

**LONGVIEW  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2017

## Introductory Section

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Longview Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2017

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>INTRODUCTORY SECTION</b>		
Certificate of Board.....	5	
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report.....	9	
Management's Discussion and Analysis (Required Supplementary Information).....	12	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	21	A-1
Statement of Activities.....	22	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	24	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	27	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	28	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	30	C-3
Statement of Net Position - Enterprise Fund.....	31	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Enterprise Fund.....	32	D-2
Statement of Cash Flows - Proprietary Funds.....	33	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	34	E-1
Notes to the Financial Statements .....	35	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	54	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System Of Texas.....	56	G-2
Schedule of District's Contributions - Teacher Retirement System Of Texas.....	57	G-3
Notes to Required Supplementary Information.....	58	
<u>Combining Statements as Supplementary Information:</u>		
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	60	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	66	H-2

Longview Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2017

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Fiduciary Funds:		
Agency Funds:		
Combining Statement of Fiduciary Assets and Liabilities.....	71	H-3
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	74	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	76	J-2
Debt Service Fund.....	77	J-3
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	79	
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Title 2 CFR Part 200 (Uniform Guidance).....	81	
Schedule of Findings and Questioned Costs .....	83	
Summary Schedule of Prior Audit Findings.....	84	
Corrective Action Plan.....	85	
Schedule of Expenditures of Federal Awards .....	86	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	88	
Schedule of Required Responses to Selected School First Indicators.....	89	L-1

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, 2017, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
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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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, the business-type 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, 2017, 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 from 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, the business-type activities, each major fund, and the aggregate remaining fund information of Longview Independent School District as of August 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 17, 2018 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 17, 2018

## 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 8/31/17. Please read it in conjunction with the District’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

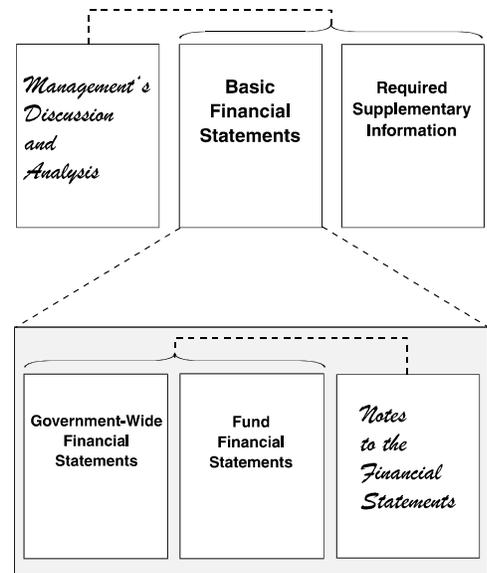
- The District’s total combined net position, including business-type activities, was \$107,458,295 at 8/31/17.
- During the year, the District’s expenses were \$5,333,394 less than the \$100,009,033 generated in taxes and other revenues for governmental activities and business-type activities.
- The general fund reported a fund balance this year of \$32,933,777.
- 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 \$737,779.
- The District finished construction of the East Texas Montessori Prep Academy for Pre K-K students. The District purchased property at 3100 Airline Rd. located across the street from the Longview High School for future use. The District completed the demolition of the Budget Inn purchased in the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



Summary ↔ Detail

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

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

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

**Government-wide Statements**

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

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows, liabilities, and deferred inflows—is one way to measure the District's financial health or *position*.

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

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

**Fund Financial Statements**

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

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

The District has the following kinds of funds:

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

- *Proprietary funds* are used to account for operations that are financed similar to those found in the private sector. Proprietary funds provide both long and short-term financial information and include enterprise and internal service funds. The District has one enterprise fund. Enterprise funds are used to report the same functions represented as business-type activities in government-wide financial statements. The District uses an enterprise fund to account for its Longview Voice Newspaper.
- *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 \$107,458,295 at 8/31/17. (See Table A-1).

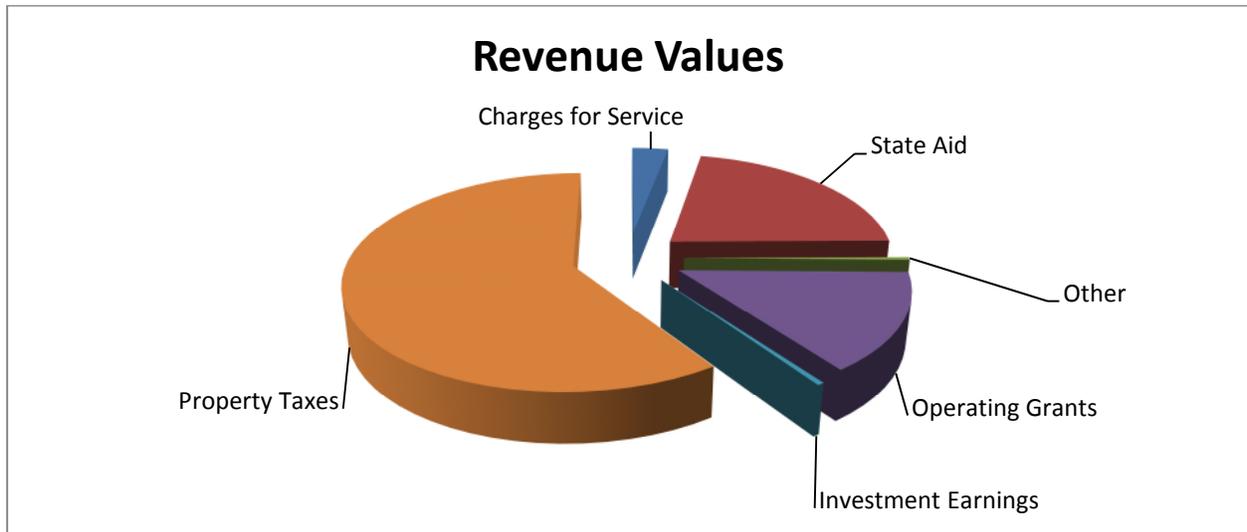
**Table A-1**  
Longview Independent School District's Net Position  
(In millions of dollars)

	Governmental Activities		Business Type Activities		Total		Percentage Change 2016-17
	2016	2017	2016	2017	2016	2017	
<b>Current Assets:</b>							
Cash and Cash Equivalents	40.420	32.577	-	-	40.420	32.577	-19.40
Current Investments	25.979	14.740	-	-	25.979	14.740	-43.26
Property Taxes Receivable	3.181	3.533	-	-	3.181	3.533	11.07
Due from Other Governments	2.757	1.102	-	-	2.757	1.102	-60.03
Accrued Interest	.015	.022	-	-	.015	.022	46.67
Internal Balances	.001	-	-.001	-	-	-	-
Other Receivables	.113	.114	.004	-	.117	.114	-2.56
Inventories – at cost	.685	.490	-	-	.685	.490	-28.47
Unrealized Expenses	.021	.233	-	-	.021	.233	1,009.52
<b>Total Current Assets</b>	<b>73.172</b>	<b>52.811</b>	<b>.003</b>	<b>-</b>	<b>73.175</b>	<b>52.811</b>	<b>-27.83</b>
<b>Noncurrent Assets:</b>							
Bldg., Furn. & Eqmt., CIP, net	262.686	279.111	-	-	262.686	279.111	6.25
Long-Term Investments	3.596	4.196	-	-	3.596	4.196	16.69
Land	12.607	14.705	-	-	12.607	14.705	16.64
<b>Total Noncurrent Assets</b>	<b>278.889</b>	<b>298.012</b>	<b>-</b>	<b>-</b>	<b>278.889</b>	<b>298.012</b>	<b>6.86</b>
<b>Total Assets</b>	<b>352.061</b>	<b>350.823</b>	<b>.003</b>	<b>-</b>	<b>352.064</b>	<b>350.823</b>	<b>-.35</b>
<b>Total Deferred Outflows of Resources</b>	<b>14.133</b>	<b>16.164</b>	<b>-</b>	<b>-</b>	<b>14.133</b>	<b>16.164</b>	<b>14.37</b>
<b>Current Liabilities:</b>							
Cash Overdraft	-	-	.002	-	.002	-	-
Accounts Payable and Accrued Liabilities	7.269	8.003	-	-	7.269	8.003	10.10
Bonds Payable	5.193	5.144	-	-	5.193	5.144	-.94
Due to Other Governments	.004	-	-	-	.004	-	-
Unearned Revenue	.516	.404	-	-	.516	.404	-21.71
<b>Total Current Liabilities</b>	<b>12.982</b>	<b>13.551</b>	<b>.002</b>	<b>-</b>	<b>12.984</b>	<b>13.551</b>	<b>4.37</b>
<b>Long-term Liabilities:</b>							
Bonds Payable	233.826	228.577	-	-	233.826	228.577	-2.24
Net Pension Liability	16.065	16.368	-	-	16.065	16.368	1.89
<b>Total Liabilities</b>	<b>262.873</b>	<b>258.496</b>	<b>.002</b>	<b>-</b>	<b>262.875</b>	<b>258.496</b>	<b>-1.67</b>
<b>Total Deferred Inflows of Resources</b>	<b>1.196</b>	<b>1.033</b>	<b>-</b>	<b>-</b>	<b>1.196</b>	<b>1.033</b>	<b>-13.63</b>
<b>Net Position:</b>							
Invested in Capital Assets	43.269	70.016	-	-	43.269	70.016	61.82
Restricted	11.046	12.157	-	-	11.046	12.157	10.06
Unrestricted	47.809	25.285	.001	-	47.810	25.285	-47.11
<b>Total Net Position</b>	<b>102.124</b>	<b>107.458</b>	<b>.001</b>	<b>-</b>	<b>102.125</b>	<b>107.458</b>	<b>5.22</b>

