

**LONGVIEW
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

Introductory Section

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Longview Independent School District
Annual Financial Report
For The Year Ended August 31, 2018

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CERTIFICATE OF BOARD

Longview Independent School District
Name of School District

Gregg
County

092-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2018, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

SIGNATURES ON FILE WITH TEXAS EDUCATION AGENCY

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Karen A. Jacks, CPA, CGMA
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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, 2018, 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Longview Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB 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 7, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 7, 2019

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 8/31/18. Please read it in conjunction with the District's financial statements, which follow this section.

In the current fiscal year, the District implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The implementation of this statement required a restatement of prior period net position related to the District's estimated proportionate share of the state's estimated future costs under the Teacher Retirement System of Texas (TRS) retiree healthcare program, TRS-Care. The restatement increased long-term liabilities and decreased net position by \$38 million.

The effects of the prior period restatement, and the significant annual adjustments the Statements require, result in Government-Wide financial statements that do not allow stakeholders to properly assess the educational programs and operating results of the District. Therefore, this Management Discussion & Analysis will distinguish between the District's operational activities and the effects of these GASB accounting pronouncements related to pensions and OPEB.

FINANCIAL HIGHLIGHTS

- The District's total combined Government-wide net position, including business-type activities, was \$69,057,415 at 8/31/18. The year over year change was a decrease of \$38 million (See Exhibit B-1).
- During the year, the District's expenses were \$21,482,871 less than the \$92,638,699 generated in taxes and other revenues for governmental activities and business-type activities (See footnote A.3.m).
- The general fund reported an increase in fund balance of \$3,668,469 and reported total general fund balance of \$36,602,247. Please see the Statement of Revenues, Expenditures, And Changes In Fund Balances- Governmental Funds.
- The District increased investments by \$18.7 million and thus increased investment earnings by \$600,000. The investments were largely placed in CD's with average maturities less than one year.
- The District's total combined Government-wide General Revenues increased by \$4.8 million.

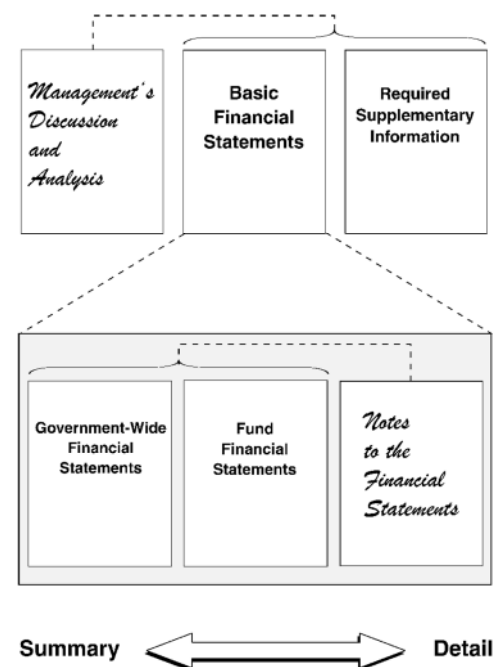
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

The financial statements also include notes that explain some of the information in the

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



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

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

Government-wide Statements

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

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-

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

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 \$69,057,415 at 8/31/18. (See Table A-1).

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

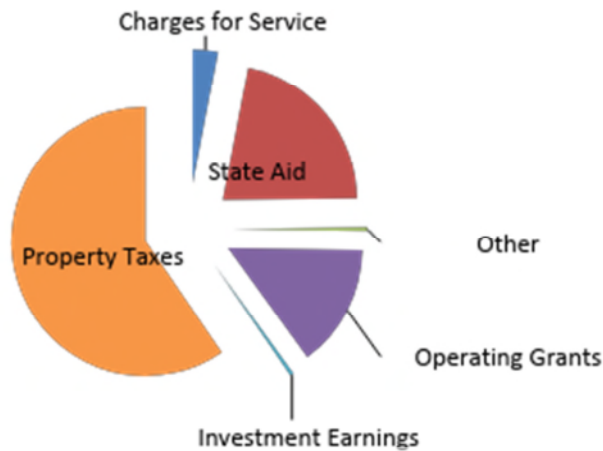
	Governmental Activities		Business Type Activities		Total		Percentage Change
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017-18</u>
Current Assets:							
Cash and Cash Equivalents	32.577	18.714	-	-	32.577	18.714	-42.55
Current Investments	14.740	33.471	-	-	14.740	33.471	127.08
Property Taxes Receivable	3.533	3.836	-	-	3.533	3.836	8.58
Due from Other Government	1.102	2.604	-	-	1.102	2.604	136.30
Accrued Interest	.022	.158	-	-	.022	.158	618.18
Other Receivables	.114	.157	-	-	.114	.157	37.72
Inventories – at cost	.490	.435	-	-	.490	.435	-11.22
Unrealized Expenses	.233	.040	-	-	.233	.040	-82.83
Total Current Assets	52.811	59.415	-	-	52.811	59.415	12.50
Noncurrent Assets:							
Bldg., Furn. & Eqmt., CIP, net	279.111	272.729	-	-	279.111	272.729	-2.29
Long-Term Investments	4.196	4.797	-	-	4.196	4.797	14.32
Land	14.705	14.705	-	-	14.705	14.705	-
Total Noncurrent Assets	298.012	292.231	-	-	298.012	292.231	-1.94
Total Assets	350.823	351.646	-	-	350.823	351.646	.23
Total Deferred Outflows of Resources	16.164	18.150	-	-	16.164	18.150	12.29
Current Liabilities:							
Accounts Payable and Accrued Liabilities	8.003	4.604	-	-	8.003	4.604	-42.47
Bonds Payable	5.144	6.555	-	-	5.144	6.555	27.43
Due to Other Governments	-	1.870	-	-	-	1.870	n/a
Unearned Revenue	.404	.328	-	-	.404	.328	-18.81
Total Current Liabilities	13.551	13.357	-	-	13.551	13.357	-1.43
Long-term Liabilities:							
Bonds Payable	228.577	222.350	-	-	228.577	222.350	-2.72
Net Pension Liability	16.368	14.330	-	-	16.368	14.330	-12.45
Net OPEB Liability	-	34.151	-	-	-	34.151	n/a
Total Liabilities	244.945	284.188	-	-	244.945	284.188	16.02
Total Deferred Inflows of Resources	1.033	16.551	-	-	1.033	16.551	1502.23
Net Position:							
Invested in Capital Assets	70.016	71.307	-	-	70.016	71.307	1.84
Restricted	12.157	18.170	-	-	12.157	18.170	49.46
Unrestricted	25.285	-20.420	-	-	25.285	-20.420	-180.76
Total Net Position	107.458	69.057	-	-	107.458	69.057	-35.74

Restricted Net Position is dedicated to various uses, namely: debt service, state and federal programs, capital projects, and campus activities. The \$-20,419,605 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 \$92,638,699. A significant portion, \$62,949,836 or 68%, of the District's revenue comes from taxes. (See Figure Below) 27% comes from State Aid, Operating Grants and Contributions, while only 5% relates to charges for services and investment earnings.

The total cost of all programs and services was \$71,155,828; 70% of these costs are for instructional and student services.

Revenue Values



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
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017-18</u>
Program Revenues:							
Charges for Services	3.051	3.238	0.008	-	3.059	3.238	5.85
Operating Grants and Contributions	14.823	2.485	-	-	14.823	2.485	-83.24
General Revenues							
Property Taxes	61.063	62.95	-	-	61.063	62.95	3.09
State Aid	20.058	22.046	-	-	20.058	22.046	9.91
Investment Earnings	0.644	1.247	-	-	0.644	1.247	93.63
Other	0.362	0.673	-	-	0.362	0.673	85.91
Total Revenues	100.001	92.639	0.008	-	100.009	92.639	-7.37
Expenses:							
Instruction	45.829	30.337	-	-	45.829	30.337	-33.8
Instructional Resources and Media Services	0.602	0.558	-	-	0.602	0.558	-7.31
Curriculum Dev. and Instructional Staff Dev.	1.463	1.428	-	-	1.463	1.428	-2.39
Instructional Leadership	2.172	1.635	-	-	2.172	1.635	-24.72
School Leadership	4.673	3.042	-	-	4.673	3.042	-34.9

