actuarial assumptions	548,078	--
Difference between projected and actual investment earnings	--	2,577,109
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	2,210
District contributions paid to TRS subsequent to the measurement date	<u>1,346,340</u>	<u> </u>
Total	<u>\$ 2,024,819</u>	<u>\$ 2,579,319</u>

The net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31	Pension Expense Amount
2016	\$ (530,191)
2017	\$ (530,191)
2018	\$ (530,191)
2019	\$ (530,191)
2020	\$ 114,086
Thereafter	\$ 105,838

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 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 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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. For the years ended August 31, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$221,246, \$223,399, and \$215,282, respectively, the active member contributions were \$287,620, \$290,352, and \$279,870, respectively, and the District's contributions were \$243,371, \$245,605, and \$236,800, 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, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$188,043, \$125,246, and \$120,450, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2015, and terms of coverage and premium costs are included in the contractual provisions.

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2015.

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 Special Revenue Fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

<u>Member Districts</u>	<u>Expenditures</u>
Big Sandy ISD	\$ 14,911
Carthage ISD	44,733
Daingerfield ISD	44,733
Elysian Fields ISD	14,911
Gladewater ISD	14,911
Hallsville ISD	74,555
Harleton ISD	14,911
Harmony ISD	14,911
Jefferson ISD	14,911
Kilgore ISD	74,555
Marshall ISD	74,555
Mt. Pleasant ISD	14,911
Mt. Vernon ISD	14,911
New Diana ISD	14,911
Ore City ISD	29,822
Pewitt ISD	14,911
Pine Tree ISD	29,822
Pittsburg ISD	29,822
Spring Hill ISD	29,822
Tatum ISD	14,911
West Rusk ISD	14,911
White Oak ISD	59,644
Longview ISD	178,934
Total	<u>\$ 849,929</u>

M. Workers Compensation

The District joined together with other school districts in the East Texas area to form the East Texas Educational Insurance Association, a public entity risk pool currently operating a workers' compensation risk management and insurance program for various member school districts. During the 2014-15 school year, the District paid a fixed cost in the amount of \$136,231 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$184,812 for current year claims and \$68,454 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:

	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
Year Ended August 31, 2015 \$	649,142 \$	439,820 \$	253,266 \$	835,696
Year Ended August 31, 2014	732,026	98,892	181,776	649,142

N. Fund Balance

Other restrictions of fund balance consist of \$9,923,365 restricted for construction.

Other committed fund balance consists of \$94,151 committed to campus activity funds.

O. Prior Period Adjustment

Beginning net position has been reduced by \$9,553,289 to reflect a change in accounting policy. The District implemented the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" during the period ended August 31, 2015. As a result, a net pension liability as of September 1, 2014 was recorded.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

P. Subsequent Events

Management has evaluated subsequent events through January 5, 2016, the date on which the financial statements were available to be issued.

The District issued \$8,670,000 in Unlimited Tax Refunding Bonds in November, 2015. This issue partially refunds the Series 2008 School Building Bonds.

Q. Other Uses

During FY15, the District was notified by the Gregg Appraisal District that certain properties had been excluded from its certified tax rolls for tax years 2012, 2013, and 2014. As a result, the Gregg Appraisal District processed corrections to those tax years and the District received an additional \$633,661 in property tax revenue for fiscal years 2013, 2014, and 2015. This increase in tax revenue is expected to decrease the amount of funding received from the State of Texas for those fiscal years. Management has recognized the potential liability for a refund of state funding in the amount of \$324,280 as an other financing use on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