Restricted Net Position is dedicated to various uses, namely: debt service, state and federal programs, and capital projects. The \$25,285,292 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 \$100,009,033. A significant portion, \$61,062,756 or 61%, of the District's revenue comes from taxes. (See Figure Below) 35% 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 \$94,675,639; 70% of these costs are for instructional and student services.



#### Governmental Activities

- Property tax values were stable compared to prior year and the tax rate remained unchanged. Investment earnings increased compared to prior year from favorable market rates.

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

	Governmental Activities		Business Type Activities		Total		Total Percentage Change 2016-17
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	
Program Revenues:							
Charges for Services	3.105	3.051	.017	.008	3.122	3.059	-2.02
Operating Grants and Contributions	15.058	14.546	-	-	15.058	14.546	-3.40
Capital Grants and Contributions	-	.277	-	-	-	.277	-
General Revenues							
Property Taxes	61.044	61.063	-	-	61.044	61.063	.03
State Aid	22.322	20.058	-	-	22.322	20.058	-10.14
Investment Earnings	.444	.644	-	-	.444	.644	45.05
Other	.416	.362	-	-	.416	.362	-12.98
<b>Total Revenues</b>	<b>102.389</b>	<b>100.001</b>	<b>.017</b>	<b>.008</b>	<b>102.406</b>	<b>100.009</b>	<b>-2.34</b>
Expenses:							
Instruction	45.159	45.829	-	-	45.159	45.829	1.48
Instructional Resources and Media Services	.619	.602	-	-	.619	.602	-2.75
Curriculum Dev. and Instructional Staff Dev.	1.463	1.463	-	-	1.463	1.463	-
Instructional Leadership	2.196	2.172	-	-	2.196	2.172	-1.09
School Leadership	4.587	4.673	-	-	4.587	4.673	1.87
Guidance, Counseling and Evaluation Services	2.909	3.000	-	-	2.909	3.000	3.13
Social Work Services	.094	.095	-	-	.094	.095	1.06
Health Services	.774	.738	-	-	.774	.738	-4.65
Student (Pupil) Transportation	3.248	3.038	-	-	3.248	3.038	-6.47
Food Services	5.369	5.907	-	-	5.369	5.907	10.02
Curricular/Extracurricular Activities	2.649	2.725	-	-	2.649	2.725	2.87
General Administration	2.703	2.852	-	-	2.703	2.852	5.51
Plant Maintenance & Oper.	9.250	8.987	-	-	9.250	8.987	-2.84
Security & Monitoring Svcs.	.661	.709	-	-	.661	.709	7.26
Data Processing Services	1.211	1.214	-	-	1.211	1.214	.25
Community Services	1.047	.940	-	-	1.047	.940	-10.22
Debt Service	9.428	6.727	-	-	9.428	6.727	-28.65
Bond Issuance Costs	.865	1.096	-	-	.865	1.096	26.71
Facilities Acquisition and Construction	.001	1.027	-	-	.001	1.027	102,600
Other							
Intergovernmental Charges	.860	.873	-	-	.860	.873	1.51
Longview Voice Newspaper	-		.017	.008	.017	.008	-52.94
<b>Total Expenses</b>	<b>95.092</b>	<b>94.667</b>	<b>.017</b>	<b>.008</b>	<b>95.109</b>	<b>94.675</b>	<b>-46</b>
Increase in Net Position	7.297	5.333	.001	--	7.298	5.333	-26.93
Beginning Net Position	94.827	102.124	-	.001	94.827	102.124	7.70
<b>Ending Net Position</b>	<b>102.124</b>	<b>107.457</b>	<b>.001</b>	<b>.001</b>	<b>102.125</b>	<b>107.458</b>	<b>5.22</b>

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

- The cost of all *governmental* activities this year was \$94,667,249.
- The amount received from taxpayers for these activities was \$61,062,756.
- Some of the cost was paid by those who directly benefited from the programs, totaling \$3,051,014, or by grants and contributions totaling \$14,823,015.

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

	Total Cost of Services			Net Cost of Services		
	<u>2016</u>	<u>2017</u>	<u>% Change</u>	<u>2016</u>	<u>2017</u>	<u>% Change</u>
Instruction	47.241	47.894	1.38	37.614	38.291	1.80
School Administration	6.783	6.844	.90	6.101	6.441	5.57
Student Support Services	15.043	15.502	3.05	8.744	9.295	6.30
Plant Maintenance & Operations	9.250	8.987	-2.84	9.019	8.688	-3.67

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$98,999,417 a decrease of 1.63% over the preceding year. The modest decrease is from lower state revenue compared to prior year.

#### General Fund Budgetary Highlights

Actual expenditures were \$6,686,371 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 \$954,244 above the final budgeted amount.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2017, the District had invested \$293,816,702 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net increase (including additions and deductions) of \$18,524,280 or 6.73% over the prior year.

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

	Governmental Activities		Total Percentage Change 2016-17
	<u>2016</u>	<u>2017</u>	
Land	12.607	14.705	16.64
Buildings and improvements	288.664	324.043	12.26
Vehicles	5.649	6.041	6.94
Equipment	14.723	15.299	3.91
Construction in progress	11.887	.043	-99.64
Totals at historical cost	333.530	360.131	7.98
Total accumulated depreciation	58.238	66.314	13.87
Net capital assets	<u>275.292</u>	<u>293.817</u>	<u>6.73</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 \$217,154,254 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 2016-17
	<u>2016</u>	<u>2017</u>	
Bonds Payable	214.167	208.279	-2.75
Accreted Interest on CABs	2.338	1.416	-39.44
Premiums on Issue of Bonds	13.639	15.152	11.09
QSC Bonds	8.875	8.875	-
Unamortized loss on defeasance	(6.996)	(9.921)	41.81
Total Bonds Payable	<u>232.023</u>	<u>223.801</u>	<u>-3.54</u>

**Bond Ratings**

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

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

- Taxable values remain constant. Student enrollment shows no drastic downturn.
- The tax rate to support the 17/18 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

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**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2017**