Guidance, Counseling and Evaluation Services	3.00	1.875	-	-	3.00	1.875	-37.5
Social Work Services	0.095	0.091	-	-	0.095	0.091	-4.21
Health Services	0.738	0.492	-	-	0.738	0.492	-33.33
Student (Pupil) Transportation	3.038	2.845	-	-	3.038	2.845	-6.35
Food Services	5.907	4.142	-	-	5.907	4.142	-29.88
Curricular/Extracurricular Activities	2.725	2.411	-	-	2.725	2.411	-11.52
General Administration	2.852	2.025	-	-	2.852	2.025	-29
Plant Maintenance & Oper.	8.987	9.209	-	-	8.987	9.209	2.47
Security & Monitoring Svcs.	0.709	0.759	-	-	0.709	0.759	7.05
Data Processing Services	1.214	0.914	-	-	1.214	0.914	-24.71
Community Services	0.94	0.812	-	-	0.94	0.812	-13.62
Debt Service	6.727	6.329	-	-	6.727	6.329	-5.92
Bond Issuance Costs	1.096	1.363	-	-	1.096	1.363	24.36
Facilities Acquisition and Construction	1.027	0.008	-	-	1.027	0.008	-99.22
Other Intergovernmental Charges	0.873	0.88	-	-	0.873	0.88	0.8
Longview Voice Newspaper	-	-	0.008	-	0.008	-	-100
Total Expenses	94.667	71.155	0.008	-	94.675	71.155	-24.84
Increase (Decrease) in Net Position	5.333	21.483	-	-	5.333	21.483	302.83
Beginning Net Position	102.124	107.457	0.001	-	102.124	107.457	5.22
Prior Period Adjustment	-	-59.884	-	-	-	-59.884	n/a
Ending Net Position	107.457	69.057	0.001	-	107.458	69.057	-35.74

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 \$71,155,368.
- The amount received from taxpayers for these activities was \$62,949,836.
- Some of the cost was paid by those who directly benefited from the programs, totaling \$3,237,876, or by grants and contributions totaling \$2,485,177.

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

	Total Cost of Services			Net Cost of Services		
	<u>2017</u>	<u>2018</u>	<u>% Change</u>	<u>2017</u>	<u>Change 2018</u>	<u>% Change</u>
Instruction	47.894	32.323	-32.51	38.291	30.607	-20.07
School Administration	6.844	4.677	-31.66	6.441	5.546	-13.90
Student Support Services	15.502	11.856	-23.52	9.295	7.157	-23.00
Plant Maintenance & Operations	8.987	9.209	2.47	8.688	9.377	7.93

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The effects of the prior period restatement, and the significant annual adjustments GASB 75 require, results in Government-Wide Program Revenues that do not allow stakeholders to properly assess changes from prior year. As mentioned above in the financial highlights, General Revenues increased by \$4.8 million. The increase was from additional state aid, increased property values, and increased investment earnings.

General Fund Budgetary Highlights

Actual expenditures were \$11,007,554 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 \$4,513,195 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District had invested \$287,434,455 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4) This amount represents a net decrease (including additions and deductions) of \$6,382,247 or -2% over the prior year.

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

	Governmental Activities		Total Percentage Change
	<u>2017</u>	<u>2018</u>	<u>2017-18</u>
Land	14.705	14.705	-
Buildings and improvements	324.043	325.343	.40
Vehicles	6.041	6.229	3.11
Equipment	15.299	16.072	5.05
Construction in progress	.043	.023	-46.51
Totals at historical cost	360.131	362.372	.62
Total accumulated depreciation	66.314	74.938	13.00
Net capital assets	293.817	287.434	-2.17

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 \$209,925,000 in bonds outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

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

	Governmental Activities		Total Percentage Change
	<u>2017</u>	<u>2018</u>	<u>2017-18</u>
Bonds Payable	208.279	201.050	-3.47
Accreted Interest on CABs	1.416	.190	-86.58
Premiums on Issue of Bonds	15.152	18.791	24.02
QSC Bonds	8.875	8.875	-
Unamortized loss on defeasance	(9.921)	(12.778)	28.80
Total Bonds Payable	223.801	216.128	-3.43

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 remains constant.
- The tax rate to support the 18/19 budget is 1.513 per hundred dollars in value. This reflects no change from the prior year.
- Capital Projects will include the construction of the LISD Livestock Barn. This will be a rebuild of the prior structure.

