

An aerial photograph of the Laredo Community College campus. The main building is a large, two-story structure with a brown roof and light-colored walls. It has a prominent front porch and several windows. The building is surrounded by green lawns and trees. In the foreground, there is a paved road with a white car and a green truck. The background shows a residential area with houses and a hillside under a blue sky with some clouds.

# Annual Financial Report

**For the Fiscal Year Ended  
August 31, 2017  
Laredo Community College  
Laredo, Texas**



# Laredo Community College

West End Washington Street • 5500 South Zapata Hwy. • Laredo, TX • [www.laredo.edu](http://www.laredo.edu)

**Laredo Community College District**  
**August 31, 2017**

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# **LAREDO COMMUNITY COLLEGE DISTRICT**

## **ORGANIZATIONAL DATA**

### **For the Fiscal Year 2017**

#### Board of Trustees

##### Officers

Mercurio Martinez, Jr.	President	November 2022
Allen Tijerina	Vice President	November 2018
Cynthia Mares	Secretary	November 2022

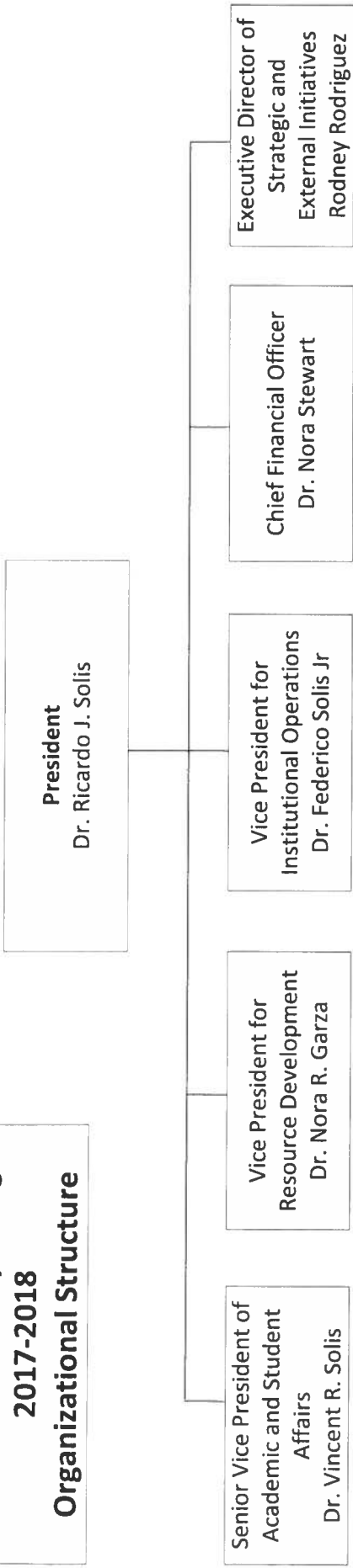
##### Term Expires

Henry S. Carranza, Ph.D.	Laredo, Texas	November 2022
Michelle De La Peña	Laredo, Texas	November 2020
Rene De La Viña	Laredo, Texas	November 2018
Gilberto Martinez, Jr., Ed.D.	Laredo, Texas	November 2018
Jackie Leven Ramos	Laredo, Texas	November 2020
Ernestina C. Vela	Laredo, Texas	November 2020

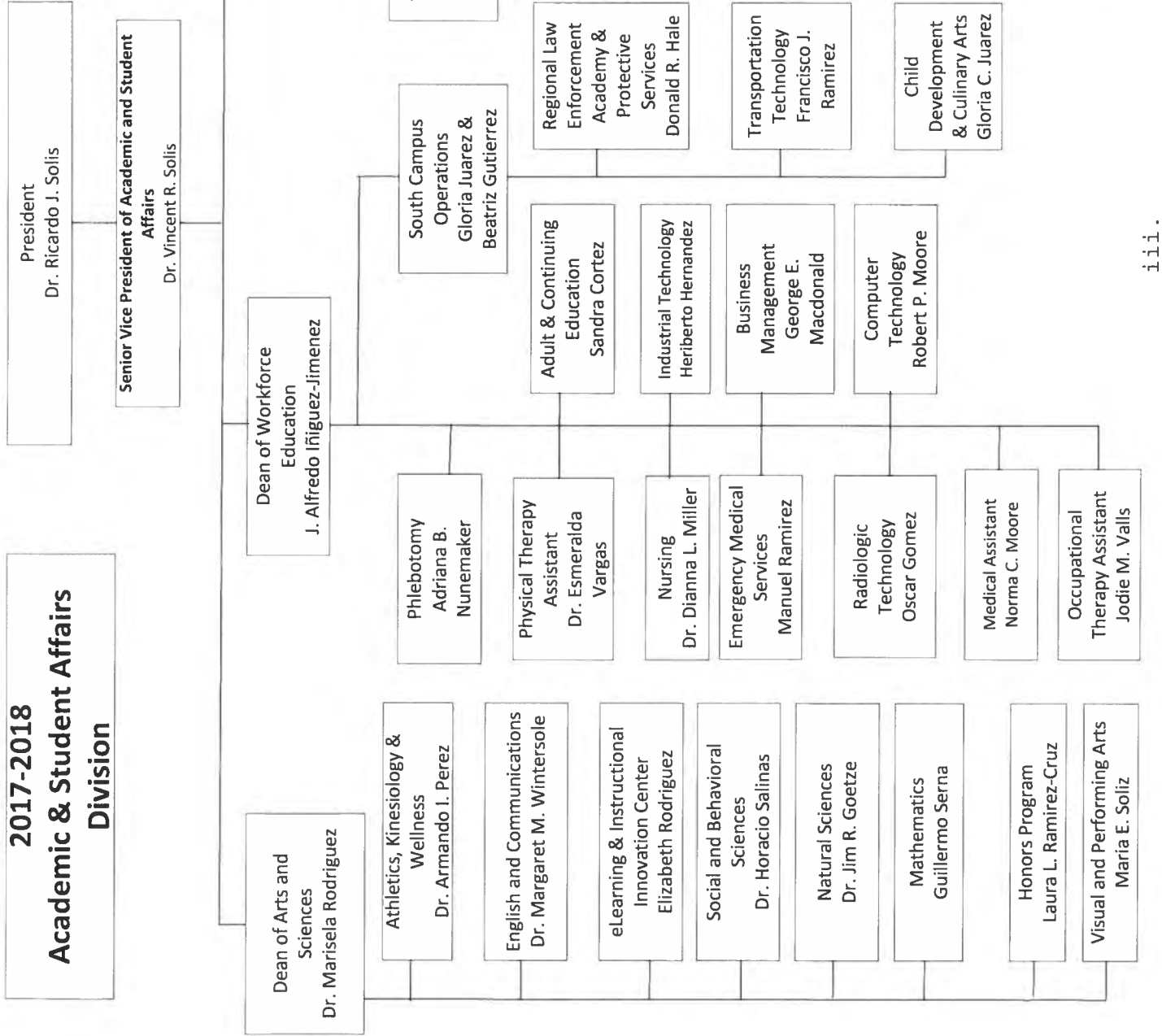
#### Principal Administrative Officers

Ricardo J. Solis, Ed.D.	President
Vincent Solis, Ed.D.	Senior Vice President of Academic and Student Affairs
Nora Stewart, DBA	Chief Financial Officer
Federico Solis Jr., Ed.D.	Vice President for Institutional Operations
Nora R. Garza, Ph.D.	Vice President for Resource Development
Rodney Rodriguez	Executive Director of Strategic and External Initiatives