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 32,576,936	\$ 32,577,396
1120	Current Investments	14,740,136	14,740,136
1225	Property Taxes Receivable (Net)	3,533,420	3,533,420
1240	Due from Other Governments	1,101,992	1,101,992
1250	Accrued Interest	21,848	21,848
1290	Other Receivables (Net)	113,808	113,808
1300	Inventories	489,515	489,515
1410	Unrealized Expenses	233,004	233,004
Capital Assets:			
1510	Land	14,705,296	14,705,296
1520	Buildings and Improvements, Net	269,429,260	269,429,260
1530	Furniture and Equipment, Net	9,639,372	9,639,372
1580	Construction in Progress	42,775	42,775
1910	Long-Term Investments	4,195,898	4,195,898
1000	Total Assets	<u>350,823,260</u>	<u>350,823,720</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
	Deferred Loss on Defeasance of Debt	9,921,049	9,921,049
1705	Deferred Outflow Related to Pensions	6,243,130	6,243,130
1700	Total Deferred Outflows of Resources	<u>16,164,179</u>	<u>16,164,179</u>
<b>LIABILITIES:</b>			
2110	Accounts Payable	4,411,834	4,411,834
2140	Interest Payable	403,776	403,776
2165	Accrued Liabilities	3,187,355	3,187,355
2300	Unearned Revenue	404,136	404,136
Noncurrent Liabilities:			
2501	Due Within One Year	5,144,254	5,144,254
2502	Due in More Than One Year	228,577,399	228,577,399
2540	Net Pension Liability	16,368,104	16,368,104
2000	Total Liabilities	<u>258,496,858</u>	<u>258,496,858</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2605	Deferred Inflow Related to Pensions	1,032,746	1,032,746
2600	Total Deferred Inflows of Resources	<u>1,032,746</u>	<u>1,032,746</u>
<b>NET POSITION:</b>			
3200	Net Investment in Capital Assets	70,016,099	70,016,099
Restricted For:			
3820	State and Federal Programs	1,418,117	1,418,117
3850	Debt Service	10,738,787	10,738,787
3900	Unrestricted	25,284,832	25,285,292
3000	Total Net Position	<u>\$ 107,457,835</u>	<u>\$ 107,458,295</u>

The accompanying notes are an integral part of this statement.

# LONGVIEW INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Functions/Programs	1	3	4	5
		Expenses	Charges for Services	Program Revenues	
				Operating Grants and Contributions	Capital Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 45,829,047	\$ 1,630,352	\$ 6,949,376	\$ --
12	Instructional Resources and Media Services	601,757	5,274	32,510	--
13	Curriculum and Staff Development	1,463,483	6,500	979,403	--
21	Instructional Leadership	2,171,638	--	133,302	--
23	School Leadership	4,672,608	10,335	259,208	--
31	Guidance, Counseling, & Evaluation Services	2,999,761	--	660,711	--
32	Social Work Services	94,872	--	1,656	--
33	Health Services	737,724	--	43,852	--
34	Student Transportation	3,037,850	--	160,614	--
35	Food Service	5,907,097	543,937	4,184,105	--
36	Cocurricular/Extracurricular Activities	2,725,008	534,984	77,512	--
41	General Administration	2,852,257	--	278,363	--
51	Facilities Maintenance and Operations	8,986,904	24,440	274,842	--
52	Security and Monitoring Services	709,125	--	2,266	--
53	Data Processing Services	1,214,078	--	45,483	--
61	Community Services	940,079	295,192	78,381	--
72	Interest on Long-term Debt	6,727,573	--	384,790	--
73	Bond Issuance Costs and Fees	1,096,487	--	--	--
81	Capital Outlay	1,027,345	--	--	276,641
99	Other Intergovernmental Charges	872,556	--	--	--
TG	Total Governmental Activities	<u>94,667,249</u>	<u>3,051,014</u>	<u>14,546,374</u>	<u>276,641</u>
	Business-type Activities:				
01	Longview Voice Newspaper	8,390	8,300	--	--
TB	Total Business-type Activities	<u>8,390</u>	<u>8,300</u>	<u>--</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 94,675,639</u>	<u>\$ 3,059,314</u>	<u>\$ 14,546,374</u>	<u>\$ 276,641</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Grants and Contributions Not Restricted to Specific Programs				
MI	Miscellaneous				
TR	Total General Revenues				
CN	Change in Net Position				
NB	Net Position - Beginning				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (37,249,319)		\$ (37,249,319)
(563,973)		(563,973)
(477,580)		(477,580)
(2,038,336)		(2,038,336)
(4,403,065)		(4,403,065)
(2,339,050)		(2,339,050)
(93,216)		(93,216)
(693,872)		(693,872)
(2,877,236)		(2,877,236)
(1,179,055)		(1,179,055)
(2,112,512)		(2,112,512)
(2,573,894)		(2,573,894)
(8,687,622)		(8,687,622)
(706,859)		(706,859)
(1,168,595)		(1,168,595)
(566,506)		(566,506)
(6,342,783)		(6,342,783)
(1,096,487)		(1,096,487)
(750,704)		(750,704)
(872,556)		(872,556)
<u>(76,793,220)</u>		<u>(76,793,220)</u>
<u>          --</u>	\$ <u>          (90)</u>	<u>          (90)</u>
<u>          --</u>	<u>          (90)</u>	<u>          (90)</u>
<u>(76,793,220)</u>	<u>          (90)</u>	<u>(76,793,310)</u>
42,126,790	--	42,126,790
18,935,966	--	18,935,966
644,387	--	644,387
20,058,102	--	20,058,102
361,459	--	361,459
<u>82,126,704</u>	<u>          --</u>	<u>82,126,704</u>
5,333,484	(90)	5,333,394
102,124,351	550	102,124,901
<u>\$ 107,457,835</u>	<u>\$ 460</u>	<u>\$ 107,458,295</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ 24,294,110	\$ 2,158,751
1120 Current Investments	10,957,447	7,978,587
1225 Taxes Receivable, Net	2,541,538	991,882
1240 Due from Other Governments	135,248	4,447
1250 Accrued Interest	12,952	8,896
1260 Due from Other Funds	538,248	--
1290 Other Receivables	106,802	--
1300 Inventories	78,613	--
1410 Unrealized Expenditures	233,004	--
1000 Total Assets	<u>\$ 38,897,962</u>	<u>\$ 11,142,563</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 621,336	\$ --
2150 Payroll Deductions & Withholdings	(9,857)	--
2160 Accrued Wages Payable	2,297,468	--
2170 Due to Other Funds	154	--
2200 Accrued Expenditures	540,826	--
2300 Unearned Revenue	103,660	--
2000 Total Liabilities	<u>3,553,587</u>	<u>--</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Property Taxes	2,410,598	933,109
2600 Total Deferred Inflows of Resources	<u>2,410,598</u>	<u>933,109</u>
<b>FUND BALANCES:</b>		
Nonspendable Fund Balances:		
3410 Inventories	78,612	--
3430 Prepaid Items	233,004	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3480 Retirement of Long-Term Debt	--	10,209,454
Committed Fund Balances:		
3510 Construction	--	--
3545 Other Committed Fund Balance	--	--
Assigned Fund Balances:		
3570 Capital Expenditures for Equipment	12,400,000	--
3600 Unassigned	20,222,161	--
3000 Total Fund Balances	<u>32,933,777</u>	<u>10,209,454</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 38,897,962</u>	<u>\$ 11,142,563</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 4,385,666	\$ 1,738,409	\$ 32,576,936
--	--	18,936,034
--	--	3,533,420
--	962,297	1,101,992
--	--	21,848
--	155	538,403
--	7,006	113,808
--	410,902	489,515
--	--	233,004
<u>\$ 4,385,666</u>	<u>\$ 3,118,769</u>	<u>\$ 57,544,960</u>
\$ 3,365,906	\$ 424,592	\$ 4,411,834
--	--	(9,857)
--	348,342	2,645,810
--	538,249	538,403
--	10,576	551,402
--	300,476	404,136
<u>3,365,906</u>	<u>1,622,235</u>	<u>8,541,728</u>
--	--	3,343,707
--	--	<u>3,343,707</u>
--	136,685	215,297
--	--	233,004
--	1,281,432	1,281,432
--	--	10,209,454
1,019,760	--	1,019,760
--	78,417	78,417
--	--	12,400,000
--	--	20,222,161
<u>1,019,760</u>	<u>1,496,534</u>	<u>45,659,525</u>
<u>\$ 4,385,666</u>	<u>\$ 3,118,769</u>	<u>\$ 57,544,960</u>