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, 2018

Data Control Codes		1	2	3
		Governmental Activities	Business-type Activities	Total
ASSETS:				
1110	Cash and Cash Equivalents	\$ 18,713,911	\$ --	\$ 18,713,911
1120	Current Investments	33,470,874	--	33,470,874
1225	Property Taxes Receivable (Net)	3,836,264	--	3,836,264
1240	Due from Other Governments	2,603,700	--	2,603,700
1250	Accrued Interest	157,513	--	157,513
1290	Other Receivables (Net)	157,467	--	157,467
1300	Inventories	435,164	--	435,164
1410	Unrealized Expenses	40,289	--	40,289
Capital Assets:				
1510	Land	14,705,296	--	14,705,296
1520	Buildings and Improvements, Net	263,279,878	--	263,279,878
1530	Furniture and Equipment, Net	9,425,833	--	9,425,833
1580	Construction in Progress	23,448	--	23,448
1910	Long-Term Investments	4,797,137	--	4,797,137
1000	Total Assets	<u>351,646,774</u>	<u>--</u>	<u>351,646,774</u>
DEFERRED OUTFLOWS OF RESOURCES:				
	Deferred Outflow - Loss on Defeasance of Debt	12,778,093	--	12,778,093
	Deferred Outflow Related to Pensions	4,861,246	--	4,861,246
	Deferred Outflow Related to OPEB	510,542	--	510,542
1700	Total Deferred Outflows of Resources	<u>18,149,881</u>	<u>--</u>	<u>18,149,881</u>
LIABILITIES:				
2110	Accounts Payable	852,009	--	852,009
2140	Interest Payable	377,542	--	377,542
2165	Accrued Liabilities	3,374,059	--	3,374,059
2180	Due to Other Governments	1,869,650	--	1,869,650
2300	Unearned Revenue	327,633	--	327,633
Noncurrent Liabilities:				
2501	Due Within One Year	6,555,000	--	6,555,000
2502	Due in More Than One Year	222,350,875	--	222,350,875
2540	Net Pension Liability	14,330,309	--	14,330,309
2545	Net OPEB Liability	34,151,228	--	34,151,228
2000	Total Liabilities	<u>284,188,305</u>	<u>--</u>	<u>284,188,305</u>
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Inflow Related to Pensions	2,265,412	--	2,265,412
	Deferred Inflow Related to OPEB	14,285,523	--	14,285,523
2600	Total Deferred Inflows of Resources	<u>16,550,935</u>	<u>--</u>	<u>16,550,935</u>
NET POSITION:				
3200	Net Investment in Capital Assets	71,306,673	--	71,306,673
Restricted For:				
3820	State and Federal Programs	1,868,610	--	1,868,610
3850	Debt Service	16,184,870	--	16,184,870
3890	Other Purposes	116,867	--	116,867
3900	Unrestricted	(20,419,605)	--	(20,419,605)
3000	Total Net Position	<u>\$ 69,057,415</u>	<u>\$ --</u>	<u>\$ 69,057,415</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 30,337,567	\$ 1,670,970	\$ (1,122,372)
12	Instructional Resources and Media Services	557,975	5,657	(11,603)
13	Curriculum and Staff Development	1,427,758	24,413	1,148,941
21	Instructional Leadership	1,634,701	--	(186,708)
23	School Leadership	3,041,733	21,227	(704,002)
31	Guidance, Counseling, & Evaluation Services	1,875,530	--	190,401
32	Social Work Services	90,838	--	203
33	Health Services	492,658	--	(128,581)
34	Student Transportation	2,844,716	--	(349,466)
35	Food Service	4,142,193	538,909	4,069,520
36	Cocurricular/Extracurricular Activities	2,410,689	620,736	(242,540)
41	General Administration	2,024,624	--	(132,061)
51	Facilities Maintenance and Operations	9,208,942	116,933	(284,564)
52	Security and Monitoring Services	759,452	--	(7,330)
53	Data Processing Services	914,160	--	(84,670)
61	Community Services	811,553	239,031	(56,021)
72	Interest on Long-term Debt	6,329,260	--	386,030
73	Bond Issuance Costs and Fees	1,362,838	--	--
81	Capital Outlay	8,431	--	--
99	Other Intergovernmental Charges	879,750	--	--
TG	Total Governmental Activities	<u>71,155,368</u>	<u>3,237,876</u>	<u>2,485,177</u>
	Business-type Activities:			
01	Longview Voice Newspaper	460	--	--
TB	Total Business-type Activities	<u>460</u>	<u>--</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 71,155,828</u>	<u>\$ 3,237,876</u>	<u>\$ 2,485,177</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			
PA	Prior Period Adjustment			
	Net Position - Beginning, as Restated			
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>
\$ (29,788,969)		\$ (29,788,969)
(563,921)		(563,921)
(254,404)		(254,404)
(1,821,409)		(1,821,409)
(3,724,508)		(3,724,508)
(1,685,129)		(1,685,129)
(90,635)		(90,635)
(621,239)		(621,239)
(3,194,182)		(3,194,182)
466,236		466,236
(2,032,493)		(2,032,493)
(2,156,685)		(2,156,685)
(9,376,573)		(9,376,573)
(766,782)		(766,782)
(998,830)		(998,830)
(628,543)		(628,543)
(5,943,230)		(5,943,230)
(1,362,838)		(1,362,838)
(8,431)		(8,431)
(879,750)		(879,750)
<u>(65,432,315)</u>		<u>(65,432,315)</u>
<u>--</u>	\$ <u>(460)</u>	<u>(460)</u>
<u>--</u>	<u>(460)</u>	<u>(460)</u>
<u>(65,432,315)</u>	<u>(460)</u>	<u>(65,432,775)</u>
43,383,111	--	43,383,111
19,566,725	--	19,566,725
1,246,655	--	1,246,655
22,046,607	--	22,046,607
672,548	--	672,548
<u>86,915,646</u>	<u>--</u>	<u>86,915,646</u>
21,483,331	(460)	21,482,871
107,457,833	460	107,458,293
(59,883,749)	--	(59,883,749)
47,574,084	460	47,574,544
<u>\$ 69,057,415</u>	<u>\$ --</u>	<u>\$ 69,057,415</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 13,963,272	\$ 2,561,122	\$ 2,189,517	\$ 18,713,911
1120 Current Investments	25,420,424	12,847,587	--	38,268,011
1225 Taxes Receivable, Net	2,732,313	1,103,951	--	3,836,264
1240 Due from Other Governments	679,715	--	1,923,985	2,603,700
1250 Accrued Interest	107,761	49,752	--	157,513
1260 Due from Other Funds	1,325,002	--	155	1,325,157
1290 Other Receivables	146,729	--	10,738	157,467
1300 Inventories	71,607	--	363,557	435,164
1410 Unrealized Expenditures	40,289	--	--	40,289
1000 Total Assets	<u>\$ 44,487,112</u>	<u>\$ 16,562,412</u>	<u>\$ 4,487,952</u>	<u>\$ 65,537,476</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 412,135	\$ --	\$ 439,874	\$ 852,009
2150 Payroll Deductions & Withholdings	51,143	--	--	51,143
2160 Accrued Wages Payable	2,427,830	--	391,541	2,819,371
2170 Due to Other Funds	155	--	1,325,002	1,325,157
2180 Due to Other Governments	1,869,650	--	--	1,869,650
2200 Accrued Expenditures	492,143	--	11,402	503,545
2300 Unearned Revenue	71,056	--	256,577	327,633
2000 Total Liabilities	<u>5,324,112</u>	<u>--</u>	<u>2,424,396</u>	<u>7,748,508</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Property Taxes	2,560,753	1,026,607	--	3,587,360
2600 Total Deferred Inflows of Resources	<u>2,560,753</u>	<u>1,026,607</u>	<u>--</u>	<u>3,587,360</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	71,607	--	157,669	229,276
3430 Prepaid Items	40,289	--	--	40,289
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	1,710,941	1,710,941
3480 Retirement of Long-Term Debt	--	15,535,805	--	15,535,805
3490 Other Restrictions of Fund Balance	116,867	--	--	116,867
Committed Fund Balances:				
3510 Construction	--	--	132,054	132,054
3545 Other Committed Fund Balance	--	--	62,892	62,892
Assigned Fund Balances:				
3570 Capital Expenditures for Equipment	12,400,000	--	--	12,400,000
3600 Unassigned	23,973,484	--	--	23,973,484
3000 Total Fund Balances	<u>36,602,247</u>	<u>15,535,805</u>	<u>2,063,556</u>	<u>54,201,608</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 44,487,112</u>	<u>\$ 16,562,412</u>	<u>\$ 4,487,952</u>	<u>\$ 65,537,476</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2018

Total fund balances - governmental funds balance sheet	\$ 54,201,608
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.	287,434,455
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	3,587,360
Payables for bond principal which are not due in the current period are not reported in the funds.	(209,925,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(377,542)
Payables for bond premiums are not reported in the funds.	(18,791,361)
The loss on defeasance of debt is not reported in the funds.	12,778,093
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(14,330,309)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(2,265,412)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	4,861,246
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(189,514)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(34,151,228)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(14,285,523)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	510,542
Net position of governmental activities - Statement of Net Position	\$ <u>69,057,415</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, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 47,062,521	\$ 19,928,286	\$ 1,308,718	\$ 68,299,525
5800 State Program Revenues	23,569,723	403,192	758,721	24,731,636
5900 Federal Program Revenues	1,483,206	386,030	10,117,068	11,986,304
5020 Total Revenues	<u>72,115,450</u>	<u>20,717,508</u>	<u>12,184,507</u>	<u>105,017,465</u>
EXPENDITURES:				
Current:				
0011 Instruction	36,548,542	--	5,046,691	41,595,233
0012 Instructional Resources and Media Services	589,962	--	100,072	690,034
0013 Curriculum and Staff Development	543,900	--	1,251,262	1,795,162
0021 Instructional Leadership	1,865,238	--	275,745	2,140,983
0023 School Leadership	4,252,902	--	28,208	4,281,110
0031 Guidance, Counseling, & Evaluation Services	2,078,964	--	497,892	2,576,856
0032 Social Work Services	88,328	--	--	88,328
0033 Health Services	683,543	--	--	683,543
0034 Student Transportation	3,422,208	--	4,104	3,426,312
0035 Food Service	218,593	--	4,263,715	4,482,308
0036 Cocurricular/Extracurricular Activities	2,460,270	--	152,908	2,613,178
0041 General Administration	2,390,210	--	8,149	2,398,359
0051 Facilities Maintenance and Operations	8,903,040	--	7,371	8,910,411
0052 Security and Monitoring Services	697,814	--	--	697,814
0053 Data Processing Services	1,152,957	--	--	1,152,957
0061 Community Services	907,307	--	91,048	998,355
0071 Principal on Long-term Debt	--	5,409,255	--	5,409,255
0072 Interest on Long-term Debt	--	10,091,991	--	10,091,991
0073 Bond Issuance Costs and Fees	--	514,948	--	514,948
0081 Capital Outlay	763,453	--	910,081	1,673,534
0099 Other Intergovernmental Charges	879,750	--	--	879,750
6030 Total Expenditures	<u>68,446,981</u>	<u>16,016,194</u>	<u>12,637,246</u>	<u>97,100,421</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>3,668,469</u>	<u>4,701,314</u>	<u>(452,739)</u>	<u>7,917,044</u>
Other Financing Sources and (Uses):				
7911 Debt Issued (Refunding Bonds)	--	48,335,000	--	48,335,000
7916 Premium or Discount on Issuance of Bonds	--	6,037,321	--	6,037,321
7917 Prepaid Interest	--	112,651	--	112,651
8949 Payment to Escrow Agent for Bond Refunding	--	(53,859,935)	--	(53,859,935)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>625,037</u>	<u>--</u>	<u>625,037</u>
1200 Net Change in Fund Balances	<u>3,668,469</u>	<u>5,326,351</u>	<u>(452,739)</u>	<u>8,542,081</u>
0100 Fund Balances - Beginning	32,933,778	10,209,454	2,516,295	45,659,527
3000 Fund Balances - Ending	<u>\$ 36,602,247</u>	<u>\$ 15,535,805</u>	<u>\$ 2,063,556</u>	<u>\$ 54,201,608</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Net change in fund balances - total governmental funds	\$ 8,542,081
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,470,469
The depreciation of capital assets used in governmental activities is not reported in the funds.	(8,852,717)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	243,654
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	5,409,255
The accretion of interest on capital appreciation bonds is not reported in the funds.	1,226,298
(Increase) decrease in accrued interest from beginning of period to end of period.	26,234
Amortization of the loss on defeasance of debt is reported in the funds, but not in the SOA.	(847,890)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(48,335,000)
Bond premiums are reported in the funds but not in the SOA.	2,397,548
Payments to escrow for the defeasance of debt are reported in the funds, but not in the SOA.	53,859,935
Bond premiums do not provide revenue in the SOA, but are reported as current resources in the funds.	(6,037,321)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	1,460,563
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(2,606,248)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	568,930
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	505,196
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	(14,280,177)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>25,732,521</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 21,483,331</u>