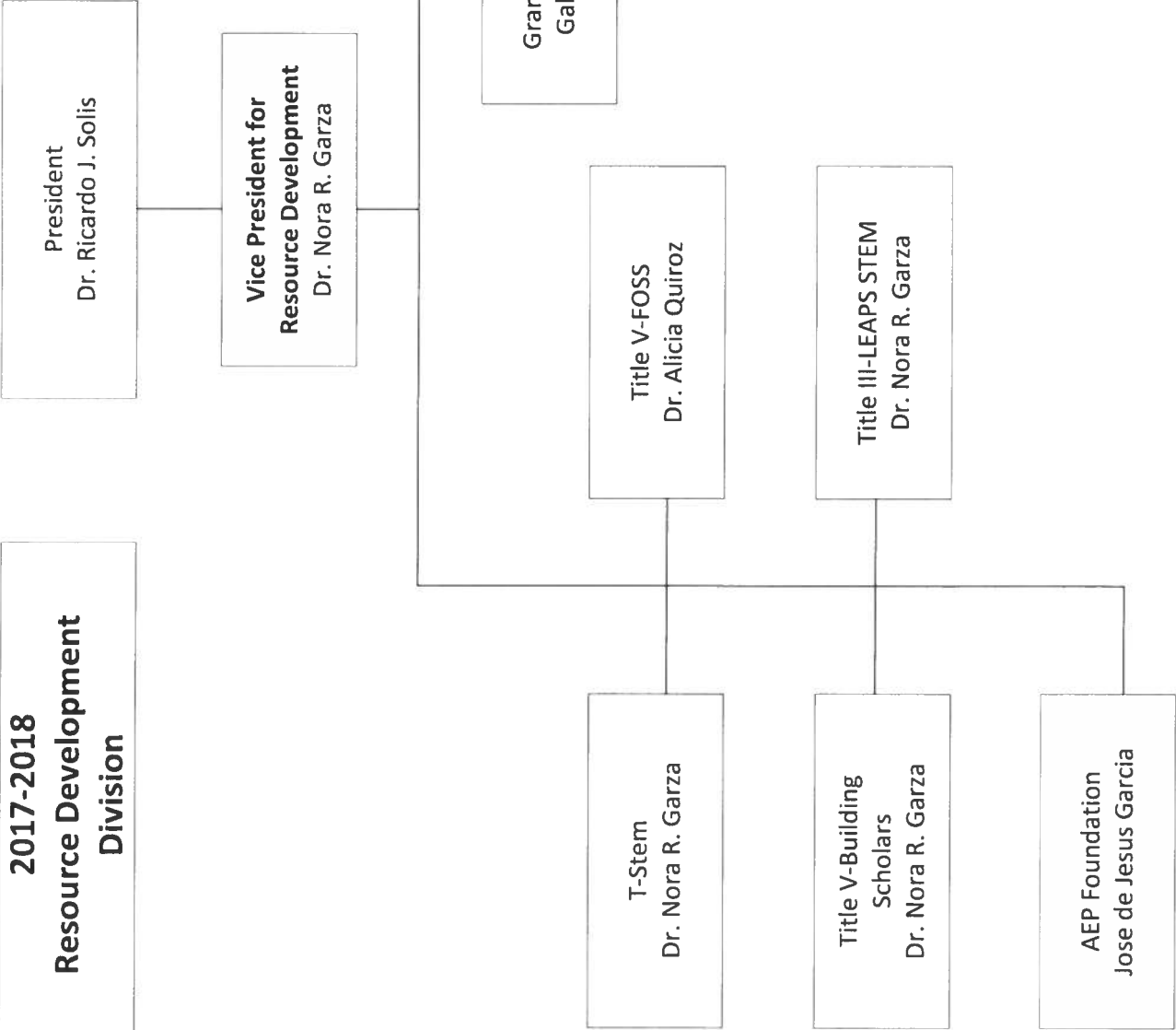
**Laredo Community College**  
**2017-2018**  
**Organizational Structure**



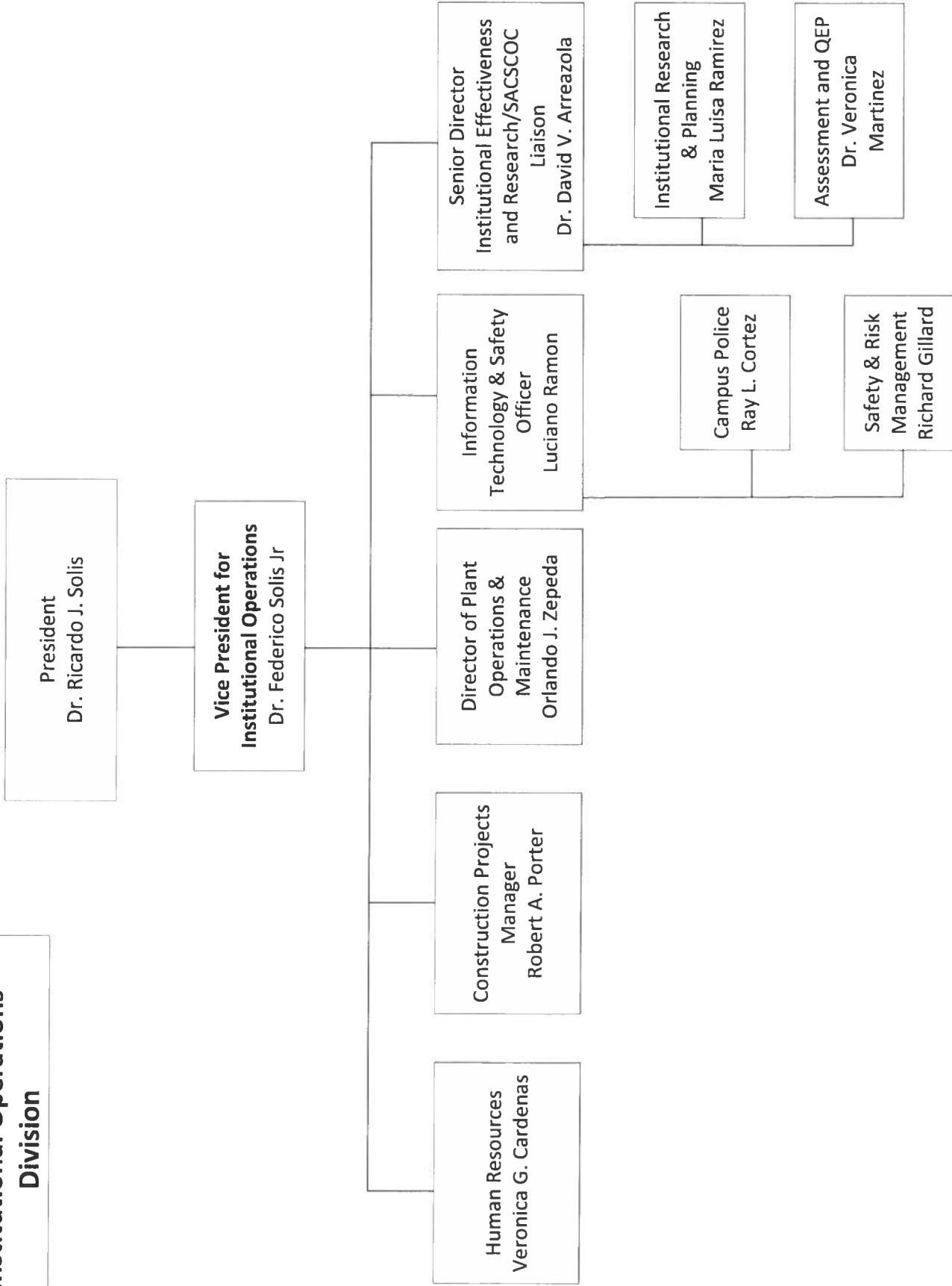
# 2017-2018 Academic & Student Affairs Division