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, 2015

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 43,882,583	\$ 44,073,980	\$ 45,045,858	\$ 971,878
5800	State Program Revenues	19,882,543	20,379,095	21,674,646	1,295,551
5900	Federal Program Revenues	538,127	538,127	1,369,757	831,630
5020	Total Revenues	64,303,253	64,991,202	68,090,261	3,099,059
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	37,354,812	37,202,251	35,128,717	2,073,534
0012	Instructional Resources and Media Services	708,976	625,903	555,545	70,358
0013	Curriculum and Staff Development	246,093	293,827	220,832	72,995
	Total Instruction & Instr. Related Services	38,309,881	38,121,981	35,905,094	2,216,887
Instructional and School Leadership:					
0021	Instructional Leadership	1,485,457	1,654,207	1,577,678	76,529
0023	School Leadership	4,028,807	4,094,712	3,930,320	164,392
	Total Instructional & School Leadership	5,514,264	5,748,919	5,507,998	240,921
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	2,108,539	2,269,455	2,198,747	70,708
0032	Social Work Services	12,731	39,629	38,615	1,014
0033	Health Services	623,900	630,573	579,272	51,301
0034	Student (Pupil) Transportation	3,267,036	3,330,167	2,802,144	528,023
0035	Food Services	228,098	265,966	205,459	60,507
0036	Cocurricular/Extracurricular Activities	1,985,982	2,202,100	1,978,041	224,059
	Total Support Services - Student (Pupil)	8,226,286	8,737,890	7,802,278	935,612
Administrative Support Services:					
0041	General Administration	2,660,559	2,731,155	2,418,328	312,827
	Total Administrative Support Services	2,660,559	2,731,155	2,418,328	312,827
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	8,749,785	9,875,100	9,077,753	797,347
0052	Security and Monitoring Services	560,810	626,976	583,976	43,000
0053	Data Processing Services	1,030,815	1,033,331	921,149	112,182
	Total Support Services - Nonstudent Based	10,341,410	11,535,407	10,582,878	952,529
Ancillary Services:					
0061	Community Services	687,602	726,577	707,328	19,249
	Total Ancillary Services	687,602	726,577	707,328	19,249
Capital Outlay:					
0081	Capital Outlay	--	3,944,761	3,142,167	802,594
	Total Capital Outlay	--	3,944,761	3,142,167	802,594
0099	Other Intergovernmental Charges	830,652	830,652	826,803	3,849
	Total Intergovernmental Charges	830,652	830,652	826,803	3,849
6030	Total Expenditures	66,570,654	72,377,342	66,892,874	5,484,468
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(2,267,401)	(7,386,140)	1,197,387	8,583,527

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Other Financing Sources (Uses):				
8949 Other Uses	--	--	(324,280)	(324,280)
7080 Total Other Financing Sources and (Uses)	--	--	(324,280)	(324,280)
1200 Net Change in Fund Balance	(2,267,401)	(7,386,140)	873,107	8,259,247
0100 Fund Balance - Beginning	54,703,453	54,703,453	54,703,453	--
3000 Fund Balance - Ending	<u>\$ 52,436,052</u>	<u>\$ 47,317,313</u>	<u>\$ 55,576,560</u>	<u>\$ 8,259,247</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.000315664	--	--	--	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 8,431,822	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	24,795,916	--	--	--	--	--	--	--	--	--
Total	\$ 33,227,738	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 44,679,729	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.87%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	--	--	--	--	--	--	--	--	--	--

* Note: GASB Statement No. 68, Paragraph 81.2a requires that the information on this schedule be data from the period corresponding with the period covered as of the TRS measurement date of August 31, 2014 - period from September 1, 2013 - August 31, 2014.

*Note: Only one year of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, the information should be presented for as many years as available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 1,346,340	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(1,346,340)	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 44,249,237	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.04%	--	--	--	--	--	--	--	--	--

*Note: GASB Statement No. 68, paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the TRS measurement date of September 1, 2013 - August 31, 2014.

*Note: Only one year of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED AUGUST 31, 2015

Budget

The official budget was prepared for adoption for the General Fund, Debt Service Fund, and National School Lunch/Breakfast Special Revenue Fund. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Amendments that increase the overall budget must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

The business office is authorized to amend the budget between functional categories without formal Board approval.

Each amendment is controlled by the budget manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Combining Statements and Budget Comparisons as Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes		204 ESEA Title I Priority and Focus Grant	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2	224 IDEA-B Formula
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	7,384	561,424	7,273	368,211
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>7,384</u>	<u>561,424</u>	<u>7,273</u>	<u>368,211</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 89,213	\$ --	\$ 3,297
2150	Payroll Deductions & Withholdings	--	--	--	(3,028)
2160	Accrued Wages Payable	--	74,659	--	95,299
2170	Due to Other Funds	7,384	397,552	7,273	272,643
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>7,384</u>	<u>561,424</u>	<u>7,273</u>	<u>368,211</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>\$ 7,384</u>	<u>\$ 561,424</u>	<u>\$ 7,273</u>	<u>\$ 368,211</u>

225	226	227	228	240
IDEA-B Preschool Grant	IDEA-B Discretionary	IDEA-B Deaf	IDEA-B Preschool Deaf	National School Breakfast/Lunch Program
\$ --	\$ --	\$ --	\$ --	\$ 1,662,285
6,505	6,883	2,983	--	116,539
--	--	--	--	5,198
--	--	--	--	394,151
<u>6,505</u>	<u>6,883</u>	<u>2,983</u>	<u>--</u>	<u>2,178,173</u>
\$ --	\$ --	\$ --	\$ --	\$ 161,898
--	--	--	--	--
1,249	2,243	1,601	--	71,277
5,256	4,640	1,382	--	--
--	--	--	--	45,199
--	--	--	--	331,903
<u>6,505</u>	<u>6,883</u>	<u>2,983</u>	<u>--</u>	<u>610,277</u>
--	--	--	--	108,466
--	--	--	--	1,459,430
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,567,896</u>
\$ <u>6,505</u>	\$ <u>6,883</u>	\$ <u>2,983</u>	\$ <u>--</u>	\$ <u>2,178,173</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2015