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
AUGUST 31, 2018

		Nonmajor Enterprise Fund
		Longview Voice Newspaper
<u>Data Control Codes</u>		
ASSETS:		
1000	Total Assets	\$ --
LIABILITIES:		
2000	Total Liabilities	--
NET POSITION:		
3900	Unrestricted	--
3000	Total Net Position	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - ENTERPRISE FUND
 FOR THE YEAR ENDED AUGUST 31, 2018

Data
 Control
 Codes

		Nonmajor Enterprise Fund	
		Longview Voice Newspaper	
OPERATING EXPENSES:			
6400	Other Operating Costs	\$	460
6030	Total Expenses		<u>460</u>
1300	Change in Net Position		(460)
0100	Total Net Position - Beginning		460
3300	Total Net Position - Ending	\$	<u><u>--</u></u>

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, 2018

	Nonmajor Enterprise Fund Longview Voice Newspaper
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ --
Cash Payments to Other Suppliers for Goods and Services	(460)
Net Cash Provided (Used) by Operating Activities	(460)
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	--
Net Cash Provided (Used) by Non-capital Financing Activities	--
Cash Flows from Capital and Related Financing Activities:	
Contributed Capital	--
Net Cash Provided (Used) for Capital & Related Financing Activities	--
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	--
Net Increase (Decrease) in Cash and Cash Equivalents	(460)
Cash and Cash Equivalents at Beginning of Year	460
Cash and Cash Equivalents at End of Year	\$ --
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (460)
Total Adjustments	--
Net Cash Provided (Used) by Operating Activities	\$ (460)

The accompanying notes are an integral part of this statement.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2018

Data Control Codes		Agency Funds
ASSETS:		
1110	Cash and Cash Equivalents	\$ 233,178
1000	Total Assets	<u>233,178</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 2,000
2190	Due to Student Groups	<u>231,178</u>
2000	Total Liabilities	<u>233,178</u>
NET POSITION:		
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, 2018

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.

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In addition, the District reports the following fund types:

Enterprise Fund: This fund accounts for the activity of a District newspaper which was discontinued in FY18.

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 expected to be collected during a 60-day period after the close of the fiscal year.

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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, 2018 is \$476,435.

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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 Board resolutions. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

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

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

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The District's policy is to maintain at least two months of working capital in unassigned fund balance. The District was in compliance with this policy at August 31, 2018.

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.

m. Negative Operating Grants and Contributions - Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions As Reported	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On- Behalf Accruals)
11 - Instruction	\$ (1,122,372)	\$ (7,846,783)	\$ 6,724,411
12 - Instructional Resources and Media Services	(11,603)	(132,291)	120,688
13 - Curriculum and Instructional Staff Development	1,148,941	(96,068)	1,245,009
21 - Instructional Leadership	(186,708)	(404,364)	217,656
23 - School Leadership	(704,002)	(889,993)	185,991
31 - Guidance, Counseling and Evaluation Services	190,401	(386,462)	576,863
32 - Social Work Services	203	(4,903)	5,106
33 - Health Services	(128,581)	(161,604)	33,023
34 - Student (Pupil) Transportation	(349,466)	(439,217)	89,751
35 - Food Services	4,069,520	(120,792)	4,190,312
36 - Extracurricular Activities	(242,540)	(308,707)	66,167

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41 - General Administration	(132,061)	(397,975)	265,914
51 - Facilities Maintenance and Operations	(284,564)	(506,194)	221,630
52 - Security and Monitoring Services	(7,330)	(9,211)	1,881
53 - Data Processing Services	(84,670)	(139,407)	54,737
61 - Community Services	(56,021)	(185,175)	129,154
72 - Interest on Long-Term Debt	386,030	--	386,030
	<u>\$ 2,485,177</u>	<u>\$ (12,029,146)</u>	<u>\$ 14,514,323</u>

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.

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

6. New Accounting Standards Adopted

In fiscal year 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The financial statements and note disclosures have been updated for the effects of the adoption of GASB Statement No. 75.

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:

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<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

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, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$57,205,258 and the bank balance was \$58,710,849. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, 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, 2018 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Cost</u>
TexPool	Avg 28 days	\$ 4,346
Lone Star Investment Pool	20-96 days	5,494
Certificates of Deposit	7-12 months	33,461,034
Total Current Investments		<u>\$ 33,470,874</u>
Certificates of Deposit	02/01/2025	\$ 4,797,137
Total Long-Term Investments		<u>\$ 4,797,137</u>

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3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2018, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>
TexPool	AAA ^m
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.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2018

Public Funds Investment Pools

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

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

Lone Star Investment Pool

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

TexPool

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

D. Capital Assets

Capital asset activity for the year ended August 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 14,705,296	\$ --	\$ --	\$ 14,705,296

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Construction in progress	42,774	23,448	42,774	23,448
Total capital assets not being depreciated	14,748,070	23,448	42,774	14,728,744
Capital assets being depreciated:				
Buildings and improvements	324,042,677	1,285,071	(15,479)	325,343,227
Furniture and equipment	15,298,951	796,796	23,959	16,071,788
Vehicles	6,040,709	407,929	219,268	6,229,370
Total capital assets being depreciated	345,382,337	2,489,796	227,748	347,644,385
Less accumulated depreciation for:				
Buildings and improvements	(54,613,416)	(7,449,933)	--	(62,063,349)
Furniture and equipment	(7,286,227)	(1,062,987)	(8,479)	(8,340,735)
Vehicles	(4,414,062)	(339,797)	(219,269)	(4,534,590)
Total accumulated depreciation	(66,313,705)	(8,852,717)	(227,748)	(74,938,674)
Total capital assets being depreciated, net	279,068,632	(6,362,921)	--	272,705,711
Governmental activities capital assets, net	\$ 293,816,702	\$ (6,339,473)	\$ 42,774	\$ 287,434,455

Depreciation was charged to functions as follows:

Instruction	\$ 4,439,377
Instructional Resources and Media Services	62,018
Curriculum and Staff Development	57,175
Instructional Leadership	196,076
School Leadership	447,071
Guidance, Counseling, & Evaluation Services	220,104
Social Work Services	9,285
Health Services	73,050
Student Transportation	631,938
Food Services	582,765
Extracurricular Activities	313,781
General Administration	250,737
Plant Maintenance and Operations	1,215,683
Security and Monitoring Services	86,493
Data Processing Services	171,787
Community Services	95,377
	<u>\$ 8,852,717</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2018, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 1,325,002	Short-term loans
Other Governmental Funds	General Fund	155	Short-term loans
	Total	<u>\$ 1,325,157</u>	

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

F. Long-Term Obligations

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

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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, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bonds Payable	\$ 217,154,254	\$ 48,335,000	\$ 55,564,254	\$ 209,925,000	\$ 6,555,000
Accreted Interest on CABs	1,415,812	14,950	1,241,248	189,514	--
Unamortized bond premium	15,151,587	6,037,321	2,397,547	18,791,361	--
Unamortized loss on defeasance of debt	(9,921,049)	(3,704,934)	(847,890)	(12,778,093)	--
Net pension liability	16,368,104	(568,930)	1,468,865	14,330,309	--
Net OPEB liability	60,292,267	(25,732,743)	408,296	34,151,228	--
Total governmental activities	<u>\$ 300,460,975</u>	<u>\$ 24,380,664</u>	<u>\$ 60,232,320</u>	<u>\$ 264,609,319</u>	<u>\$ 6,555,000</u>

Beginning balances have been increased to recognize the prior year net OPEB liability balance that was part of a prior period adjustment as required by the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". See Note P for additional information.