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**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2017

Total fund balances - governmental funds balance sheet	\$ 45,659,525
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.	293,816,703
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	3,343,707
Payables for bond principal which are not due in the current period are not reported in the funds.	(217,154,254)
Payables for bond interest which are not due in the current period are not reported in the funds.	(403,776)
Payables for bond premiums are not reported in the funds.	(15,151,587)
The loss on defeasance of debt is not reported in the funds.	9,921,049
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(16,368,104)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,032,746)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	6,243,130
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	<u>(1,415,812)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 107,457,835</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, 2017**

Data Control Codes	10 <u>General Fund</u>	50 <u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 Local and Intermediate Sources	\$ 44,392,554	\$ 19,104,100
5800 State Program Revenues	21,629,206	421,170
5900 Federal Program Revenues	1,275,789	384,790
5020 Total Revenues	<u>67,297,549</u>	<u>19,910,060</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	35,939,311	--
0012 Instructional Resources and Media Services	533,887	--
0013 Curriculum and Staff Development	428,080	--
0021 Instructional Leadership	1,796,269	--
0023 School Leadership	4,143,196	--
0031 Guidance, Counseling, & Evaluation Services	2,177,052	--
0032 Social Work Services	86,134	--
0033 Health Services	664,258	--
0034 Student Transportation	2,763,651	--
0035 Food Service	236,863	--
0036 Cocurricular/Extracurricular Activities	2,251,236	--
0041 General Administration	2,537,053	--
0051 Facilities Maintenance and Operations	8,162,577	--
0052 Security and Monitoring Services	651,590	--
0053 Data Processing Services	991,086	--
0061 Community Services	817,378	--
0071 Principal on Long-term Debt	--	5,817,908
0072 Interest on Long-term Debt	--	10,398,859
0073 Bond Issuance Costs and Fees	--	472,757
0081 Capital Outlay	1,590,707	--
0099 Other Intergovernmental Charges	872,556	--
6030 Total Expenditures	<u>66,642,884</u>	<u>16,689,524</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>654,665</u>	<u>3,220,536</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Refunding Bonds)	--	45,305,000
7915 Transfers In	--	--
7916 Premium or Discount on Issuance of Bonds	--	4,092,771
7917 Prepaid Interest	--	150,333
8911 Transfers Out	(3,460,899)	--
8949 Payment to Escrow Agent for Bond Refunding	--	(48,923,937)
7080 Total Other Financing Sources and (Uses)	<u>(3,460,899)</u>	<u>624,167</u>
1200 Net Change in Fund Balances	<u>(2,806,234)</u>	<u>3,844,703</u>
0100 Fund Balances - Beginning	35,740,011	6,364,751
3000 Fund Balances - Ending	<u>\$ 32,933,777</u>	<u>\$ 10,209,454</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 343,743	\$ 1,276,670	\$ 65,117,067
--	1,458,756	23,509,132
--	8,712,639	10,373,218
<u>343,743</u>	<u>11,448,065</u>	<u>98,999,417</u>
--	4,867,649	40,806,960
--	6,596	540,483
--	969,744	1,397,824
--	156,597	1,952,866
--	15,641	4,158,837
--	538,726	2,715,778
--	--	86,134
--	217	664,475
--	36,046	2,799,697
--	4,911,180	5,148,043
--	164,434	2,415,670
--	29,577	2,566,630
--	--	8,162,577
--	--	651,590
--	--	991,086
--	26,223	843,601
--	--	5,817,908
--	--	10,398,859
--	--	472,757
25,409,654	--	27,000,361
--	--	872,556
<u>25,409,654</u>	<u>11,722,630</u>	<u>120,464,692</u>
<u>(25,065,911)</u>	<u>(274,565)</u>	<u>(21,465,275)</u>
--	--	45,305,000
3,460,899	--	3,460,899
--	--	4,092,771
--	--	150,333
--	--	(3,460,899)
--	--	(48,923,937)
<u>3,460,899</u>	<u>--</u>	<u>624,167</u>
<u>(21,605,012)</u>	<u>(274,565)</u>	<u>(20,841,108)</u>
22,624,772	1,771,099	66,500,633
<u>\$ 1,019,760</u>	<u>\$ 1,496,534</u>	<u>\$ 45,659,525</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, 2017

Net change in fund balances - total governmental funds	\$ (20,841,108)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	26,685,944
The depreciation of capital assets used in governmental activities is not reported in the funds.	(8,119,045)
The gain or loss on the sale of capital assets is not reported in the funds.	(42,618)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	442,916
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	5,817,908
The accretion of interest on capital appreciation bonds is not reported in the funds.	922,457
(Increase) decrease in accrued interest from beginning of period to end of period.	18,517
Amortization of the loss on defeasance of debt is reported in the SOA, but not in the funds.	(623,730)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(45,305,000)
Bond premiums are reported in the funds but not in the SOA.	2,579,979
Payments to escrow for the defeasance of debt are reported in the funds, but not in the SOA.	48,923,937
Bond premiums do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,092,771)
Pension contributions expended in the prior fiscal year.	(1,365,260)
Pension contributions made for the measurement period ended 8/31/16.	1,468,865
Pension contributions made after the measurement date were de-expended and reduced NPL.	1,378,965
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(834,738)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(1,681,735)
Rounding difference	<u>1</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 5,333,484</u>

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET POSITION

ENTERPRISE FUND

AUGUST 31, 2017

Data Control Codes		Nonmajor Enterprise Fund <hr/> Longview Voice Newspaper <hr/>
<b>ASSETS:</b>		
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 460
	Total Current Assets	<hr/> 460
1000	Total Assets	<hr/> 460
<b>LIABILITIES:</b>		
2000	Total Liabilities	<hr/> --
<b>NET POSITION:</b>		
3900	Unrestricted	\$ 460
3000	Total Net Position	<hr/> <hr/> \$ 460

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET POSITION - ENTERPRISE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Nonmajor Enterprise Fund <hr/> Longview Voice Newspaper <hr/>
<b>OPERATING REVENUES:</b>	
5700 Local and Intermediate Sources	\$ 8,300
5020 Total Revenues	<hr/> 8,300
<b>OPERATING EXPENSES:</b>	
6200 Professional and Contracted Services	8,390
6030 Total Expenses	<hr/> 8,390
1300 Change in Net Position	(90)
0100 Total Net Position - Beginning	550
3300 Total Net Position - Ending	<hr/> \$ 460

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED AUGUST 31, 2017

	Nonmajor Enterprise Fund <u>Longview Voice Newspaper</u>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 12,400
Cash Payments to Other Suppliers for Goods and Services	<u>(8,390)</u>
Net Cash Provided (Used) by Operating Activities	<u>4,010</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Transfers From (To) Primary Government	<u>(1,250)</u>
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,250)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,760
Cash and Cash Equivalents at Beginning of Year	<u>(2,300)</u>
Cash and Cash Equivalents at End of Year	<u>\$ 460</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (90)
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	<u>4,100</u>
Total Adjustments	<u>4,100</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,010</u>

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2017

Data Control Codes		Agency Funds
	<b>ASSETS:</b>	
1110	Cash and Cash Equivalents	\$ 233,800
1000	Total Assets	<u>233,800</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	Due to Student Groups	\$ 233,800
2000	Total Liabilities	<u>233,800</u>
	<b>NET POSITION:</b>	
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017

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. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The District reports the following major governmental funds:

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

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017

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

In addition, the District reports the following fund types:

Enterprise Fund: This fund accounts for the activity of a District newspaper.