**2017-2018**  
**Resource Development**  
**Division**

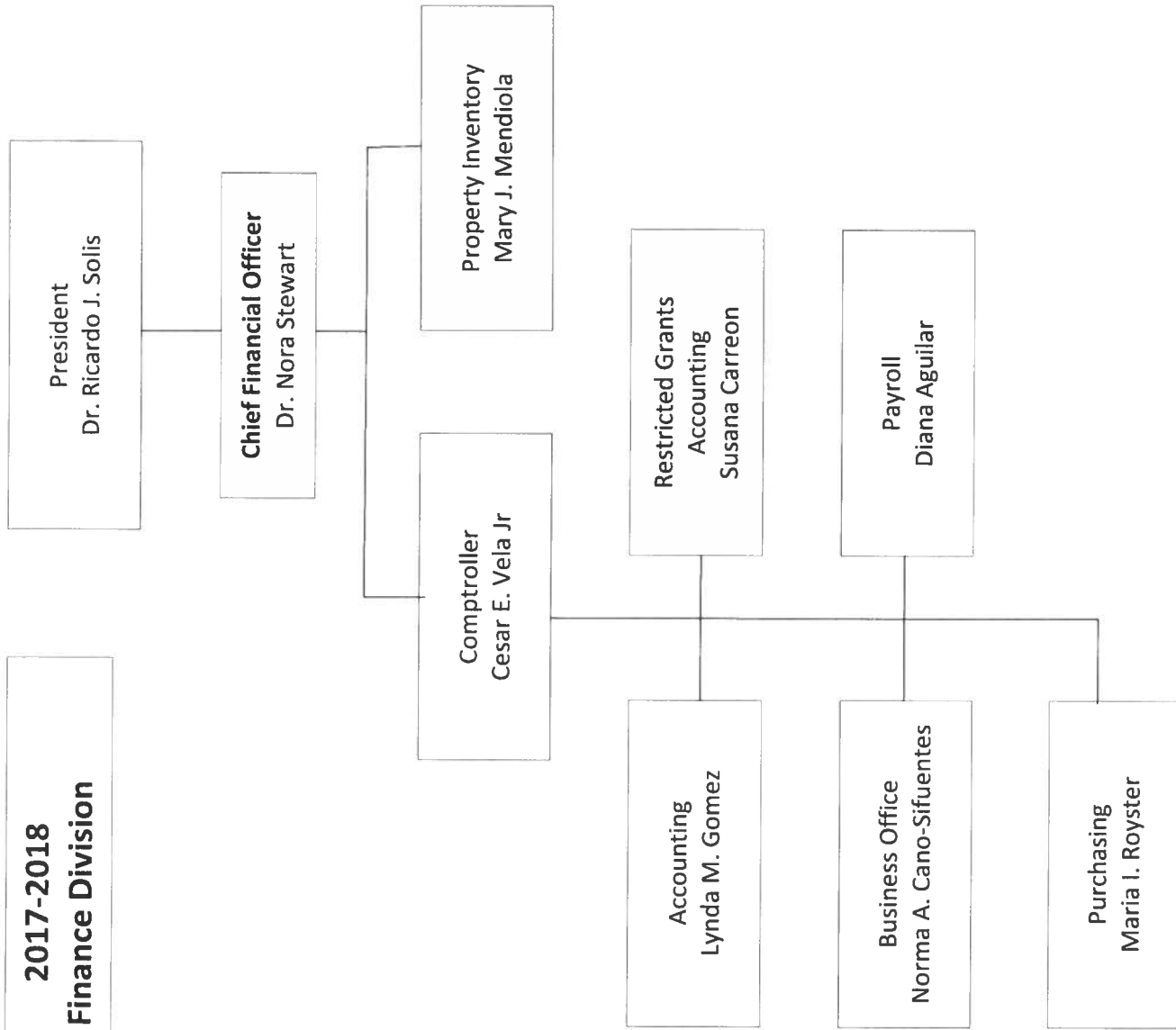


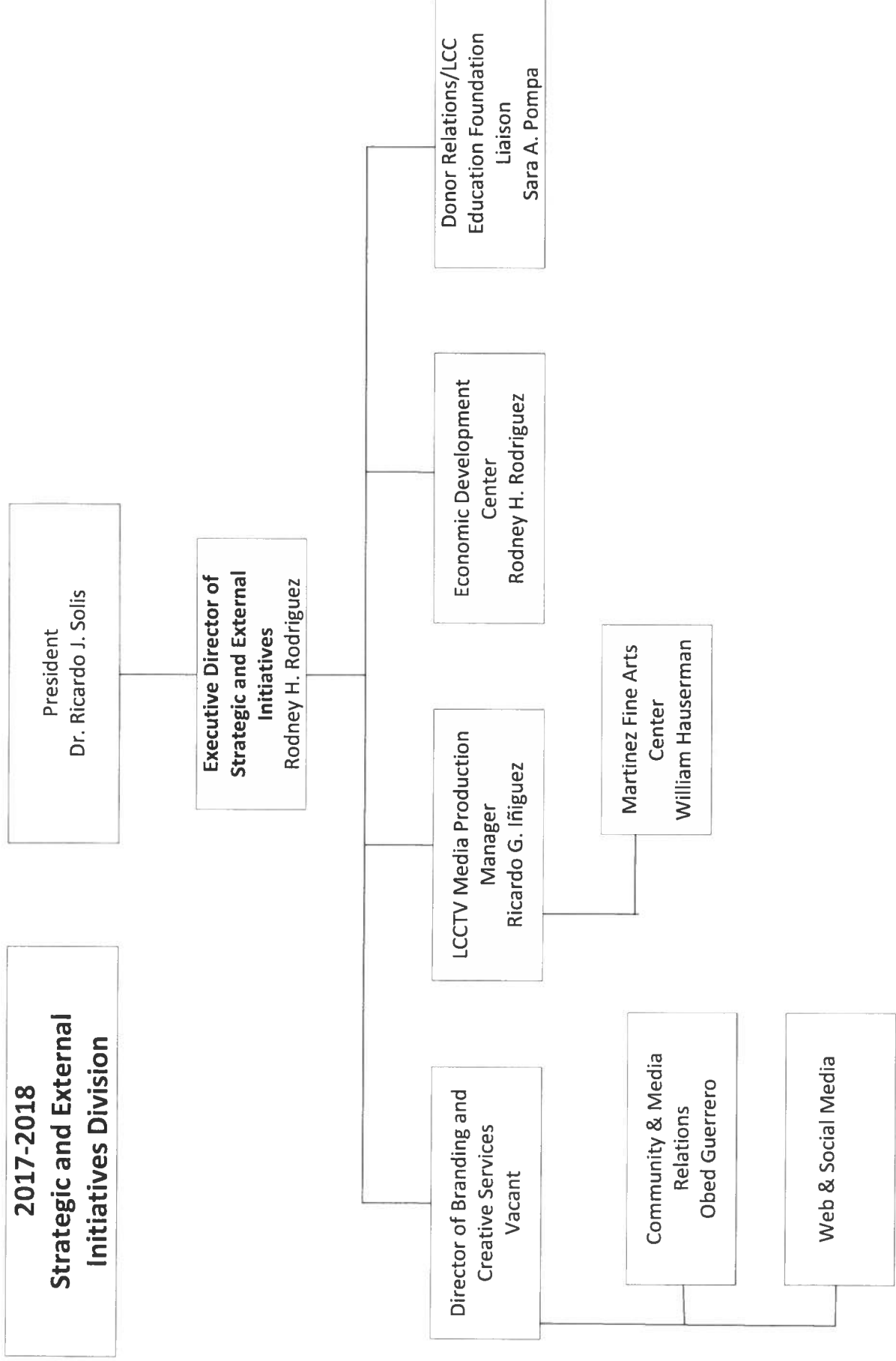
**2017-2018**  
**Institutional Operations**  
**Division**





**2017-2018  
Finance Division**





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## **FINANCIAL SECTION**

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees  
Laredo Community College District  
Laredo, Texas

We have audited the accompanying financial statements of the business-type activities of the Laredo Community College District (the College), as of and for the year ended August 31 2017 and 2016, and the related notes to the financial statements. We were not engaged to audit the financial statements of the LCC Education Foundation, as of and for the years ended December 31 2016 and 2015, a discretely presented component unit of the College. These financial statements collectively comprise College'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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.

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 entity'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 entity'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.

Except for the matter described in the “Basis for Disclaimer of Opinion” paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Basis for Disclaimer of Opinion***

The financial statements of the LCC Education Foundation have not been audited, and we were not engaged to audit the LCC Education Foundation financial statements as part of our audit of the College's basic financial statements. The LCC Education Foundation financial activities are included separately in the College's basic financial statements as a discretely presented component unit. Accordingly, we do not express an opinion on the LCC Education Foundation's financial statements (Exhibit 1A, Exhibit 2A, and Exhibit 3A).