2. Bonds Payable

Bonds payable currently outstanding are as follows:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building Bonds, Series 2009	2.00-5.00%	FY 2037	\$ 1,685,000
Unlimited Tax School Building Bonds, Series 2010	2.00-5.00%	FY 2040	44,390,000
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	8,515,000
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
Unlimited Tax Refunding Bonds, Series 2017	2.00-5.00%	FY 2037	48,070,000
			<u>\$ 209,925,000</u>

3. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2018, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 6,555,000	\$ 8,749,771	\$ 15,304,771
2020	6,830,000	8,458,196	15,288,196
2021	7,160,000	8,127,646	15,287,646
2022	7,505,000	7,779,521	15,284,521
2023	7,870,000	7,414,371	15,284,371
2024-2028	55,990,000	29,751,026	85,741,026
2029-2033	59,920,000	17,558,469	77,478,469
2034-2038	51,880,000	5,309,000	57,189,000
2039-2042	6,215,000	251,100	6,466,100
Totals	<u>\$ 209,925,000</u>	<u>\$ 93,399,100</u>	<u>\$ 303,324,100</u>

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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, 2018, the District received \$386,030 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, 2018, the District was in compliance with the sinking fund requirements.

5. Advance Refunding of Debt

On October 5, 2017, the District issued \$48,335,000 in unlimited tax refunding bonds with an interest rate of 2.00-5.00%. The District issued the bonds to advance refund a portion of the series 2009 Unlimited Tax School Building Bonds with interest rates ranging from 2.00-5.00%. 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 2009 series bonds. As a result, the 2009 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 \$9,493,795. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$7,591,454.

The reacquisition price exceeded the net carrying value of the old debt by \$3,704,935. 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 2009 bonds is \$50,155,000 at August 31, 2018.

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 2018, 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.

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2. Pension Plan Fiduciary Net Position

Detail 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.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

<u>Contribution Rates</u>		
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions	\$ 1,460,563	
District's 2018 Member Contributions	\$ 3,441,482	
NECE 2017 On-Behalf Contributions to District	\$ 2,378,942	

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual

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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, 2017 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
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 payments to determine the total pension liability.

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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 Systems target asset allocation as of August 31, 2017 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2017

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns **
Global Equity			
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%
Stable Value			
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%
Real Return			
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%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long term expected geometric real rate of return or expected contribution to long-term portfolio returns.

** 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	\$ 24,158,069	\$ 14,330,309	\$ 6,147,103

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

At August 31, 2018, the District reported a liability of \$14,330,309 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	\$ 14,330,309
State's proportionate share that is associated with the District	<u>23,257,852</u>
Total	<u>\$ 37,588,161</u>

The net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0448178%. which was a decrease of .0015027466% from its proportion measured as of August 31, 2016.

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, 2018, the District recognized pension expense of \$3,811,334 and revenue of \$1,774,016 for support provided by the State.

At August 31, 2018, 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: (The amounts below will be the cumulative layers from the current and prior years combined)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 209,659	\$ 772,815
Changes in actuarial assumptions	652,768	373,695
Difference between projected and actual investment earnings	--	1,044,362
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	<u>2,538,256</u>	<u>74,540</u>
Total as of August 31, 2017 measurement date	3,400,683	2,265,412
Contributions paid to TRS subsequent to the measurement date	<u>1,460,563</u>	<u>--</u>
Total	<u>\$ 4,861,246</u>	<u>\$ 2,265,412</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:

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Year Ended August 31	Pension Expense Amount
2019	\$ 129,952
2020	1,044,693
2021	59,670
2022	(209,664)
2023	66,318
Thereafter	44,303

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

2. OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability:</u>	<u>Amount</u>
Total OPEB liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	\$ <u>43,486,248,635</u>
Net position as a percentage of total OPEB liability	0.91%

3. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of

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service for the basic plan and the two optional plans:

Monthly TRS-Care Plan Premium Rates Effective September 1, 2016 - December 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ --	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82

* or surviving spouse

4. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the State, active employees and school districts based upon public school district payroll. The TRS board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year District contributions		\$ 505,196
Current fiscal year Member contributions		\$ 294,184
2017 measurement year NECE contributions	\$ 405,755	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether they participate in the TRS-Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the NECE in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial

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assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate *	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases **	3.50% to 9.50% **
Healthcare Trend Rates ***	4.50% to 12.00% ***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post-Employment Benefit Changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

6. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, there are no investments and the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan's fiduciary net position was projected not to be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds

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with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of net OPEB liability	\$ 40,306,927	\$ 34,151,228	\$ 29,203,433

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 28,434,309	\$ 34,151,228	\$ 41,652,546

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$34,151,228 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 34,151,228
State's proportionate share that is associated with the District	<u>33,938,679</u>
Total	<u>\$ 68,089,907</u>

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the District's proportion of the collective net OPEB liability was .0785334%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

10. Changes Since the Prior Actuarial Valuation.

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the total OPEB liability since the prior measurement period:

- Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.

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- b. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- c. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered total OPEB liability.

The Affordable Care Act includes a 40% excise tax on high-cost health plans known as the "Cadillac tax." In this valuation the impact of this tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- a. 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- b. Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- c. There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long-term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

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

For the year ended August 31, 2018, the District recognized OPEB expense of \$(22,809,128) and revenue of \$(11,356,784) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ --	\$ 712,933
Changes in actuarial assumptions	--	13,572,590
Differences between projected and actual investment earnings	5,188	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	158	--
Total as of August 31, 2017 measurement date	5,346	14,285,523

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Contributions paid to TRS subsequent to the measurement date

	505,196	
	<u>510,542</u>	<u>14,285,523</u>

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

Fiscal year ended August 31,	Amount
2019	\$ (1,884,286)
2020	(1,884,286)
2021	(1,884,286)
2022	(1,884,286)
2023	(1,885,583)
Thereafter	(4,857,451)

J. Employee Health Care Coverage

During the year ended August 31, 2018, 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, 2018, 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, 2018.

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:

<u>Member Districts</u>	<u>Expenditures</u>
Beckville ISD	\$ 12,799
Carthage ISD	51,198

LONGVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

Daingerfield ISD	63,997
Hallsville ISD	76,796
Harleton ISD	12,799
Hughes Springs ISD	12,799
Kilgore ISD	102,395
Marshall ISD	63,997
Mount Pleasant ISD	25,599
Mount Vernon ISD	12,799
New Diana ISD	12,799
Ore City ISD	25,599
Pine Tree ISD	38,398
Pittsburg ISD	12,799
Spring Hill ISD	12,799
Tatum ISD	25,599
West Rusk ISD	12,799
White Oak ISD	63,997
Longview ISD	191,992
Total	<u>\$ 831,959</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 2017-18 school year, the District paid a fixed cost in the amount of \$148,201 for administration of claims, loss control, record keeping, and the cost of stop-loss insurance. Total workers' compensation claims paid amounted to \$170,706 for current year claims and \$107,019 for claims incurred in prior years. However, the District may be required to pay, and retains the risk of loss for, workers' compensation claims up to the loss fund maximum. When and if other schools in the Association exceed their loss fund maximum, the District will be required to pay a percentage share of the excess.

A reconciliation of changes in the liability for claims for the current and prior fiscal years is presented below:

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
Year Ended August 31, 2018	\$ 550,402	\$ 229,868	\$ 277,725	\$ 502,545
Year Ended August 31, 2017	562,844	201,553	213,995	550,402

N. Fund Balance

Other committed fund balance consists of \$62,892 committed to campus activity funds.

O. Subsequent Events

Management has evaluated subsequent events through January 7, 2019, the date on which the financial statements were available to be issued.

P. Prior Period Adjustment

During fiscal year 2018, the District adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(59,883,749) which resulted in a restated beginning net position balance of \$47,574,544.