Data Control Codes		244 Career and Tech Basic Grant	253 IDEA-C Deaf	255 ESEA Title II Training & Recruiting	263 English Lang. Acquisition and Enhancement
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	6,548	--	217,706	18,450
1290	Other Receivables	--	--	450	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>6,548</u>	<u>--</u>	<u>218,156</u>	<u>18,450</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 89,642	\$ 1,200
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	6,548	--	--	552
2170	Due to Other Funds	--	--	128,514	16,698
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>6,548</u>	<u>--</u>	<u>218,156</u>	<u>18,450</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>\$ 6,548</u>	<u>\$ --</u>	<u>\$ 218,156</u>	<u>\$ 18,450</u>

397 Advanced Placement Incentives	410 State Textbook Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 7,158	\$ --	\$ 173,961	\$ 94,177	\$ 1,937,581
1,560	--	--	--	1,321,466
--	--	--	--	5,648
--	--	--	--	394,151
<u>8,718</u>	<u>--</u>	<u>173,961</u>	<u>94,177</u>	<u>3,658,846</u>
\$ 232	\$ --	\$ 4,051	\$ --	\$ 349,533
--	--	--	--	(3,028)
--	--	39,414	--	292,842
--	--	--	26	841,368
--	--	--	--	45,199
--	--	--	--	331,903
<u>232</u>	<u>--</u>	<u>43,465</u>	<u>26</u>	<u>1,857,817</u>
--	--	--	--	108,466
8,486	--	130,496	--	1,598,412
--	--	--	94,151	94,151
<u>8,486</u>	<u>--</u>	<u>130,496</u>	<u>94,151</u>	<u>1,801,029</u>
\$ <u>8,718</u>	\$ <u>--</u>	\$ <u>173,961</u>	\$ <u>94,177</u>	\$ <u>3,658,846</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, 2015

Data Control Codes		204 ESEA Title I Priority and Focus Grant	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2	224 IDEA-B Formula
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	42,971	2,072,058	54,689	1,636,616
5020	Total Revenues	42,971	2,072,058	54,689	1,636,616
EXPENDITURES:					
Current:					
0011	Instruction	34,261	1,748,734	54,689	1,294,019
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	8,710	121,918	--	--
0021	Instructional Leadership	--	37,730	--	4,113
0023	School Leadership	--	1,275	--	--
0031	Guidance, Counseling, & Evaluation Services	--	57,709	--	337,199
0034	Student Transportation	--	24,030	--	1,285
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0061	Community Services	--	80,662	--	--
6030	Total Expenditures	42,971	2,072,058	54,689	1,636,616
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

225	226	227	228	240
IDEA-B Preschool Grant	IDEA-B Discretionary	IDEA-B Deaf	IDEA-B Preschool Deaf	National School Breakfast/Lunch Program
\$ --	\$ --	\$ --	\$ --	\$ 754,099
--	--	--	--	47,635
<u>24,477</u>	<u>30,042</u>	<u>25,799</u>	<u>3,018</u>	<u>3,592,026</u>
<u>24,477</u>	<u>30,042</u>	<u>25,799</u>	<u>3,018</u>	<u>4,393,760</u>
24,477	30,042	25,799	3,018	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	4,449,413
--	--	--	--	--
--	--	--	--	--
<u>24,477</u>	<u>30,042</u>	<u>25,799</u>	<u>3,018</u>	<u>4,449,413</u>
--	--	--	--	(55,653)
--	--	--	--	(55,653)
--	--	--	--	1,623,549
\$ --	\$ --	\$ --	\$ --	\$ 1,567,896

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		244 Career and Tech Basic Grant	253 IDEA-C Deaf	255 ESEA Title II Training & Recruiting	263 English Lang. Acquisition and Enhancement
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	132,115	766	580,592	148,053
5020	Total Revenues	132,115	766	580,592	148,053
EXPENDITURES:					
Current:					
0011	Instruction	45,314	766	--	95,800
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	1,158	--	561,602	35,209
0021	Instructional Leadership	--	--	2,500	4,940
0023	School Leadership	--	--	7,009	977
0031	Guidance, Counseling, & Evaluation Services	84,347	--	--	1,100
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	1,296	--	--	--
0041	General Administration	--	--	9,481	--
0061	Community Services	--	--	--	10,027
6030	Total Expenditures	132,115	766	580,592	148,053
1100	Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