#### ***Disclaimer of Opinion***

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the component units of the College. Accordingly, we do not express an opinion on the financial statements of the LCC Education Foundation.

#### ***Unmodified Opinion***

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of August 31, 2016 and 2017, and the respective changes in financial position, and cash flows thereof for the years, then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Share of Net Pension Liability, Schedule of Contributions to the Teacher Retirement System and the Schedule of Funding Progress, as listed 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.

### *Supplementary information*

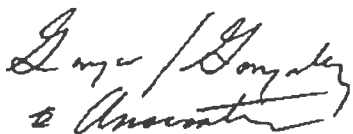
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles; and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Expenditures of State Awards, as required by the State of Texas Uniform Grant Management Standards, the Schedule of Operating Revenues, the Schedule of Operating Expenses by Object, the Schedule of Non-Operating Revenues and Expenses, and the Schedule of Net Position by Source and Availability as required by the Texas Higher Education Coordinating Board (THECB), (collectively the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report December 8, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Gary Gonzalez". The signature is written in a cursive, flowing style. Below the main signature, there is a smaller, less distinct mark that could be interpreted as a date or a second signature.

December 8, 2017

**Laredo Community College District  
Management Discussion and Analysis  
Year Ending August 31, 2017**

***Overview of the Financial Statements and Financial Analysis***

This section of Laredo Community College's Annual Financial Report presents Management's Discussion and Analysis of the College's financial position and activities for the year ended August 31, 2017, and comparative information for the year ended August 31, 2016 and August 31, 2015. Since the emphasis of discussion about these statements will be on current activities, resulting change and currently known facts, it should be read in conjunction with the College's Basic Financial Statements and the footnotes.

The financial statements of this annual report consist of three parts – Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The financial statements, consisting of the Statement of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; and No. 35 (GASB 35), *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

These three statements will assist the reader in determining whether the College, as a whole, is performing financially better this year as compared to last year. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year.

***Financial Highlights***

- The College's total combined Net Position was \$56,562,199 at August 31, 2017. Of this amount, \$19,367,829 may be used to meet the College's ongoing obligations.
- The College's ad-valorem tax revenue for maintenance and operations increased by 9.78% or \$2,852,329 from \$29,152,031 in 2016 to \$32,004,360 in 2017.
- Non-operating revenues increased 7.92% or \$5,158,110 from \$65,130,258 in 2016 to \$70,288,368 in 2017.
- Capital assets, net of accumulated depreciation, at August 31, 2017, had an increase of \$7,234,346 from August 31, 2016.
- During the fiscal year, the College's combined Net Position increased by \$10,565,386 or 22.97%.

The financial statements for the District's component unit, the L.C.C Education Foundation, Inc. (the Foundation) are discretely presented with the financial statements of the College since the Foundation raises and holds economic resources for the direct benefit of the College.

***Statement of Net Position***

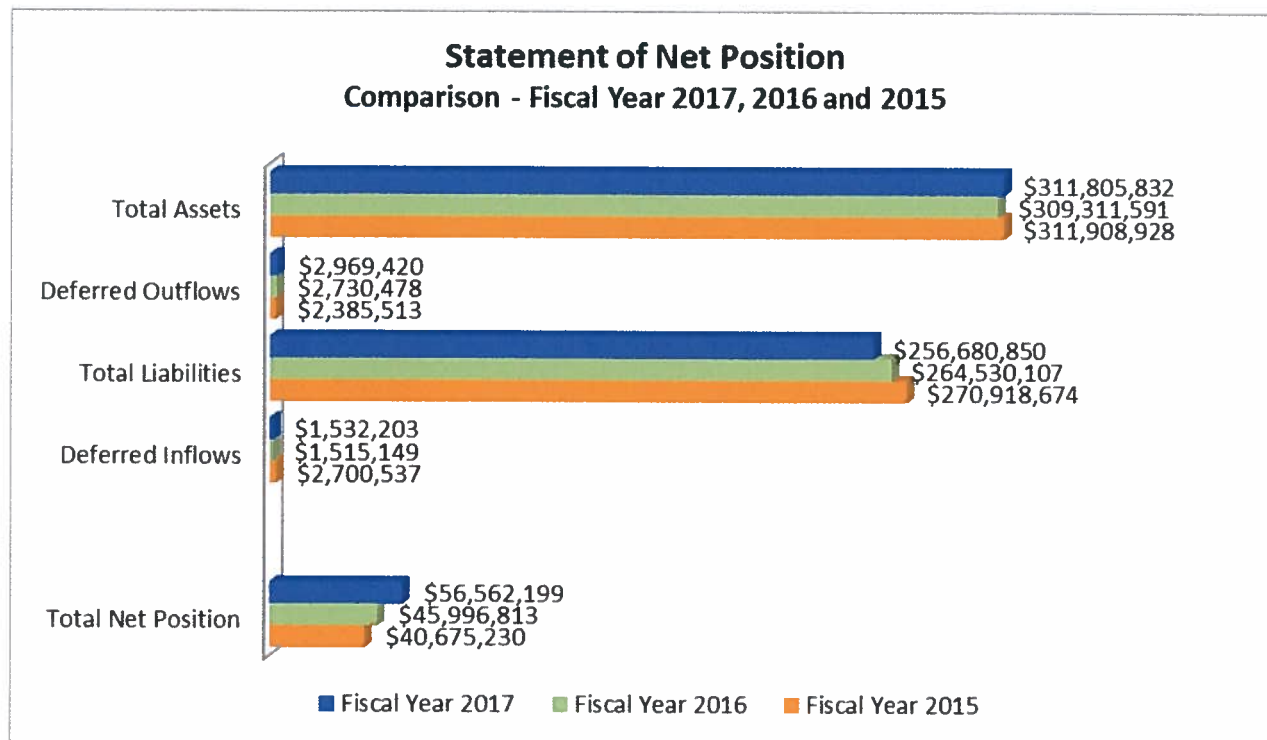
The statement of Net Position represent the College's financial position at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflow of resources of the College. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and serves as a general indicator of financial stability.



Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include restricted cash and cash equivalents, capital assets, and other assets not classified as current. Noncurrent liabilities include bonds and tax notes payable, net pension liability and other long-term commitments. Deferred outflows of resources represent a consumption of net position applicable to a future reporting period. The College's deferred outflows of resources include deferred outflows related to pensions and deferred charges on refundings. Deferred inflows of resources include deferred inflows of resources related to pensions arising from its participation in the defined benefit pension plan administered by the Teacher Retirement System of Texas (TRS).

Condensed financial information from the Statements of Net Position is as follows:

	<b>Statement of Net Position</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Assets:</b>			
Current assets	\$ 149,856,827	\$ 154,602,196	\$ 158,272,159
Capital assets	157,823,139	150,588,793	149,440,979
Other non-current assets	4,125,866	4,120,602	4,195,790
<b>Total assets</b>	<b>311,805,832</b>	<b>309,311,591</b>	<b>311,908,928</b>
Deferred Outflows Related to Pensions	2,388,992	2,094,995	1,579,586
Deferred Charge on Refundings	580,428	635,483	805,927
<b>Total Deferred Outflow of Resources</b>	<b>2,969,420</b>	<b>2,730,478</b>	<b>2,385,513</b>
<b>Liabilities:</b>			
Current liabilities	30,800,117	29,361,661	27,892,333
Non-current liabilities	225,880,733	235,168,446	243,026,341
<b>Total liabilities</b>	<b>256,680,850</b>	<b>264,530,107</b>	<b>270,918,674</b>
Deferred Inflows Related to Pensions	1,532,203	1,515,149	2,700,537
Net Investment in Capital Assets	18,922,380	15,402,357	16,142,551
Restricted net assets	18,271,990	17,272,360	14,039,234
Unrestricted net assets	19,367,829	13,322,096	10,493,445
<b>Total Net Position</b>	<b>\$ 56,562,199</b>	<b>\$ 45,996,813</b>	<b>\$ 40,675,230</b>



Total assets increased \$2.5 million in 2017 or approximately 1%. The increase was the result of a \$7.2 million dollar increase to capital assets, partially offset by a \$5.3 million decrease to cash and cash equivalents. The increase in capital assets and decrease in cash is primarily due to the acquisition and construction of capital assets as part of Phase III of the College's Facilities Master Plan.