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

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

b. Measurement Focus, Basis of Accounting

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017 is \$451,582.

c. Inventories and Prepaid Items

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

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements 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.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017

statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

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

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. 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 expenses) 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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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.

k. 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.

l. 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, 2017, the District reported the following:

Deferred Outflow Related to Pensions	\$ 6,243,130
Net Pension Liability	16,368,104
Deferred Inflow Related to Pensions	1,032,746

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$47,465,241 and the bank balance was \$48,344,702. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, 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, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	Avg 30 days	\$ 1,525,885
Lone Star Investment Pool	22-96 days	2,756,104
Certificates of Deposit	6-12 months	10,458,147
Total Current Investments		<u>\$ 14,740,136</u>
Certificates of Deposit	02/01/2025	\$ 4,195,898
Total Long-Term Investments		<u>\$ 4,195,898</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

At August 31, 2017, 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 &amp; 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 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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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 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](http://www.ttstc.org).

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 12,606,946	\$ 2,098,349	\$ --	\$ 14,705,295
Construction in progress	11,887,595	42,774	11,887,595	42,774
Total capital assets not being depreciated	<u>24,494,541</u>	<u>2,141,123</u>	<u>11,887,595</u>	<u>14,748,069</u>
Capital assets being depreciated:				
Buildings and improvements	288,664,410	35,378,267	--	324,042,677
Furniture & Equipment	14,722,663	662,506	86,217	15,298,952
Vehicles	5,649,067	391,642	--	6,040,709
Total capital assets being depreciated	<u>309,036,140</u>	<u>36,432,415</u>	<u>86,217</u>	<u>345,382,338</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

Less accumulated depreciation for:				
Buildings and improvements	(47,912,714)	(6,700,702)	--	(54,613,416)
Furniture & Equipment	(6,260,695)	(1,069,131)	(43,599)	(7,286,227)
Vehicles	(4,064,850)	(349,212)	--	(4,414,062)
Total accumulated depreciation	<u>(58,238,259)</u>	<u>(8,119,045)</u>	<u>(43,599)</u>	<u>(66,313,705)</u>
Total capital assets being depreciated, net	250,797,881	28,313,370	42,618	279,068,633
Governmental activities capital assets, net	<u>\$ 275,292,422</u>	<u>\$ 30,454,493</u>	<u>\$ 11,930,213</u>	<u>\$ 293,816,702</u>

Depreciation was charged to functions as follows:

Instruction	\$ 3,996,333
Instructional Resources and Media Services	51,781
Curriculum and Staff Development	41,912
Instructional Leadership	174,218
School Leadership	401,844
Guidance, Counseling, & Evaluation Services	211,537
Social Work Services	8,354
Health Services	64,426
Student Transportation	548,474
Food Services	842,194
Extracurricular Activities	276,169
General Administration	246,066
Plant Maintenance and Operations	897,748
Security and Monitoring Services	68,998
Data Processing Services	209,715
Community Services	79,276
	<u>\$ 8,119,045</u>

**E. Interfund Balances and Activities**

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2017, 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	\$ 538,403	Short-term loans
	Total	<u>\$ 538,403</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2017, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Capital Projects Fund	\$ 3,460,899	Construction of Montessori campus
	Total	<u>\$ 3,460,899</u>	

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bonds Payable	\$ 223,042,163	\$ 45,305,000	\$ 51,192,909	\$ 217,154,254	\$ 5,144,254
Accreted Interest on CABs	2,338,269	14,346	936,803	1,415,812	--
Unamortized bond premium	13,638,795	4,092,771	2,579,979	15,151,587	--
Unamortized loss on defeasance of debt	(6,995,842)	(3,548,937)	(623,730)	(9,921,049)	--
Total governmental activities	\$ 232,023,385	\$ 45,863,180	\$ 54,085,961	\$ 223,800,604	\$ 5,144,254

2. Bonds Payable

Bonds payable currently outstanding are as follows:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 2008 - CAB	2.81-4.46%	FY 2018	\$ 2,544,254
Unlimited Tax School Building Bonds, Series 2009	2.00-5.00%	FY 2037	53,460,000
Unlimited Tax School Building Bonds, Series 2010	2.00-5.00%	FY 2040	45,355,000
Unlimited Tax Qualified School Construction Bonds, Series 2010	4.657%	FY 2025	8,875,000
Unlimited Tax School Building Bonds, Series 2011 - CAB	4.07-4.28%	FY 2028	180,000
Unlimited Tax Refunding Bonds, Series 2015	2.00-4.00%	FY 2031	8,530,000
Unlimited Tax Refunding Bonds, Series 2016	4.00-5.00%	FY 2031	53,530,000
Unlimited Tax Refunding Bonds, Series 2016A	2.00-5.00%	FY 2035	44,680,000
			\$ 217,154,254

3. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2017, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 5,144,254	\$ 10,743,655	\$ 15,887,909
2019	6,555,000	9,235,109	15,790,109
2020	6,850,000	8,943,034	15,793,034
2021	7,175,000	8,611,609	15,786,609
2022	7,525,000	8,262,609	15,787,609
2023-2027	53,455,000	34,579,022	88,034,022
2028-2032	58,050,000	21,929,600	79,979,600
2033-2037	63,255,000	8,189,300	71,444,300
2038-2041	9,145,000	558,300	9,703,300
Totals	\$ 217,154,254	\$ 111,052,238	\$ 328,206,492

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017

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, 2017, the District received \$384,790 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, 2017, the District was in compliance with the sinking fund requirements.

5. Advance Refunding of Debt

On November 15, 2016, the District issued \$45,305,000 in unlimited tax refunding bonds with an interest rate of 2.00-5.00%. The District issued the bonds to advance refund the remaining outstanding series 2008 Unlimited Tax School Building Bonds with interest rates ranging from 4.00-5.00%. The District used the net proceeds to purchase U.S. government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the 2008 series bonds. As a result, the 2008 series bonds is considered defeased, and the District has removed the liability from its accounts.

The advanced refunding reduced total debt service payments over the next 19 years by \$7,072,694. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,046,307.

The reacquisition price exceeded the net carrying value of the old debt by \$3,548,937. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt.

The outstanding principal of the defeased 2008 bonds is \$111,605,000 at August 31, 2017.

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 2017, 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 that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The 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.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

2. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's 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 [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2016.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf); 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.

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. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<b><u>Contribution Rates</u></b>	
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2017 Employer Contributions	\$ 1,468,865	
District's 2017 Member Contributions	\$ 3,478,253	
NECE 2016 On-Behalf Contributions to District	\$ 2,417,290	

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the 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, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

5. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

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 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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2017

payments to determine the total pension liability.

The long-term 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 System's target asset allocation as of August 31, 2016 are summarized below:

<b>Teacher Retirement System of Texas</b>			
<b>Asset Allocation and Long-Term Expected Real Rate of Return</b>			
<b>As of August 31, 2016</b>			
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Geometric Real Rate of Return</b>	<b>Expected Contribution to Long-term Portfolio Returns *</b>
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* 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% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 25,332,311	\$ 16,368,104	\$ 8,764,644

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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

At August 31, 2017, the District reported a liability of \$16,368,104 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	\$ 16,368,104
State's proportionate share that is associated with District	<u>28,692,856</u>
Total	<u>\$ 45,060,960</u>

The net pension liability was measured as of August 31, 2016 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, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.043315%. which was a decrease of .0021332% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2017, the District recognized pension expense of \$2,977,634 and revenue of \$2,977,634 for support provided by the State.

At August 31, 2017, 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 of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 256,649	\$ 488,742
Changes in actuarial assumptions	498,870	453,702
Difference between projected and actual investment earnings	1,386,017	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,632,729	90,302
Contributions paid to TRS subsequent to the measurement date	<u>1,468,865</u>	<u>--</u>
Total	<u>\$ 6,243,130</u>	<u>\$ 1,032,746</u>

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

Year Ended August 31	Pension Expense Amount
2018	\$ 649,753
2019	649,753
2020	1,533,822
2021	581,828
2022	319,789
Thereafter	6,574

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

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

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2017, 2016 and 2015. 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 2017, 2016 and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$451,722, \$445,215, and \$442,492, respectively, the active member contributions were \$293,619, \$289,390, and \$287,620, respectively, and the District's contributions were \$248,447, \$244,867, and \$243,371, 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, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$135,537, \$171,068, and \$188,043, respectively.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

J. Employee Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2017, 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, 2017.

3. Commitments

On February 8, 2016, the District entered into a contract for the construction of a new Montessori campus. The remaining balance on that contract as of August 31, 2017 is \$913,894.