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, 2018

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 43,193,978	\$ 43,783,223	\$ 47,062,521	\$ 3,279,298
5800	State Program Revenues	22,242,044	22,744,915	23,569,723	824,808
5900	Federal Program Revenues	810,606	1,074,117	1,483,206	409,089
5020	Total Revenues	66,246,628	67,602,255	72,115,450	4,513,195
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	40,429,838	39,871,681	36,548,542	3,323,139
0012	Instructional Resources and Media Services	539,591	633,484	589,962	43,522
0013	Curriculum and Staff Development	505,105	710,916	543,900	167,016
	Total Instruction & Instr. Related Services	41,474,534	41,216,081	37,682,404	3,533,677
Instructional and School Leadership:					
0021	Instructional Leadership	1,815,103	2,024,209	1,865,238	158,971
0023	School Leadership	4,237,654	4,421,601	4,252,902	168,699
	Total Instructional & School Leadership	6,052,757	6,445,810	6,118,140	327,670
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	2,163,195	2,219,146	2,078,964	140,182
0032	Social Work Services	86,011	90,314	88,328	1,986
0033	Health Services	689,376	713,634	683,543	30,091
0034	Student (Pupil) Transportation	3,286,649	3,691,788	3,422,208	269,580
0035	Food Services	255,987	299,424	218,593	80,831
0036	Cocurricular/Extracurricular Activities	2,097,547	2,674,397	2,460,270	214,127
	Total Support Services - Student (Pupil)	8,578,765	9,688,703	8,951,906	736,797
Administrative Support Services:					
0041	General Administration	2,626,858	2,720,590	2,390,210	330,380
	Total Administrative Support Services	2,626,858	2,720,590	2,390,210	330,380
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	9,340,888	10,188,389	8,903,040	1,285,349
0052	Security and Monitoring Services	658,107	747,054	697,814	49,240
0053	Data Processing Services	1,178,742	1,240,480	1,152,957	87,523
	Total Support Services - Nonstudent Based	11,177,737	12,175,923	10,753,811	1,422,112
Ancillary Services:					
0061	Community Services	849,083	990,870	907,307	83,563
	Total Ancillary Services	849,083	990,870	907,307	83,563
Capital Outlay:					
0081	Capital Outlay	1,500	803,363	763,453	39,910
	Total Capital Outlay	1,500	803,363	763,453	39,910
0099	Other Intergovernmental Charges	900,000	900,000	879,750	20,250
	Total Intergovernmental Charges	900,000	900,000	879,750	20,250
6030	Total Expenditures	71,661,234	74,941,340	68,446,981	6,494,359
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(5,414,606)	(7,339,085)	3,668,469	11,007,554

LONGVIEW INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1200	Net Change in Fund Balance	<u>(5,414,606)</u>	<u>(7,339,085)</u>	<u>3,668,469</u>	<u>11,007,554</u>
0100	Fund Balance - Beginning	<u>32,933,778</u>	<u>32,933,778</u>	<u>32,933,778</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 27,519,172</u>	<u>\$ 25,594,693</u>	<u>\$ 36,602,247</u>	<u>\$ 11,007,554</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.044818%	0.043315%	0.045448%	0.031566%	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 14,330,309	\$ 16,368,104	\$ 16,065,334	\$ 8,431,822	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	23,257,852	28,692,856	28,098,134	24,795,916	--	--	--	--	--	--
Total	<u>\$ 37,588,161</u>	<u>\$ 45,060,960</u>	<u>\$ 44,163,468</u>	<u>\$ 33,227,738</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 45,172,208	\$ 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	31.72%	36.76%	36.30%	18.87%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%	--	--	--	--	--	--

Note: Only four 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 FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,460,563	\$ 1,468,865	\$ 1,376,229	\$ 1,346,340	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(1,460,563)	(1,468,865)	(1,376,229)	(1,346,340)	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 44,694,561	\$ 45,172,208	\$ 44,521,855	\$ 44,249,237	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.27%	3.25%	3.09%	3.04%	--	--	--	--	--	--

Note: Only four 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 THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	Measurement Year Ended August 31,									
District's proportion of the collective net OPEB liability	0.078533%	--	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 34,151,228	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 33,938,679	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 68,089,907	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 45,172,208	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	75.60%	--	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	--	--	--	--	--	--	--	--	--

Note:

Only one year of data is presented in accordance with GASB Statement No. 75, paragraph 245. "The information for all fiscal years 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 THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily or contractually required District contribution	\$ 505,196	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to statutorially or contractually required contribution	(505,196)	--	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 44,694,561	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	1.13%	--	--	--	--	--	--	--	--	--

Note:

Only one year of data is presented in accordance with GASB Statement No. 75, paragraph 245. "The information for all fiscal years 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, 2018

Note A - 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 principles 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.

Note B - 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.

Note C - Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

See Note I.10 to the financial statements for a description of changes to actuarial assumptions.

Combining Statements and Budget Comparisons as Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2018

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 2,057,463	\$ 132,054	\$ 2,189,517
1240	Due from Other Governments	1,923,985	--	1,923,985
1260	Due from Other Funds	155	--	155
1290	Other Receivables	10,738	--	10,738
1300	Inventories	363,557	--	363,557
1000	Total Assets	<u>\$ 4,355,898</u>	<u>\$ 132,054</u>	<u>\$ 4,487,952</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 439,874	\$ --	\$ 439,874
2160	Accrued Wages Payable	391,541	--	391,541
2170	Due to Other Funds	1,325,002	--	1,325,002
2200	Accrued Expenditures	11,402	--	11,402
2300	Unearned Revenue	256,577	--	256,577
2000	Total Liabilities	<u>2,424,396</u>	<u>--</u>	<u>2,424,396</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	157,669	--	157,669
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	1,710,941	--	1,710,941
Committed Fund Balances:				
3510	Construction	--	132,054	132,054
3545	Other Committed Fund Balance	62,892	--	62,892
3000	Total Fund Balances	<u>1,931,502</u>	<u>132,054</u>	<u>2,063,556</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,355,898</u>	<u>\$ 132,054</u>	<u>\$ 4,487,952</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 1,286,343	\$ 22,375	\$ 1,308,718
5800	State Program Revenues	758,721	--	758,721
5900	Federal Program Revenues	10,117,068	--	10,117,068
5020	Total Revenues	<u>12,162,132</u>	<u>22,375</u>	<u>12,184,507</u>
EXPENDITURES:				
Current:				
0011	Instruction	5,046,691	--	5,046,691
0012	Instructional Resources and Media Services	100,072	--	100,072
0013	Curriculum and Staff Development	1,251,262	--	1,251,262
0021	Instructional Leadership	275,745	--	275,745
0023	School Leadership	28,208	--	28,208
0031	Guidance, Counseling, & Evaluation Services	497,892	--	497,892
0034	Student Transportation	4,104	--	4,104
0035	Food Service	4,263,715	--	4,263,715
0036	Cocurricular/Extracurricular Activities	152,908	--	152,908
0041	General Administration	8,149	--	8,149
0051	Facilities Maintenance and Operations	7,371	--	7,371
0061	Community Services	91,048	--	91,048
0081	Capital Outlay	--	910,081	910,081
6030	Total Expenditures	<u>11,727,165</u>	<u>910,081</u>	<u>12,637,246</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	434,967	(887,706)	(452,739)
1200	Net Change in Fund Balances	<u>434,967</u>	<u>(887,706)</u>	<u>(452,739)</u>
0100	Fund Balances - Beginning	1,496,535	1,019,760	2,516,295
3000	Fund Balances - Ending	<u>\$ 1,931,502</u>	<u>\$ 132,054</u>	<u>\$ 2,063,556</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes		204 ESEA Title I Priority and Focus Grant	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2	224 IDEA-B Formula
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	775	435,813	7,006	363,953
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ 775</u>	<u>\$ 435,813</u>	<u>\$ 7,006</u>	<u>\$ 363,953</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 906	\$ --	\$ 136
2160	Accrued Wages Payable	--	85,374	--	94,975
2170	Due to Other Funds	775	349,533	7,006	268,842
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>775</u>	<u>435,813</u>	<u>7,006</u>	<u>363,953</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 775</u>	<u>\$ 435,813</u>	<u>\$ 7,006</u>	<u>\$ 363,953</u>

225	226	240	244	253
IDEA-B Preschool Grant	IDEA-B Discretionary	National School Breakfast/Lunch Program	Career and Tech Basic Grant	IDEA-C Deaf
\$ --	\$ --	\$ 1,511,234	\$ --	\$ --
29,903	14,119	113,638	7,139	--
--	--	155	--	--
--	--	10,738	--	--
--	--	363,557	--	--
<u>\$ 29,903</u>	<u>\$ 14,119</u>	<u>\$ 1,999,322</u>	<u>\$ 7,139</u>	<u>\$ --</u>
\$ --	\$ --	\$ 205,822	\$ --	\$ --
1,585	4,508	95,936	7,139	--
28,318	9,611	--	--	--
--	--	11,402	--	--
--	--	256,577	--	--
<u>29,903</u>	<u>14,119</u>	<u>569,737</u>	<u>7,139</u>	<u>--</u>
--	--	157,669	--	--
--	--	1,271,916	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>1,429,585</u>	<u>--</u>	<u>--</u>
<u>\$ 29,903</u>	<u>\$ 14,119</u>	<u>\$ 1,999,322</u>	<u>\$ 7,139</u>	<u>\$ --</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes		255 ESEA Title II Training & Recruiting	257 Montessori Charter School	258 STEAM Charter School	263 English Lang. Acquisition and Enhancement
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	73,387	194,665	130,427	37,836
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	<u>\$ 73,387</u>	<u>\$ 194,665</u>	<u>\$ 130,427</u>	<u>\$ 37,836</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 24,417	\$ 177,306	\$ 27	\$ --
2160	Accrued Wages Payable	8,065	--	--	720
2170	Due to Other Funds	40,905	17,359	130,400	37,116
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>73,387</u>	<u>194,665</u>	<u>130,427</u>	<u>37,836</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 73,387</u>	<u>\$ 194,665</u>	<u>\$ 130,427</u>	<u>\$ 37,836</u>