In 2016, total assets decreased \$2.6 million. The decrease was the result of a \$3.2 million decrease in cash and cash equivalents due to an increase of \$2.6 million in cash used for capital and financing activities. The decrease in cash was offset by an increase of \$1.1 million in capital assets due to the capitalization of furniture and equipment for newly remodeled buildings.

During 2017, total liabilities decreased by \$7.8 million or 3% resulting from a decrease in noncurrent liabilities of \$9.2 million partially offset by an increase to current liabilities of \$1.4 million or 5%. The \$9.2 million decrease to noncurrent liabilities was attributable to scheduled debt service payments of approximately \$8.4 million on bonds and maintenance tax notes and \$1.1 million in bond premium amortization. The \$1.4 million increase to current liabilities is primarily attributed to a \$1.2 million increase in accounts payable for construction.

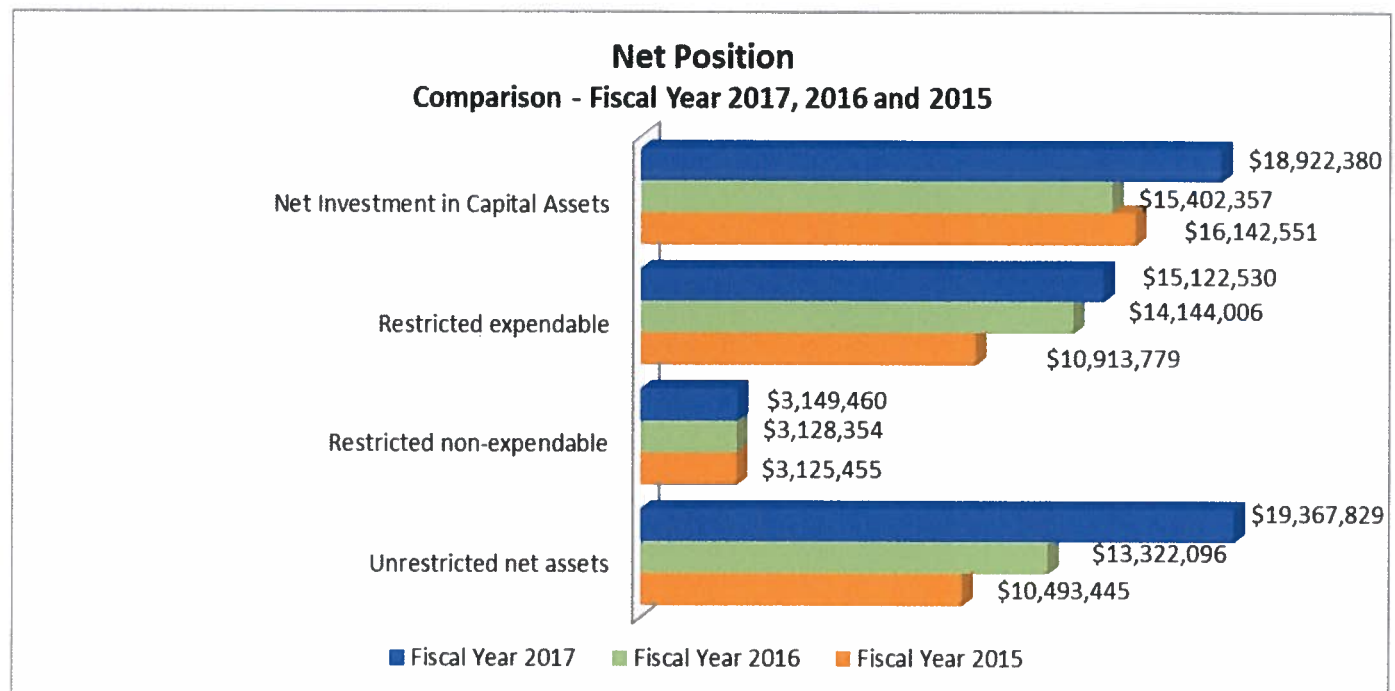
In 2016, total liabilities decreased by \$6.2 million or 2.30% resulting from a decrease to noncurrent liabilities of \$7.7 million, partially offset by an increase to current liabilities of approximately \$1.5 million. The \$7.7 million decrease to noncurrent liabilities was attributed to scheduled debt service payments of approximately \$2.3 million and a \$7.8 million reduction of principal due to the refunding of the Ltd. Tax Refunding Bond Series 2006 and the Combined Fee Revenue Refunding Bond Series 2006. The \$1.5 million increase to current liabilities was primarily due to an increase in the current portion of long-term bonds payable of \$1.2 million.

In 2017, deferred outflow of resources increased by \$239 thousand and deferred inflows of resources increased by \$17 thousand. The increase to deferred outflow of resources resulted from an increase of \$274 thousand in deferred outflow of resources for changes in actuarial assumptions and differences between expected and actual economic experiences related to pensions. The \$17 thousand increase to deferred inflow of resources in fiscal year 2017 resulted from a \$17 thousand increase to deferred inflows of resources related to pensions due to the College's participation in TRS.

Deferred outflows of resources increase \$345 thousand and deferred inflows of resources decreased \$1.2 million in 2016 due to changes in actuarial assumptions and differences between expected and actual economic experiences related to pensions due to the College's participation in TRS.

The College's net position at August 31, 2017 was \$56.6 million compared to \$46 million at August 31, 2016. The increase in net position is attributed to excess revenues over expenditures. For 2017, 33.3% of the College's net position or \$18.9 million reflect the College's investment in capital assets net of related debt. Restricted net assets such as endowment gifts, grants from third-party agencies with expenditure restrictions, student loan funds, and assets designated for debt service represent an additional 32.5% or \$18.4 million. The remaining 34.1% of the College's net position, \$19.3 are unrestricted net assets and may be used for educational or general operations by the College.

For 2016, 33.5% of the College's net position or \$15.4 million reflect the College's investment in capital assets net of related debt. Restricted net assets such as endowment gifts, grants from third-party agencies with expenditure restrictions, student loan funds, and assets designated for debt service represented an additional 37.6% or \$17.3 million. The remaining 28.9% of the College's net position, \$13.3 were classified as unrestricted net assets.



### ***Statement of Revenues, Expenses and Changes in Net Position***

The Statements of Revenues, Expenses and Changes in Net Position present the College's results of operations for the fiscal year. Operating revenues are generated from the service provided to students and other customers of the College. Operating expenses include those costs incurred in the production of goods and services which result in operating revenues, as well as depreciation and amortization. All other activity is classified as non-operating revenues and expenses. Since a large portion of the revenue stream including ad valorem property taxes, state appropriations, and all federal financial aid grants is classified as non-operating revenues, Texas public community colleges will generally reflect an operating loss with the increase or decrease in net position reflective of all activity. Total revenues and total expenses should be considered in assessing the change in the College's financial position. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Position and notes to the financial statements.