On April 14, 2014, the District entered into a contract with an architect for services in connection with the new Montessori campus. The remaining balance on that contract as of August 31, 2017 is \$63,318.

Funding for these contracts is available in the Capital Projects Fund.

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides deaf education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the Regional Day School for the Deaf 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, 2017**

<u>Member Districts</u>	<u>Expenditures</u>
Carthage ISD	\$ 39,592
Daingerfield ISD	52,790
Gladewater ISD	13,198
Hallsville ISD	65,987
Harleton ISD	13,198
Hughes Springs ISD	26,395
Kilgore ISD	39,593
Marshall ISD	65,988
Mt. Pleasant ISD	26,395
Mt. Vernon ISD	13,198
New Diana ISD	13,198
Ore City ISD	26,395
Pine Tree ISD	52,790
Pittsburg ISD	39,593
Spring Hill ISD	26,395
Tatum ISD	39,593
West Rusk ISD	13,198
White Oak ISD	39,593
Longview ISD	197,960
Total	<u>\$ 805,049</u>

M. Workers Compensation Insurance

The District joined together with other school districts in the East Texas area to form the East Texas Educational Insurance Association, a public entity pool currently operating a workers' compensation risk management and insurance program for various member school districts. During the 2016-17 school year, the District paid a fixed cost in the amount of \$143,371 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$110,797 for current year claims and \$103,198 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, 2017	\$ 562,844	\$ 201,553	\$ 213,995	\$ 550,402
Year Ended August 31, 2016	835,696	(13,636)	259,216	562,844

N. Fund Balance

Other committed fund balance consists of \$78,417 committed to campus activity funds.

O. Subsequent Events

Management has evaluated subsequent events through January 17, 2018, the date on which the financial statements were available to be issued.

## Required Supplementary Information

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

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2017

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 43,018,978	\$ 43,199,081	\$ 44,392,554	\$ 1,193,473
5800	State Program Revenues	21,706,754	22,333,618	21,629,206	(704,412)
5900	Federal Program Revenues	810,606	810,606	1,275,789	465,183
5020	Total Revenues	<u>65,536,338</u>	<u>66,343,305</u>	<u>67,297,549</u>	<u>954,244</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	39,169,240	38,813,668	35,939,311	2,874,357
0012	Instructional Resources and Media Services	572,319	602,346	533,887	68,459
0013	Curriculum and Staff Development	568,619	575,305	428,080	147,225
	Total Instruction & Instr. Related Services	<u>40,310,178</u>	<u>39,991,319</u>	<u>36,901,278</u>	<u>3,090,041</u>
Instructional and School Leadership:					
0021	Instructional Leadership	1,818,921	1,927,120	1,796,269	130,851
0023	School Leadership	4,206,883	4,375,110	4,143,196	231,914
	Total Instructional & School Leadership	<u>6,025,804</u>	<u>6,302,230</u>	<u>5,939,465</u>	<u>362,765</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	2,117,719	2,289,947	2,177,052	112,895
0032	Social Work Services	86,011	88,316	86,134	2,182
0033	Health Services	689,376	749,237	664,258	84,979
0034	Student (Pupil) Transportation	3,295,652	3,436,555	2,763,651	672,904
0035	Food Services	266,522	351,243	236,863	114,380
0036	Cocurricular/Extracurricular Activities	2,102,133	2,625,916	2,251,236	374,680
	Total Support Services - Student (Pupil)	<u>8,557,413</u>	<u>9,541,214</u>	<u>8,179,194</u>	<u>1,362,020</u>
Administrative Support Services:					
0041	General Administration	2,730,609	2,788,468	2,537,053	251,415
	Total Administrative Support Services	<u>2,730,609</u>	<u>2,788,468</u>	<u>2,537,053</u>	<u>251,415</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	9,121,731	9,552,953	8,162,577	1,390,376
0052	Security and Monitoring Services	635,768	683,639	651,590	32,049
0053	Data Processing Services	1,039,680	1,081,450	991,086	90,364
	Total Support Services - Nonstudent Based	<u>10,797,179</u>	<u>11,318,042</u>	<u>9,805,253</u>	<u>1,512,789</u>
Ancillary Services:					
0061	Community Services	827,182	865,805	817,378	48,427
	Total Ancillary Services	<u>827,182</u>	<u>865,805</u>	<u>817,378</u>	<u>48,427</u>
Capital Outlay:					
0081	Capital Outlay	2,000	1,622,177	1,590,707	31,470
	Total Capital Outlay	<u>2,000</u>	<u>1,622,177</u>	<u>1,590,707</u>	<u>31,470</u>
0099	Other Intergovernmental Charges	900,000	900,000	872,556	27,444
	Total Intergovernmental Charges	<u>900,000</u>	<u>900,000</u>	<u>872,556</u>	<u>27,444</u>
6030	Total Expenditures	<u>70,150,365</u>	<u>73,329,255</u>	<u>66,642,884</u>	<u>6,686,371</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(4,614,027)</u>	<u>(6,985,950)</u>	<u>654,665</u>	<u>7,640,615</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2017

**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):					
8911	Transfers Out	--	(3,460,899)	(3,460,899)	--
7080	Total Other Financing Sources and (Uses)	--	(3,460,899)	(3,460,899)	--
1200	Net Change in Fund Balance	(4,614,027)	(10,446,849)	(2,806,234)	7,640,615
0100	Fund Balance - Beginning	35,740,011	35,740,011	35,740,011	--
3000	Fund Balance - Ending	<u>\$ 31,125,984</u>	<u>\$ 25,293,162</u>	<u>\$ 32,933,777</u>	<u>\$ 7,640,615</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 \***

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.0433150%	0.0454482%	0.0315664%	--	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 16,368,104	\$ 16,065,334	\$ 8,431,822	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	28,692,856	28,098,134	24,795,916	--	--	--	--	--	--	--
<b>Total</b>	<b>\$ 45,060,960</b>	<b>\$ 44,163,468</b>	<b>\$ 33,227,738</b>	<b>\$ --</b>						
District's covered-employee payroll	\$ 44,521,502	\$ 44,252,552	\$ 44,688,517	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.76%	36.30%	18.87%	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.00%	78.43%	83.25%	--	--	--	--	--	--	--

\* 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, 2016 - period from September 1, 2015 - August 31, 2016.

\* Note: Only three years 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**  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,468,865	\$ 1,376,229	\$ 1,346,340	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(1,468,865)	(1,376,229)	(1,346,340)	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 45,172,208	\$ 44,521,855	\$ 44,249,237	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.25%	3.09%	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, 2015 - August 31, 2016.

\* Note: Only three years 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, 2017

## 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 increased only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. 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.

Each amendment is controlled by the budget manager at the revenue and expenditure function/object level. The Board has authorized the business office to allocate expenditures by function as long as there is no change to the overall budget.

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 are presented for purposes of additional analysis.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2017

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
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240 Due from Other Governments	12,795	356,401	5,917	273,104
1260 Due from Other Funds	--	--	--	--
1290 Other Receivables	--	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	<u>\$ 12,795</u>	<u>\$ 356,401</u>	<u>\$ 5,917</u>	<u>\$ 273,104</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 3,586	\$ 35,198	\$ --	\$ 105
2160 Accrued Wages Payable	--	96,571	--	93,778
2170 Due to Other Funds	9,209	224,632	5,917	179,221
2200 Accrued Expenditures	--	--	--	--
2300 Unearned Revenue	--	--	--	--
2000 Total Liabilities	<u>12,795</u>	<u>356,401</u>	<u>5,917</u>	<u>273,104</u>
<b>FUND BALANCES:</b>				
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>\$ 12,795</u>	<u>\$ 356,401</u>	<u>\$ 5,917</u>	<u>\$ 273,104</u>