288 Magnet Schools Assistance	289 Title IV Part A Subpart I	385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund
\$ --	\$ --	\$ 4,150	\$ 24,765	\$ --
462,586	28,317	--	--	24,421
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 462,586</u>	<u>\$ 28,317</u>	<u>\$ 4,150</u>	<u>\$ 24,765</u>	<u>\$ 24,421</u>
\$ 5,357	\$ --	\$ --	\$ 1,174	\$ 24,421
50,409	--	--	--	--
406,820	28,317	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>462,586</u>	<u>28,317</u>	<u>--</u>	<u>1,174</u>	<u>24,421</u>
--	--	--	--	--
--	--	4,150	23,591	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>4,150</u>	<u>23,591</u>	<u>--</u>
<u>\$ 462,586</u>	<u>\$ 28,317</u>	<u>\$ 4,150</u>	<u>\$ 24,765</u>	<u>\$ 24,421</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2018

Data Control Codes		427 High Quality Pre-K Grant	429 State Funded Special Rev Fund
	ASSETS:		
1110	Cash and Cash Equivalents	\$ --	\$ 350
1240	Due from Other Governments	--	--
1260	Due from Other Funds	--	--
1290	Other Receivables	--	--
1300	Inventories	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ 350</u>
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	\$ --	\$ --
2160	Accrued Wages Payable	--	--
2170	Due to Other Funds	--	--
2200	Accrued Expenditures	--	--
2300	Unearned Revenue	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>
	FUND BALANCES:		
	Nonspendable Fund Balances:		
3410	Inventories	--	--
	Restricted Fund Balances:		
3450	Federal/State Funds Grant Restrictions	--	350
	Committed Fund Balances:		
3545	Other Committed Fund Balance	--	--
3000	Total Fund Balances	<u>--</u>	<u>350</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 350</u>

435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 454,072	\$ 62,892	\$ 2,057,463
--	--	1,923,985
--	--	155
--	--	10,738
--	--	363,557
<u>\$ 454,072</u>	<u>\$ 62,892</u>	<u>\$ 4,355,898</u>
\$ 308	\$ --	\$ 439,874
42,830	--	391,541
--	--	1,325,002
--	--	11,402
--	--	256,577
<u>43,138</u>	<u>--</u>	<u>2,424,396</u>
--	--	157,669
410,934	--	1,710,941
--	62,892	62,892
<u>410,934</u>	<u>62,892</u>	<u>1,931,502</u>
<u>\$ 454,072</u>	<u>\$ 62,892</u>	<u>\$ 4,355,898</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, 2018

Data Control Codes		204 ESEA Title I Priority and Focus Grant	211 ESEA Title I Improving Basic Programs	212 ESEA Title I Part D Subpart 2	224 IDEA-B Formula
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	21,526	2,136,177	49,170	1,620,507
5020	Total Revenues	21,526	2,136,177	49,170	1,620,507
EXPENDITURES:					
Current:					
0011	Instruction	19,215	1,544,796	49,170	1,213,763
0012	Instructional Resources and Media Services	--	17,067	--	--
0013	Curriculum and Staff Development	2,311	464,262	--	--
0021	Instructional Leadership	--	11,960	--	3,309
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	5,576	--	403,435
0034	Student Transportation	--	4,104	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0061	Community Services	--	88,412	--	--
6030	Total Expenditures	21,526	2,136,177	49,170	1,620,507
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

225	226	240	244	253
IDEA-B Preschool Grant	IDEA-B Discretionary	National School Breakfast/Lunch Program	Career and Tech Basic Grant	IDEA-C Deaf
\$ --	\$ --	\$ 560,161	\$ --	\$ --
--	--	48,257	--	--
50,072	71,679	4,005,863	113,436	1,489
<u>50,072</u>	<u>71,679</u>	<u>4,614,281</u>	<u>113,436</u>	<u>1,489</u>
50,072	71,679	--	26,513	1,489
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	86,923	--
--	--	--	--	--
--	--	4,263,715	--	--
--	--	--	--	--
--	--	--	--	--
--	--	7,371	--	--
--	--	--	--	--
<u>50,072</u>	<u>71,679</u>	<u>4,271,086</u>	<u>113,436</u>	<u>1,489</u>
--	--	343,195	--	--
--	--	<u>343,195</u>	--	--
--	--	1,086,390	--	--
\$ --	\$ --	\$ <u>1,429,585</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, 2018

Data Control Codes		255 ESEA Title II Training & Recruiting	257 Montessori Charter School	258 STEAM Charter School	263 English Lang. Acquisition and Enhancement
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	329,827	450,700	328,484	175,662
5020	Total Revenues	329,827	450,700	328,484	175,662
EXPENDITURES:					
Current:					
0011	Instruction	--	215,671	291,441	114,533
0012	Instructional Resources and Media Services	--	54,467	--	--
0013	Curriculum and Staff Development	321,678	178,463	37,043	56,262
0021	Instructional Leadership	--	--	--	2,231
0023	School Leadership	--	2,099	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	8,149	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0061	Community Services	--	--	--	2,636
6030	Total Expenditures	329,827	450,700	328,484	175,662
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

288 Magnet Schools Assistance	289 Title IV Part A Subpart I	385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	4,150	12,920	223,989
718,414	44,062	--	--	--
<u>718,414</u>	<u>44,062</u>	<u>4,150</u>	<u>12,920</u>	<u>223,989</u>
430,665	39,237	--	--	223,989
22,121	--	--	--	--
144,114	4,825	--	5,294	--
117,527	--	--	--	--
2,029	--	--	--	--
1,958	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>718,414</u>	<u>44,062</u>	<u>--</u>	<u>5,294</u>	<u>223,989</u>
--	--	4,150	7,626	--
--	--	4,150	7,626	--
--	--	--	15,965	--
\$ --	\$ --	\$ 4,150	\$ 23,591	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		427 High Quality Pre-K Grant	429 State Funded Special Rev Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ --	\$ --
5800	State Program Revenues	1,135	3,500
5900	Federal Program Revenues	--	--
5020	Total Revenues	<u>1,135</u>	<u>3,500</u>
EXPENDITURES:			
Current:			
0011	Instruction	1,135	--
0012	Instructional Resources and Media Services	--	--
0013	Curriculum and Staff Development	--	3,150
0021	Instructional Leadership	--	--
0023	School Leadership	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--
0034	Student Transportation	--	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	--	--
0041	General Administration	--	--
0051	Facilities Maintenance and Operations	--	--
0061	Community Services	--	--
6030	Total Expenditures	<u>1,135</u>	<u>3,150</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>--</u>	<u>350</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>350</u>
0100	Fund Balances - Beginning	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ 350</u>

435 Regional Day School for the Deaf	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 462,360	\$ 263,822	\$ 1,286,343
464,770	--	758,721
--	--	10,117,068
<u>927,130</u>	<u>263,822</u>	<u>12,162,132</u>
685,075	68,248	5,046,691
--	6,417	100,072
6,166	27,694	1,251,262
140,718	--	275,745
--	24,080	28,208
--	--	497,892
--	--	4,104
--	--	4,263,715
--	152,908	152,908
--	--	8,149
--	--	7,371
--	--	91,048
<u>831,959</u>	<u>279,347</u>	<u>11,727,165</u>
95,171	(15,525)	434,967
<u>95,171</u>	<u>(15,525)</u>	<u>434,967</u>
315,763	78,417	1,496,535
\$ <u>410,934</u>	\$ <u>62,892</u>	\$ <u>1,931,502</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 AUGUST 31, 2018

Data Control Codes		816 Scholarship Fund	865 Student Activity	Total Agency Funds (See Exhibit E-1)
	ASSETS:			
1110	Cash and Cash Equivalents	\$ 6,960	\$ 226,218	\$ 233,178
1000	Total Assets	<u>6,960</u>	<u>226,218</u>	<u>233,178</u>
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	\$ 2,000	\$ --	\$ 2,000
2190	Due to Student Groups	4,960	226,218	231,178
2000	Total Liabilities	<u>6,960</u>	<u>226,218</u>	<u>233,178</u>
	NET POSITION:			
3000	Total Net Position	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Other Supplementary Information