The following summary is prepared from the College's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended August 31:

# Statement of Revenues, Expenses and Changes in Net Position

	2017	2016	2015
Operating Revenues	\$ 17,385,596	\$ 18,358,813	\$ 20,523,088
Operating Expenses	77,108,578	76,605,219	75,794,825
Operating Loss	(59,722,982)	(58,246,406)	(55,271,737)
Non-operating revenues and expenses	70,288,368	65,130,258	59,582,456
Increase in Net Position	10,565,386	6,883,852	4,310,719
Extraordinary Item	-	49,071	-
Increase in Net Position after Extraordinary Item	10,565,386	6,932,923	4,310,719
Net Position at beginning of year	45,996,813	40,675,230	46,366,768
Prior Period Adjustment	-	(1,611,340)	(10,002,257)
Restated Net Position at beginning of year	45,996,813	39,063,890	36,364,511
<b>Net Position at end of year</b>	<b>\$ 56,562,199</b>	<b>\$ 45,996,813</b>	<b>\$ 40,675,230</b>

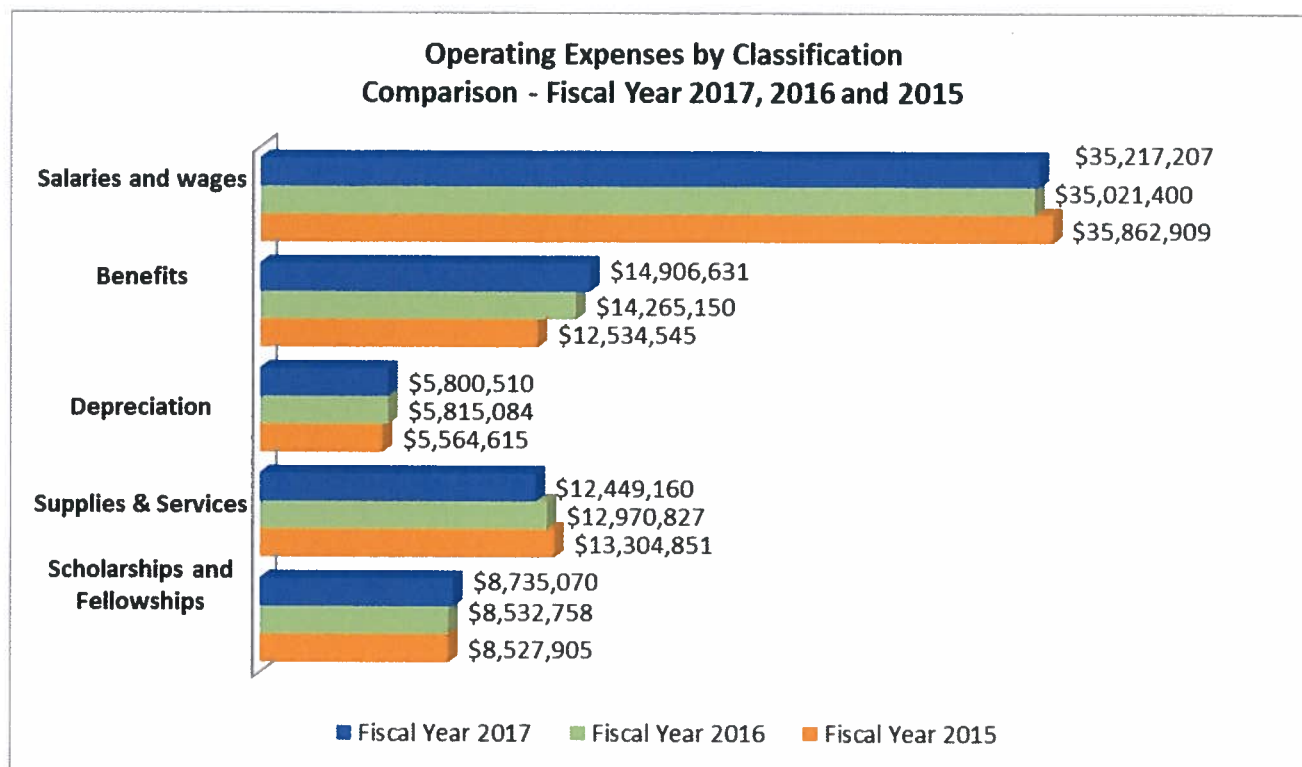
	2017		2016		2015	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Operating revenues						
Tuition and fees (net of discounts)	\$ 8,197,564	47.15%	\$ 8,752,051	47.67%	\$ 8,833,615	43.04%
Federal grants and contracts	3,550,864	20.42%	3,778,234	20.58%	4,739,942	23.10%
State grants and contracts	1,594,385	9.17%	1,788,450	9.74%	2,832,960	13.80%
Nongovernment grants and contracts	257,156	1.48%	281,735	1.53%	291,863	1.42%
Investment income (program restricted)	70,014	0.40%	57,378	0.31%	90,111	0.44%
Auxiliary enterprises (net of discounts)	2,066,242	11.88%	2,007,213	10.93%	2,056,616	10.02%
Other operating revenues	1,649,371	9.49%	1,693,752	9.23%	1,677,981	8.18%
<b>Total</b>	<b>\$ 17,385,596</b>	<b>100.00%</b>	<b>\$ 18,358,813</b>	<b>100.00%</b>	<b>\$ 20,523,088</b>	<b>100.00%</b>

The statement of revenues, expenses and changes in net position reflects an increase to net position of \$10.5 million for fiscal year 2017. As is normal, operations yielded a loss for the year of \$59.7 million. This is commonly referred to as the burden on taxpayers. The operating loss does not include state appropriations, Title IV funds, or ad valorem taxes, which are reported as non-operating revenues as required by GASB 35. The operating loss increased by \$1.5 million or 2.54%, from \$58.2 million in fiscal year 2016, to \$59.7 in fiscal year 2017. Operating revenues decreased by \$1 million, and total operating expenses increased by \$500 thousand. Total operating revenues decreased by \$1 million, primarily due to decreases in tuition and fee revenue, federal grant revenue, and state grant revenues of \$600 thousand, \$200 thousand, and \$200 thousand respectively.

For 2016, the statement of revenues, expenses and changes in net position reflected an increase to net position of \$6.9 million. As is normal, operations yielded a loss of \$58.2 million. The operating loss increased by \$3 million or 5.38%, from \$55.2 million in fiscal year 2015, to \$58.2 million in fiscal year 2016. Operating revenues decreased by \$2.2 million, primarily due to decreases in federal grant revenue and state grant revenue of \$1 million and \$1 million respectively.

Operating Expenses by Function	2017		2016		2015	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	\$ 26,397,974	34.23%	\$ 26,456,065	34.54%	\$ 24,750,406	32.65%
Research	890	0.00%	-	0.00%	-	0.00%
Public service	574,058	0.74%	582,278	0.76%	484,963	0.64%
Academic support	6,276,664	8.14%	6,269,920	8.18%	7,045,742	9.30%
Student services	7,342,635	9.52%	7,185,446	9.38%	6,730,669	8.88%
Institutional support	12,797,972	16.60%	12,562,499	16.40%	13,718,788	18.10%
Operation and maintenance of plant	7,506,372	9.73%	7,655,562	9.99%	7,421,707	9.79%
Scholarships and fellowships	8,735,070	11.33%	8,532,758	11.14%	8,527,905	11.25%
Auxiliary enterprises	1,676,433	2.17%	1,545,607	2.02%	1,550,030	2.05%
Depreciation	5,800,510	7.52%	5,815,084	7.59%	5,564,615	7.34%
<b>Total</b>	<b>\$ 77,108,578</b>	<b>100.00%</b>	<b>\$ 76,605,219</b>	<b>100.00%</b>	<b>\$ 75,794,825</b>	<b>100.00%</b>

Operating Expenses by Classification	2017		2016		2015	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Salaries and wages	\$ 35,217,207	45.67%	\$ 35,021,400	45.72%	\$ 35,862,909	47.32%
Benefits	14,906,631	19.33%	14,265,150	18.62%	12,534,545	16.54%
Depreciation	5,800,510	7.52%	5,815,084	7.59%	5,564,615	7.34%
Supplies & Services	12,449,160	16.14%	12,970,827	16.93%	13,304,851	17.55%
Scholarships and fellowships	8,735,070	11.33%	8,532,758	11.14%	8,527,905	11.25%
<b>Total</b>	<b>\$ 77,108,578</b>	<b>100.00%</b>	<b>\$ 76,605,219</b>	<b>100.00%</b>	<b>\$ 75,794,825</b>	<b>100.00%</b>



In 2017, operating expenses increased by 0.66% or \$500 thousand due to an increase in health insurance costs. The increase corresponds with increase health care premiums paid to the Employees Retirement System of Texas (ERS).

For 2016 operating expenses increased by 1%, or \$810 thousand compared to 2015. The increase in operating expenses was due to the budgeted level spending associated with increased personnel costs. An analysis of operating expenses by function indicates the most significant year-to-year increase in expenditures to be in instructional expenses by \$1.7 million or 6.89%. The increase in instruction can be attributed to increases in faculty salary costs due to an adjustment made to the faculty salary scales. These increases were offset by a decrease in institutional support of \$1.1 million due to a reduction of \$1.7 million in employee merit payments.