397 Advanced Placement Incentives	410 State Textbook Fund	435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 446,985	\$ 364,914	\$ 1,565,998
5,430	1,191,152	387,819	--	1,632,036
--	--	--	--	8,343,222
<u>5,430</u>	<u>1,191,152</u>	<u>834,804</u>	<u>364,914</u>	<u>11,541,256</u>
--	1,191,152	710,036	53,459	5,311,566
--	--	--	13,186	13,186
1,798	--	--	13,856	744,251
--	--	139,893	66	189,242
--	--	--	50,832	60,093
--	--	--	--	480,355
--	--	--	--	25,315
--	--	--	--	4,449,413
--	--	--	263,110	264,406
--	--	--	--	9,481
--	--	--	--	90,689
<u>1,798</u>	<u>1,191,152</u>	<u>849,929</u>	<u>394,509</u>	<u>11,637,997</u>
3,632	--	(15,125)	(29,595)	(96,741)
<u>3,632</u>	<u>--</u>	<u>(15,125)</u>	<u>(29,595)</u>	<u>(96,741)</u>
4,854	--	145,621	123,746	1,897,770
<u>\$ 8,486</u>	<u>\$ --</u>	<u>\$ 130,496</u>	<u>\$ 94,151</u>	<u>\$ 1,801,029</u>

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Other Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2015

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2006 and Prior Years	\$	Various	\$	Various	\$	Various
2007		1.37		.098		3,036,300,384
2008		1.0401		.098		3,340,013,774
2009		1.0401		.2579		3,635,017,793
2010		1.0401		.3802		3,820,569,211
2011		1.04		.473		3,687,427,693
2012		1.04		.473		3,780,076,033
2013		1.04		.473		3,851,822,865
2014		1.04		.473		3,905,796,182
2015 (School Year Under Audit)		1.04		.473		4,011,247,432

1000 Totals

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

NOTE:

During FY15, the District was notified by the Gregg Appraisal District that certain properties had been omitted from the certified tax rolls for tax years 2012, 2013 and 2014. Subsequent to August 31, 2015, those adjustments were made to the tax rolls. Column 40 has been adjusted to reflect the adjustments made.

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 507,472	\$ --	\$ 10,643	\$ 562	\$ (67,115)	\$ 429,152
111,821	--	3,149	225	(534)	107,913
120,643	--	3,583	338	(1,568)	115,154
165,497	--	13,349	3,310	3,241	152,079
179,307	--	22,049	8,061	8,976	158,173
227,233	--	30,674	13,951	17,196	199,804
322,862	--	55,379	25,187	16,749	259,045
505,512	--	114,289	51,980	348,464	687,707
1,030,916	--	362,245	164,752	197,461	701,380
--	60,690,174	41,027,676	18,659,714	110,257	1,113,041
<u>\$ 3,171,263</u>	<u>\$ 60,690,174</u>	<u>\$ 41,643,036</u>	<u>\$ 18,928,080</u>	<u>\$ 633,127</u>	<u>\$ 3,923,448</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 990,521	\$ 990,521	\$ 754,099	\$ (236,422)
5800	State Program Revenues	25,000	51,623	47,635	(3,988)
5900	Federal Program Revenues	3,397,839	3,437,839	3,592,026	154,187
5020	Total Revenues	4,413,360	4,479,983	4,393,760	(86,223)
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,413,360	4,754,983	4,449,413	305,570
	Total Support Services - Student (Pupil)	4,413,360	4,754,983	4,449,413	305,570
6030	Total Expenditures	4,413,360	4,754,983	4,449,413	305,570
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(275,000)	(55,653)	219,347
1200	Net Change in Fund Balance	--	(275,000)	(55,653)	219,347
0100	Fund Balance - Beginning	1,623,549	1,623,549	1,623,549	--
3000	Fund Balance - Ending	\$ 1,623,549	\$ 1,348,549	\$ 1,567,896	\$ 219,347