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

LONGVIEW INDEPENDENT SCHOOL DISTRICTSCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2018

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2009 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.04		.473		3,990,713,981
2018 (School Year Under Audit)		1.04		.473		4,101,994,079
1000 Totals						
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code						

10 Beginning Balance 9/1/17	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/18
\$ 610,683	\$ --	\$ 12,921	\$ 1,338	\$ (71,607)	\$ 524,817
141,295	--	3,306	1,209	(1,676)	135,104
165,273	--	5,491	2,498	(1,722)	155,562
200,244	--	11,419	5,194	(1,116)	182,515
253,076	--	16,924	7,697	9,030	237,485
293,741	--	26,238	11,933	27,611	283,181
395,386	--	51,555	23,447	29,281	349,665
599,866	--	114,740	52,185	32,663	465,604
1,325,438	--	413,216	187,934	(32,585)	691,703
--	62,063,170	41,903,371	19,058,001	185,265	1,287,063
<u>\$ 3,985,002</u>	<u>\$ 62,063,170</u>	<u>\$ 42,559,181</u>	<u>\$ 19,351,436</u>	<u>\$ 175,144</u>	<u>\$ 4,312,699</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 578,500	\$ 541,317	\$ 560,161	\$ 18,844
5800	State Program Revenues	25,000	62,183	48,257	(13,926)
5900	Federal Program Revenues	4,128,729	4,268,729	4,005,863	(262,866)
5020	Total Revenues	<u>4,732,229</u>	<u>4,872,229</u>	<u>4,614,281</u>	<u>(257,948)</u>
	EXPENDITURES:				
	Current:				
	Support Services - Student (Pupil):				
0035	Food Services	<u>4,570,082</u>	<u>4,740,482</u>	<u>4,263,715</u>	<u>476,767</u>
	Total Support Services - Student (Pupil)	<u>4,570,082</u>	<u>4,740,482</u>	<u>4,263,715</u>	<u>476,767</u>
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	<u>--</u>	<u>10,000</u>	<u>7,371</u>	<u>2,629</u>
	Total Support Services - Nonstudent Based	<u>--</u>	<u>10,000</u>	<u>7,371</u>	<u>2,629</u>
6030	Total Expenditures	<u>4,570,082</u>	<u>4,750,482</u>	<u>4,271,086</u>	<u>479,396</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>162,147</u>	<u>121,747</u>	<u>343,195</u>	<u>221,448</u>
1200	Net Change in Fund Balance	<u>162,147</u>	<u>121,747</u>	<u>343,195</u>	<u>221,448</u>
0100	Fund Balance - Beginning	<u>1,086,390</u>	<u>1,086,390</u>	<u>1,086,390</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 1,248,537</u>	<u>\$ 1,208,137</u>	<u>\$ 1,429,585</u>	<u>\$ 221,448</u>

LONGVIEW INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 18,333,000	\$ 18,333,000	\$ 19,928,286	\$ 1,595,286
5800	State Program Revenues	409,000	409,000	403,192	(5,808)
5900	Federal Program Revenues	385,203	385,203	386,030	827
5020	Total Revenues	19,127,203	19,127,203	20,717,508	1,590,305
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	7,525,754	5,999,254	5,409,255	589,999
0072	Interest on Long-Term Debt	8,952,154	10,478,654	10,091,991	386,663
0073	Bond Issuance Costs and Fees	10,000	521,442	514,948	6,494
	Total Debt Service	16,487,908	16,999,350	16,016,194	983,156
6030	Total Expenditures	16,487,908	16,999,350	16,016,194	983,156
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	2,639,295	2,127,853	4,701,314	2,573,461
	Other Financing Sources (Uses):				
7911	Debt Issued (Refunding Bonds)	--	48,335,000	48,335,000	--
7916	Premium or Discount on Issuance of Bonds	--	5,923,726	6,037,321	113,595
7917	Prepaid Interest	--	112,651	112,651	--
8949	Payment to Escrow Agent for Bond Refunding	--	(53,859,935)	(53,859,935)	--
7080	Total Other Financing Sources and (Uses)	--	511,442	625,037	113,595
1200	Net Change in Fund Balance	2,639,295	2,639,295	5,326,351	2,687,056
0100	Fund Balance - Beginning	10,209,454	10,209,454	10,209,454	--
3000	Fund Balance - Ending	\$ 12,848,749	\$ 12,848,749	\$ 15,535,805	\$ 2,687,056

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Sherry Davis, CPA
Chanie A. Johnson, CPA

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

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

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2018, 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 7, 2019.

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 7, 2019

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Chanie A. Johnson, CPA

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, 2018. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Longview Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2018.

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 a 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 7, 2019

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESEA Title I Part A
84.282	Charter School Program Start-Up
84.165	Magnet School Assistance Program

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018

<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, 2018

None required.

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

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
CHILD NUTRITION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program	10.553	00439	\$ 938,614
National School Lunch Program	10.555	00439	2,703,017
Total Passed Through State Department of Education			3,641,631
Passed Through Texas Department of Agriculture:			
Food Distribution (Non-cash)	10.555	00439	364,232
Total U. S. Department of Agriculture			4,005,863
Total Child Nutrition Cluster			4,005,863
SPECIAL EDUCATION (IDEA) CLUSTER:			
U. S. Department of Education			
Passed Through State Department of Education:			
IDEA-B Formula	84.027	186600010929036600	1,577,533
IDEA-B Discretionary	84.027	186600110929036673	67,519
IDEA-B Formula	84.027	196600010929036600	100,740
IDEA-B Discretionary	84.027	196600110929036673	4,508
Total CFDA Number 84.027			1,750,300
IDEA-B Preschool	84.173	186610010929036610	49,449
IDEA-B Preschool	84.173	196610010929036610	1,585
Total CFDA Number 84.173			51,034
Total Passed Through State Department of Education			1,801,334
Total U. S. Department of Education			1,801,334
Total Special Education (IDEA) Cluster			1,801,334
OTHER PROGRAMS:			
U. S. Department of Education			
Direct Program:			
Magnet School Assistance	84.165	N/A	742,169
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	18610101092903	2,093,301
Title I Part D Subpart 2	84.010	18610103092903	50,932
Title 1 Focus and Priority Grant	84.010	18610123092903	22,301
ESEA Title I Part A - Improving Basic Programs	84.010	19610101092903	112,956
Total CFDA Number 84.010			2,279,489
Career and Technical - Basic Grant	84.048	18420006092903	106,297
Career and Technical - Basic Grant	84.048	19420006092903	7,139
Total CFDA Number 84.048			113,436
IDEA-C Early Intervention (Deaf)	84.181a	183911010929033911	1,489
Montessori Public Charter School	84.282	175900087110010	450,700
STEAM Public Charter School	84.282	175900087110011	328,484
Total CFDA Number 84.282			779,184

LONGVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT K-1
Page 2 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
Title III Part A English Language Acquisition and Language Enhancement	84.365	18671001092903	180,775
Title III Part A English Language Acquisition and Language Enhancement	84.365	19671001092903	814
Total CFDA Number 84.365			<u>181,589</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	18694501092903	310,821
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	19694501092903	30,578
Total CFDA Number 84.367			<u>341,399</u>
Summer School LEP	84.369	69551602	9,497
Title IV, Part A, Subpart 1	84.424	18680101092903	45,647
Total Passed Through State Department of Education			<u>3,751,730</u>
Total U. S. Department of Education			<u>4,493,899</u>
<u>U. S. Department of Defense</u>			
Direct Program:			
ROTC	12.000	N/A	73,863
Total U. S. Department of Defense			<u>73,863</u>
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Agriculture:			
Child and Adult Care Food Program	10.558	00439	135,825
Total U. S. Department of Agriculture			<u>135,825</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,510,783</u>

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, 2018

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	\$ 10,510,783
Other Federal Revenue Sources:	
School Health and Related Services (SHARS)	1,089,491
Qualified School Construction Bonds Interest Subsidy	<u>386,030</u>
Total Federal Revenue, Exhibit C-2	<u>\$ 11,986,304</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, 2018, the District had food commodities totaling \$205,888 in inventory.

LONGVIEW INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2018

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?	\$ 189,514
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 14,330,309
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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