225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	253 IDEA-C Deaf
\$ --	\$ --	\$ 1,286,323	\$ --	\$ --
3,483	10,888	101,520	27,305	--
--	--	155	--	--
--	--	7,006	--	--
--	--	410,902	--	--
<u>\$ 3,483</u>	<u>\$ 10,888</u>	<u>\$ 1,805,906</u>	<u>\$ 27,305</u>	<u>\$ --</u>
\$ --	\$ --	\$ 308,483	\$ --	\$ --
1,430	4,095	106,080	7,000	--
2,053	6,793	--	20,305	--
--	--	10,576	--	--
--	--	294,378	--	--
<u>3,483</u>	<u>10,888</u>	<u>719,517</u>	<u>27,305</u>	<u>--</u>
--	--	136,685	--	--
--	--	949,704	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>1,086,389</u>	<u>--</u>	<u>--</u>
<u>\$ 3,483</u>	<u>\$ 10,888</u>	<u>\$ 1,805,906</u>	<u>\$ 27,305</u>	<u>\$ --</u>

# LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2017

Data Control Codes		255 ESEA Title II Training & Recruiting	263 English Lang. Acquisition and Enhancement	385 Supplemental Visually Impaired
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1240	Due from Other Governments	79,767	21,134	--
1260	Due from Other Funds	--	--	--
1290	Other Receivables	--	--	--
1300	Inventories	--	--	--
1000	Total Assets	<u>\$ 79,767</u>	<u>\$ 21,134</u>	<u>\$ --</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 51,162	\$ 5,999	\$ --
2160	Accrued Wages Payable	--	740	--
2170	Due to Other Funds	28,605	14,395	--
2200	Accrued Expenditures	--	--	--
2300	Unearned Revenue	--	--	--
2000	Total Liabilities	<u>79,767</u>	<u>21,134</u>	<u>--</u>
<b>FUND BALANCES:</b>				
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>
4000	Total Liabilities and Fund Balances	<u>\$ 79,767</u>	<u>\$ 21,134</u>	<u>\$ --</u>

397 Advanced Placement Incentives	410 State Textbook Fund	427 High Quality Pre-K Grant	429 State Funded Special Revenue Fund
\$ 18,035	\$ --	\$ --	\$ --
--	35,141	34,842	--
--	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 18,035</u>	<u>\$ 35,141</u>	<u>\$ 34,842</u>	<u>\$ --</u>
\$ 2,070	\$ 14,955	\$ 1,977	\$ --
--	--	--	--
--	14,088	32,865	--
--	--	--	--
--	6,098	--	--
<u>2,070</u>	<u>35,141</u>	<u>34,842</u>	<u>--</u>
--	--	--	--
15,965	--	--	--
--	--	--	--
<u>15,965</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 18,035</u>	<u>\$ 35,141</u>	<u>\$ 34,842</u>	<u>\$ --</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AUGUST 31, 2017

Data Control Codes	435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 355,468	\$ 78,583	\$ 1,738,409
1240	Due from Other Governments	--	--	962,297
1260	Due from Other Funds	--	--	155
1290	Other Receivables	--	--	7,006
1300	Inventories	--	--	410,902
1000	Total Assets	<u>\$ 355,468</u>	<u>\$ 78,583</u>	<u>4 3,118,769</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 1,057	\$ --	\$ 424,592
2160	Accrued Wages Payable	38,648	--	348,342
2170	Due to Other Funds	--	166	538,249
2200	Accrued Expenditures	--	--	10,576
2300	Unearned Revenue	--	--	300,476
2000	Total Liabilities	<u>39,705</u>	<u>166</u>	<u>1,622,235</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	--	--	136,685
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	315,763	--	1,281,432
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	78,417	78,417
3000	Total Fund Balances	<u>315,763</u>	<u>78,417</u>	<u>1,496,534</u>
4000	Total Liabilities and Fund Balances	<u>\$ 355,468</u>	<u>\$ 78,583</u>	<u>\$ 3,118,769</u>

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**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2017

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
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	141,905	2,245,088	19,401	1,649,631
5020 Total Revenues	<u>141,905</u>	<u>2,245,088</u>	<u>19,401</u>	<u>1,649,631</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	129,061	1,661,281	18,458	1,289,718
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	8,088	421,652	--	--
0021 Instructional Leadership	--	10,342	--	2,232
0023 School Leadership	2,164	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	95,571	943	357,681
0033 Health Services	--	--	--	--
0034 Student Transportation	2,592	33,454	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0061 Community Services	--	22,788	--	--
6030 Total Expenditures	<u>141,905</u>	<u>2,245,088</u>	<u>19,401</u>	<u>1,649,631</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

225 IDEA-B Preschool Grant	226 IDEA-B Discretionary	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	253 IDEA-C Deaf
\$ --	\$ --	\$ 554,408	\$ --	\$ --
--	--	62,741	--	--
<u>24,555</u>	<u>67,405</u>	<u>3,928,574</u>	<u>125,764</u>	<u>1,324</u>
<u>24,555</u>	<u>67,405</u>	<u>4,545,723</u>	<u>125,764</u>	<u>1,324</u>
24,555	67,405	--	41,233	1,324
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	84,531	--
--	--	--	--	--
--	--	4,911,180	--	--
--	--	--	--	--
--	--	--	--	--
<u>24,555</u>	<u>67,405</u>	<u>4,911,180</u>	<u>125,764</u>	<u>1,324</u>
--	--	(365,457)	--	--
--	--	(365,457)	--	--
--	--	1,451,846	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,086,389</u>	<u>\$ --</u>	<u>\$ --</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	255 ESEA Title II Training & Recruiting	263 English Lang. Acquisition and Enhancement	385 Supplemental Visually Impaired
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	4,350
5900 Federal Program Revenues	354,784	154,208	--
5020 Total Revenues	<u>354,784</u>	<u>154,208</u>	<u>4,350</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	--	95,545	4,350
0012 Instructional Resources and Media Services	--	--	--
0013 Curriculum and Staff Development	328,273	53,639	--
0021 Instructional Leadership	--	1,464	--
0023 School Leadership	--	125	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--
0033 Health Services	--	--	--
0034 Student Transportation	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0041 General Administration	26,511	--	--
0061 Community Services	--	3,435	--
6030 Total Expenditures	<u>354,784</u>	<u>154,208</u>	<u>4,350</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--
1100 Expenditures	--	--	--
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

397 Advanced Placement Incentives	410 State Textbook Fund	427 High Quality Pre-K Grant	429 State Funded Special Revenue Fund
\$ --	\$ --	\$ --	\$ --
8,325	590,908	330,342	25,550
--	--	--	--
<u>8,325</u>	<u>590,908</u>	<u>330,342</u>	<u>25,550</u>
--	590,908	214,115	--
--	--	--	--
8,029	--	113,958	25,550
--	--	1,626	--
--	--	426	--
--	--	--	--
--	--	217	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
<u>8,029</u>	<u>590,908</u>	<u>330,342</u>	<u>25,550</u>
296	--	--	--
<u>296</u>	<u>--</u>	<u>--</u>	<u>--</u>
15,669	--	--	--
<u>\$ 15,965</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 475,870	\$ 246,392	\$ 1,276,670
5800 State Program Revenues	436,540	--	1,458,756
5900 Federal Program Revenues	--	--	8,712,639
5020 Total Revenues	<u>912,410</u>	<u>246,392</u>	<u>11,448,065</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	658,624	71,072	4,867,649
0012 Instructional Resources and Media Services	--	6,596	6,596
0013 Curriculum and Staff Development	2,426	8,129	969,744
0021 Instructional Leadership	140,933	--	156,597
0023 School Leadership	--	12,926	15,641
0031 Guidance, Counseling, & Evaluation Services	--	--	538,726
0033 Health Services	--	--	217
0034 Student Transportation	--	--	36,046
0035 Food Service	--	--	4,911,180
0036 Cocurricular/Extracurricular Activities	--	164,434	164,434
0041 General Administration	3,066	--	29,577
0061 Community Services	--	--	26,223
6030 Total Expenditures	<u>805,049</u>	<u>263,157</u>	<u>11,722,630</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>107,361</u>	<u>(16,765)</u>	<u>(274,565)</u>
1200 Net Change in Fund Balances	<u>107,361</u>	<u>(16,765)</u>	<u>(274,565)</u>
0100 Fund Balances - Beginning	208,402	95,182	1,771,099
3000 Fund Balances - Ending	<u>\$ 315,763</u>	<u>\$ 78,417</u>	<u>\$ 1,496,534</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, 2017