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 18,342,500	\$ 18,342,500	\$ 19,379,467	\$ 1,036,967
5900	Federal Program Revenues	371,978	371,978	383,137	11,159
5020	Total Revenues	<u>18,714,478</u>	<u>18,714,478</u>	<u>19,762,604</u>	<u>1,048,126</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	4,746,465	4,746,465	4,156,465	590,000
0072	Interest on Long-Term Debt	11,548,407	11,548,407	11,548,406	1
0073	Bond Issuance Costs and Fees	10,000	10,000	2,495	7,505
	Total Debt Service	<u>16,304,872</u>	<u>16,304,872</u>	<u>15,707,366</u>	<u>597,506</u>
6030	Total Expenditures	<u>16,304,872</u>	<u>16,304,872</u>	<u>15,707,366</u>	<u>597,506</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>2,409,606</u>	<u>2,409,606</u>	<u>4,055,238</u>	<u>1,645,632</u>
1200	Net Change in Fund Balance	<u>2,409,606</u>	<u>2,409,606</u>	<u>4,055,238</u>	<u>1,645,632</u>
0100	Fund Balance - Beginning	<u>8,832,017</u>	<u>8,832,017</u>	<u>8,832,017</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 11,241,623</u>	<u>\$ 11,241,623</u>	<u>\$ 12,887,255</u>	<u>\$ 1,645,632</u>

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Sherry Davis, CPA
Chanie A. Johnson, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

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

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Longview Independent School District, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise Longview Independent School District's basic financial statements, and have issued our report thereon dated January 5, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Longview Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
January 5, 2016

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Longview Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Longview Independent School District's major federal program for the year ended August 31, 2015. Longview Independent School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Longview Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Longview Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Longview Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.
Longview, Texas
January 5, 2016

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2015

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESEA Title I Part A

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

<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, 2015

None required.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

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			
Passed Through State Department of Education:			
ESEA Title I Priority and Focus Grant *	84.010	15610112092903121	\$ 25,547
ESEA Title I Priority and Focus Grant *	84.010	15610112092903125	17,575
ESEA Title I Part A - Improving Basic Programs *	84.010	14610101092903	22
ESEA Title I Part A - Improving Basic Programs *	84.010	15610101092903	2,039,917
ESEA Title I Part A - Improving Basic Programs *	84.010	16610101092903	83,993
Title I Part D Subpart 2 *	84.010	15610103092903	54,834
Total CFDA Number 84.010			<u>2,221,888</u>
IDEA-B Formula *	84.027	156600010929036600	1,580,511
IDEA-B Formula *	84.027	166600010929036600	97,786
IDEA-B Discretionary *	84.027	156600110929036673	27,799
IDEA-B Discretionary *	84.027	166600110929036673	2,243
IDEA-B Deaf *	84.027	156600010929036601	24,198
IDEA-B Deaf *	84.027	166600010929036601	1,601
Total CFDA Number 84.027			<u>1,734,138</u>
Career and Technical - Basic Grant	84.048	15420006092903	125,569
Career and Technical - Basic Grant	84.048	16420006092903	6,548
Total CFDA Number 84.048			<u>132,117</u>
IDEA-B Preschool *	84.173	156610010929036610	23,851
IDEA-B Preschool *	84.173	166610010929036610	1,249
IDEA-B Preschool Deaf *	84.173	156610010929036611	3,018
Total CFDA Number 84.173			<u>28,118</u>
IDEA-C Early Intervention (Deaf)	84.181a	153911010929033911	766
Title III Part A English Language Acquisition and Enhancement	84.365	14671001092903	11,000
Title III Part A English Language Acquisition and Enhancement	84.365	15671001092903	140,269
Title III Part A English Language Acquisition and Enhancement	84.365	16671001092903	552
Total CFDA Number 84.365			<u>151,821</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	15694501092903	480,296
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	16694501092903	107,146
Total CFDA Number 84.367			<u>587,442</u>
Total Passed Through State Department of Education			<u>4,856,290</u>
Total U. S. Department of Education			<u>4,856,290</u>
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
ROTC	12.000	092-903	68,415
Total U. S. Department of Defense			<u>68,415</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	00439	878,537
Food Distribution (Non-cash) *	10.555	00439	250,049
National School Lunch Program *	10.555	00439	2,619,340
Total CFDA Number 10.555			<u>2,869,389</u>
Total Passed Through State Department of Education			<u>3,747,926</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

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
Passed Through State Department of Agriculture: Child and Adult Care Food Program	10.558	00439	166,467
Total U. S. Department of Agriculture			3,914,393
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 8,839,098

* 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, 2015

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	\$ 8,839,098
Other Federal Revenue Sources:	
School Health and Related Services (SHARS)	873,881
QSCB Interest Subsidy	<u>383,137</u>
Total Federal Revenues, Exhibit C-2	\$ <u><u>10,096,116</u></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, 2015, the District had food commodities totaling \$285,937 in inventory.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2015

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ 2,963,469
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 8,431,822
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 779,373

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