In 2017, net non-operating revenues (expenses) increased over fiscal year 2016 by 7.92%, or \$5.2 million. The increase in non-operating revenues was due primarily to an increase in ad-valorem tax revenues of \$3.8 million. This increase is attributed to an increase in assessed valuations and to an increase in the tax rate for fiscal year 2017. In addition, there was an increase in federal grant revenue of \$543 thousand due to an increase in Title IV revenues. In addition, the College had a decrease of \$607 thousand in interest on capital related debt expenses due to interest rate reductions attributed to the refunding of the Series 2006 Limited Tax Refunding and Combined Fee Revenue Refunding Bonds.

For 2016, net non-operating revenues (expenses) increased over fiscal year 2015 by 9.31%, or \$5.5 million. The increase in non-operating revenues was due primarily to an increase in ad-valorem tax revenues of \$5 million. This increase is attributed to an increase in assessed valuations and to an increase in the tax rate for fiscal year 2016. In addition, there was an increase in state appropriation revenue of \$463 thousand due to an increase in state group insurance and retirement matching contributions. These increases were offset by a decrease in Title IV revenue in the amount of \$1 million. For fiscal year 2016 the College had a decrease of \$940 thousand in interest on capital related debt expenses.

Some highlights of the fiscal year 2017 information presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

- Tuition and fees were discounted by \$15,270,544 and \$14,203,772 in fiscal years 2017 and 2016 respectively, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions.
- Tax collections for maintenance and operations increased 9.39% from \$28,276,053 in 2016 to \$30,932,519 in 2017.
- The tax rates assessed in fiscal years 2016 and 2017 were \$0.343000 and \$0.330244 respectively.
- Net Position increased 22.97% from fiscal year 2016 to fiscal year 2017

### **Statement of Cash Flows**

The Statements of Cash Flows provide information about the sources of cash and the uses of cash in the operations and activities of the District. The Statements of Cash Flows help users determine the entity's ability to meet its obligations as they come due and the impact of external financing. The Statements summarize cash inflows and outflows by operating activities, non-capital financing activities, financing activities and investing activities. The Statements of Cash Flows indicated an overall decrease in cash and cash equivalents of approximately \$5.2 million and \$3.2 million at August 31, 2017 and 2016, respectively. The primary use of cash in operations is for payments of salaries, wages and benefits, followed by payments to suppliers for goods and services, then payments for scholarships and fellowships. Sources of cash from operations arise primarily from student tuition and fees as well as grant and contract revenues. Sources of cash from non-capital financing activities are primarily from ad valorem taxes, non-operating federal and state revenue and state appropriations. The \$5.2 million decrease in cash and cash equivalents in fiscal year 2017 is primarily attributed to the outflow of approximately \$6 million due to the purchase and construction of capital assets made from bond proceeds. The \$3.2 million decrease in cash and cash equivalents in fiscal year 2016 is primarily attributed to the outflow of \$7.8 million for the payment of principal due to the refunding of the Ltd. Tax Refunding Bond Series 2006 and the Combined Fee Revenue Refunding Bond Series 2006. The outflow was partially offset by a decrease of \$4.1 million in payments to salaries, wages and benefits.

### **Statement of Cash Flows**

	2017	2016	2015
Cash provided (used) by			
Operating Activities	\$ (46,744,937)	\$ (45,600,409)	\$ (50,767,555)
Non-capital financing activities	73,199,102	68,309,517	68,947,994
Financing activities	(32,798,249)	(27,002,722)	(24,667,131)
Investing activities	1,097,977	1,132,007	1,098,704
Net increase (decrease) in cash	(5,246,107)	(3,161,607)	(5,387,988)
Cash and cash equivalents - September 1	141,989,514	145,151,121	150,539,109
<b>Cash and cash equivalents - August 31</b>	<b>\$ 136,743,407</b>	<b>\$ 141,989,514</b>	<b>\$ 145,151,121</b>

### **Capital Assets**

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. The College had \$157.8 million and \$150.6 million invested in capital assets net of accumulated depreciation and amortization at August 31, 2017 and 2016. Depreciation and amortization expenses totaled \$5.8 million in fiscal year 2017 and \$5.8 million in fiscal year 2016 (Note 5). A summary of net capital assets is presented below:

### Net Capital Assets at Fiscal Year End

	Fiscal Year			Change	
	2017	2016	2015	2016 to 2017	2015 to 2016
Land	\$ 5,444,715	\$ 5,444,715	\$ 5,444,715	\$ -	\$ -
Water Rights	9,920	9,920	9,920	-	-
Construction in Process	15,540,495	7,985,326	8,141,695	7,555,169	(156,369)
Buildings & building improvements	110,550,944	108,067,016	105,990,575	2,483,928	2,076,441
Other real estate improvements	17,158,570	18,692,740	19,244,288	(1,534,170)	(551,548)
Furniture, machinery & equipment	8,245,065	9,445,043	9,610,077	(1,199,978)	(165,034)
Library books	873,430	944,033	999,709	(70,603)	(55,676)
Total capital assets, net of accumulated depreciation	<u>\$ 157,823,139</u>	<u>\$ 150,588,793</u>	<u>\$ 149,440,979</u>	<u>\$ 7,234,346</u>	<u>\$ 1,147,814</u>

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The following table lists assets subject to depreciation and the percentage depreciated to August 31, 2017 and 2016.

### Depreciable Capital Assets and Accumulated Depreciation Percentages

	Fiscal Year 2017			Fiscal Year 2016		
	Capitalized Amount	Accumulated Depreciation	% Depreciated	Capitalized Amount	Accumulated Depreciation	% Depreciated
Buildings & building improvements	\$ 137,493,186	\$ 26,942,242	19.60%	\$ 132,585,165	\$ 24,518,149	18.49%
Other real estate improvements	34,092,679	16,934,109	49.67%	34,092,679	15,399,939	45.17%
Furniture, machinery & equipment	26,403,584	18,158,519	68.77%	25,954,658	16,509,615	63.61%
Library books	3,555,229	2,681,798	75.43%	3,479,775	2,535,741	72.87%
Total	<u>\$ 201,544,678</u>	<u>\$ 64,716,668</u>	<u>32.11%</u>	<u>\$ 196,112,277</u>	<u>\$ 58,963,444</u>	<u>30.07%</u>

Major capital additions and renovations completed or in process during fiscal years 2017 and 2016 include the following:



Fiscal Year 2017	Amount
Fort McIntosh Campus Mall Improvements	\$ 852,384
Leo & Joaquin Cigarroa Science Building Renovation	1,315,586
Martin Building Renovation	2,845,610
South Campus Health Science Center	3,453,523
William "Billy" Hall Building Renovation	2,062,411
William "Billy" Hall Student Center Area Renovation	766,937
Yearly Library Renovation	7,303,704

Fiscal Year 2016	Amount
Fort McIntosh Campus Mall Improvements	\$ 335,094
Fort McIntosh HVAC System Upgrades	961,000
Leo & Joaquin Cigarroa Science Building Renovation	578,353
Martin Building Renovation	542,413
Memorial Hall Building Renovation	4,416,613
South Campus Health Science Center	859,821
William "Billy" Hall Building Renovation	328,574
William "Billy" Hall Student Center Area Renovation	693,781
Yearly Library Renovation	1,395,450

The College does not record the cost of capital assets as an expense at the time of acquisition or completion of the asset, but rather shows the expense systematically over the expected life of the asset as depreciation and amortization expense. The amount shown in the accounting records for the value of the asset will decrease each year until the asset is fully depreciated or removed from service. As a result, the amount of capital assets shown in the Statement of Net Position may decrease from one year to another, even though new assets have been acquired during the year. Capital assets subject to depreciation and amortization include improvements to land, buildings, library books and furniture and equipment. Land, construction in process and water rights are not depreciated.