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2008 and Prior Years	\$ Various	\$ Various	\$ Various
2009	1.0401	.3802	3,635,017,793
2010	1.04	.473	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	1.04	.473	4,011,247,432
2016	1.04	.473	4,027,694,118
2017 (School Year Under Audit)	1.04	.473	3,990,713,981

1000 Totals

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

10 Beginning Balance 9/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/17
\$ 559,501	\$ --	\$ 10,903	\$ 714	\$ (77,525)	\$ 470,359
145,556	--	2,256	559	(2,417)	140,324
147,779	--	3,025	1,106	(2,353)	141,295
176,827	--	6,831	3,107	(1,616)	165,273
222,490	--	21,610	9,828	9,192	200,244
294,586	--	37,509	17,059	13,058	253,076
368,706	--	62,761	28,544	16,340	293,741
565,112	--	122,741	55,823	8,838	395,386
1,122,308	--	351,705	159,958	(10,779)	599,866
--	60,379,503	40,677,900	18,500,628	124,463	1,325,438
<u>\$ 3,602,865</u>	<u>\$ 60,379,503</u>	<u>\$ 41,297,241</u>	<u>\$ 18,777,326</u>	<u>\$ 77,201</u>	<u>\$ 3,985,002</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 1,065,190	\$ 1,008,680	\$ 554,408	\$ (454,272)
5800	State Program Revenues	25,000	67,592	62,741	(4,851)
5900	Federal Program Revenues	3,541,000	3,643,510	3,928,574	285,064
5020	Total Revenues	<u>4,631,190</u>	<u>4,719,782</u>	<u>4,545,723</u>	<u>(174,059)</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,631,190	5,104,783	4,911,180	193,603
	Total Support Services - Student (Pupil)	<u>4,631,190</u>	<u>5,104,783</u>	<u>4,911,180</u>	<u>193,603</u>
6030	Total Expenditures	<u>4,631,190</u>	<u>5,104,783</u>	<u>4,911,180</u>	<u>193,603</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(385,001)	(365,457)	19,544
1200	Net Change in Fund Balance	--	(385,001)	(365,457)	19,544
0100	Fund Balance - Beginning	1,451,846	1,451,846	1,451,846	--
3000	Fund Balance - Ending	<u>\$ 1,451,846</u>	<u>\$ 1,066,845</u>	<u>\$ 1,086,389</u>	<u>\$ 19,544</u>

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 18,258,000	\$ 18,258,000	\$ 19,104,100	\$ 846,100
5800	State Program Revenues	422,427	422,427	421,170	(1,257)
5900	Federal Program Revenues	385,203	385,203	384,790	(413)
5020	Total Revenues	<u>19,065,630</u>	<u>19,065,630</u>	<u>19,910,060</u>	<u>844,430</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	5,782,909	6,407,909	5,817,908	590,001
0072	Interest on Long-Term Debt	11,027,463	10,402,463	10,398,859	3,604
0073	Bond Issuance Costs and Fees	10,000	479,783	472,757	7,026
	Total Debt Service	<u>16,820,372</u>	<u>17,290,155</u>	<u>16,689,524</u>	<u>600,631</u>
6030	Total Expenditures	<u>16,820,372</u>	<u>17,290,155</u>	<u>16,689,524</u>	<u>600,631</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>2,245,258</u>	<u>1,775,475</u>	<u>3,220,536</u>	<u>1,445,061</u>
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Refunding Bonds)	--	45,305,000	45,305,000	--
7916	Premium or Discount on Issuance of Bonds	--	3,938,387	4,092,771	154,384
7917	Prepaid Interest	--	150,333	150,333	--
8949	Payment to Escrow Agent for Refunding Bonds	--	(48,923,937)	(48,923,937)	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>469,783</u>	<u>624,167</u>	<u>154,384</u>
1200	Net Change in Fund Balance	<u>2,245,258</u>	<u>2,245,258</u>	<u>3,844,703</u>	<u>1,599,445</u>
0100	Fund Balance - Beginning	6,364,751	6,364,751	6,364,751	--
3000	Fund Balance - Ending	<u>\$ 8,610,009</u>	<u>\$ 8,610,009</u>	<u>\$ 10,209,454</u>	<u>\$ 1,599,445</u>

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

## Certified Public Accountants

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

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

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Longview Independent School District, as of and for the year ended August 31, 2017, 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 17, 2018.

### **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 17, 2018

# 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 the Uniform Guidance

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 Compliance Supplement* that could have a direct and material effect on each of the Longview Independent School District's major federal programs for the year ended August 31, 2017. Longview Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditors' 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 each of its major federal programs for the year ended August 31, 2017.

## 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 the Uniform Guidance, 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 the Uniform Guidance. 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 17, 2018

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

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  No

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

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster
84.367	ESEA Title II Part A - Teacher & Principal Training and Recruiting

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  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, 2017

<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, 2017

None required.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2017

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

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	00439	\$ 878,208
National School Lunch Program	10.555	00439	2,656,856
Total Passed Through State Department of Education			3,535,064
Passed Through Texas Department of Agriculture:			
Food Distribution (Non-cash)	10.555	00439	393,510
Total U. S. Department of Agriculture			3,928,574
Total Child Nutrition Cluster			3,928,574
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	176600010929036600	1,597,595
IDEA-B Discretionary	84.027	176600110929036673	64,604
IDEA-B Formula	84.027	186600010929036600	94,730
IDEA-B Discretionary	84.027	186600110929036673	4,095
Total CFDA Number 84.027			1,761,024
IDEA-B Preschool	84.173	176610010929036610	23,125
IDEA-B Preschool	84.173	186610010929036610	1,430
Total CFDA Number 84.173			24,555
Total Passed Through State Department of Education			1,785,579
Total U. S. Department of Education			1,785,579
Total Special Education (IDEA) Cluster			1,785,579
<b>OTHER PROGRAMS:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	17610101092903	2,166,284
Title I Part D Subpart 2	84.010	17610103092903	19,896
ESEA Title I Priority and Focus	84.010	17610112092903000	141,933
ESEA Title I Part A - Improving Basic Programs	84.010	18610101092903	135,419
Total CFDA Number 84.010			2,463,532
Career and Technical - Basic Grant	84.048	17420006092903	121,222
Career and Technical - Basic Grant	84.048	18420006092903	7,001
Total CFDA Number 84.048			128,223
IDEA-C Early Intervention (Deaf)	84.181	173911010929033911	1,324
Title III Part A English Language Acquisition and Enhancement	84.365	17671001092903	150,438
Title III Part A English Language Acquisition and Enhancement	84.365	18671001092903	832
Title III Part A - Immigrant	84.365	17671003092903	6,018
Total CFDA Number 84.365			157,288

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2017

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	17694501092903	342,234
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	18694501092903	22,500
Total CFDA Number 84.367			<u>364,734</u>
Summer School LEP	84.369	69551602	6,990
Total Passed Through State Department of Education			<u>3,122,091</u>
Total U. S. Department of Education			<u>3,122,091</u>
<u>U. S. Department of Defense</u>			
Passed Through Direct Program:			
ROTC	12.000	N/A	71,650
Total U. S. Department of Defense			<u>71,650</u>
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Agriculture:			
Child and Adult Care Food Program	10.558	00439	179,031
Total U. S. Department of Agriculture			<u>179,031</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 9,086,925</u></b>

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, 2017

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Longview Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Longview Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

Total Federal Expenditures, Exhibit K-1	\$ 9,086,925
Other Federal Revenue Sources:	
School Health and Related Services (SHARS)	901,503
QSCB Interest Subsidy	<u>384,790</u>
Total Federal Revenues, Exhibit C-2	<u><u>10,373,218</u></u>

Note D - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At August 31, 2017, the District had food commodities totaling \$248,257 in inventory.

**LONGVIEW INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2017

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?	\$ 1,415,812
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 16,368,104
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."

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