The College has entered into several contracts for construction and various other renovation projects financed by bond proceeds. As of August 31, 2017 and 2016, the College was committed for approximately \$89.4 million and \$100.5 million, respectively. For additional information concerning the College's capital assets and commitments, see Note 5 and Note 14, respectively to the financial statements.

### ***Long Term Debt***

Laredo Community College had \$204.9 million and \$213.3 million in outstanding bond and maintenance tax note debt at August 31, 2017 and 2016, respectively, before premiums and discounts. Outstanding debt decreased by \$8.4 million and \$10.1 million in fiscal years 2017 and 2016, respectively. The following table summarizes these amounts by type of debt instrument.

#### **Bonds and Tax Notes Payable**

	Fiscal Year			Change	
	2017	2016	2015	2016 to 2017	2015 to 2016
General Obligation Bonds	\$ 114,060,000	\$ 118,640,000	\$ 123,833,350	\$ (4,580,000)	\$ (5,193,350)
Contractual Obligation Bonds	-	-	555,000	-	(555,000)
Revenue Bonds	55,645,000	57,615,000	60,190,000	(1,970,000)	(2,575,000)
Tax Notes	35,280,000	37,080,000	38,810,000	(1,800,000)	(1,730,000)
Total outstanding debt	\$ 204,985,000	\$ 213,335,000	\$ 223,388,350	\$ (8,350,000)	\$ (10,053,350)

The \$8.4 million reduction in outstanding debt in fiscal year 2017 is due to scheduled debt payments.

The \$10.1 million reduction in fiscal year 2016 was due to scheduled debt service payments of approximately \$2.3 million and a \$7.8 million reduction of principal due to the refunding of the Ltd. Tax Refunding Bond Series 2006 and the Combined Fee Revenue Refunding Bond Series 2006.

The general obligation debt of Laredo Community College is payable from the proceeds of a continuing, direct ad valorem tax levied against all taxable property within the taxing district. Revenue bonds are special obligations of Laredo Community College that are payable solely from and will be equally and ratably secured by an irrevocable first lien on pledged revenues.

The following are the College's bond ratings:

Moody's  
Revenue Bonds – A2  
Limited Tax Bonds – Aa3

Fitch  
Revenue Bonds – AA-  
Limited Tax Bonds – AA-

For additional information concerning the College's noncurrent liabilities, see information presented in Notes 6, 7, and 8 to the basic financial statements.

### ***Economic Outlook***

The economic condition of Laredo Community College is influenced by the economic positions of the State of Texas, the County of Webb and the City of Laredo.

The level of state appropriations Texas community colleges historically received allowed for community college to provide low tuition rates. The State decreased appropriations and benefit coverage for community colleges, drastically changing the revenue mix. Tuition revenue from students and tax revenue from local property owners now comprise approximately 80% of the College's primary revenue streams used for operations. In the past, the State paid a significant portion of health benefits and all of the retirement contribution matches and provided an allocation adequate to cover instruction costs and growth. The Texas Legislature now has taken a different approach for community college appropriations. Effective September 1, 2013, the State reduced its portion of retirement and health benefit coverage to 50% of eligible employees' retirement and health benefit costs. In the long term, without the State's full support, Texas community colleges will be forced to adjust the level of services to students and possibly significantly raise tuition and ad valorem tax rates.

In the future, Laredo Community College and all Texas community colleges, will continue to face a growing challenge to fund increasing demand for state education services. The leadership of Laredo Community College continues to strategically analyze and reduce targeted expenses and make the most of favorable economic conditions by aggressively identifying the demand for workforce development programs and providing them. The outlook of Laredo Community College for the foreseeable future remains positive as a result of its strategic leadership, fiscal management and stable local economy.

### ***Request for Information***

This financial report is intended to provide a general overview of Laredo Community College's finances. Requests for additional financial information may be addressed to Laredo Community College's Comptroller's Office, West End Washington St., Laredo, Texas 78040.

**Laredo Community College District**  
**Statements of Net Position**  
**August 31, 2017 and August 31, 2016**  
**Exhibit 1**

Assets	FY 2017	FY 2016
Current Assets:		
Cash and cash equivalents	\$ 34,704,932	\$ 29,248,764
Restricted cash and cash equivalents	98,607,418	109,355,262
Property taxes receivable (net of allowances of \$1,407,131 and \$1,345,197)	1,750,579	1,746,273
Tuition and fees receivable (net of allowances of \$1,299,475 and \$1,073,150)	9,024,932	9,172,855
Federal receivables (net of allowances of \$102,836 and \$92,378)	2,019,617	1,295,550
Other receivables (net of allowances of \$384,187 and \$292,571)	3,371,415	2,965,602
Inventories	7,279	10,205
Prepaid expenses	370,655	807,685
Total Current Assets	<u>\$ 149,856,827</u>	<u>\$ 154,602,196</u>
Noncurrent Assets:		
Endowment cash and cash equivalents	3,431,057	3,385,488
Prepaid bond insurance (net of amortization)	694,809	735,114
Capital assets (net) (see note 5)	157,823,139	150,588,793
Total Noncurrent Assets	<u>\$ 161,949,005</u>	<u>\$ 154,709,395</u>
Total Assets	<u><u>\$ 311,805,832</u></u>	<u><u>\$ 309,311,591</u></u>
Deferred Outflows Related to Pensions	2,388,992	2,094,995
Deferred Charge on Refundings	580,428	635,483
Total Deferred Outflow of Resources	<u>2,969,420</u>	<u>2,730,478</u>
Liabilities		
Current Liabilities:		
Accounts payable	3,565,413	2,610,680
Accrued liabilities	1,256,364	1,158,443
Unearned revenue	12,625,260	12,480,350
Funds held for others	514,143	503,692
Accrued compensable absences - current portion	872,463	1,188,707
Capital leases payable - current portion	544,910	714,305
Bond interest payable	811,331	841,120
Bonds payable - current portion	9,856,408	9,496,408
Retainage payable	753,825	367,956
Total Current Liabilities	<u>\$ 30,800,117</u>	<u>\$ 29,361,661</u>
Noncurrent Liabilities:		
Accrued compensable absences	1,834,823	1,335,424
Capital leases payable	226,039	654,108
Bonds payable	212,770,258	222,626,666
Net Pension Liability	11,049,613	10,552,248
Total Noncurrent Liabilities	<u>\$ 225,880,733</u>	<u>\$ 235,168,446</u>
Total Liabilities	<u><u>\$ 256,680,850</u></u>	<u><u>\$ 264,530,107</u></u>
Deferred Inflows of Related to Pensions	1,532,203	1,515,149
Net Position		
Net investment in capital assets	18,922,380	15,402,357
Restricted for:		
Non-expendable		
Endowment	3,149,460	3,128,354
Expendable		
Student aid	3,376,043	3,361,346
Plant funds	679,111	603,397
Other	144,543	210,625
Debt service reserve	8,490,854	8,459,849
Auxiliary	2,431,979	1,508,789
Unrestricted	19,367,829	13,322,096
Total Net Position (Schedule D)	<u><u>\$ 56,562,199</u></u>	<u><u>\$ 45,996,813</u></u>

The Notes to the Financial Statements are an integral part of these statements.

**Laredo Community College District**  
**Statement of Financial Position of L.C.C. Education Foundation, Inc.**  
**(A Component Unit of Laredo Community College District)**  
**December 31, 2016 and December 31, 2015**  
**Exhibit 1A**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash Equivalents	\$ 745,319	\$ 720,673
Long Term Investments	13,994	8,815
Total Assets	<u>\$ 759,313</u>	<u>\$ 729,488</u>
<b>Liabilities</b>	\$ -	\$ -
<b>Net Assets</b>		
Unrestricted	\$ 57,444	\$ 52,389
Temporarily Restricted	631,158	611,567
Permanently Restricted	70,711	65,532
Total Net Assets	<u>\$ 759,313</u>	<u>\$ 729,488</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 759,313</u>	<u>\$ 729,488</u>

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on on them.

**Laredo Community College District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Years Ended August 31, 2017 and August 31, 2016**  
**Exhibit 2**

Revenues	FY 2017	FY 2016
Operating Revenues		
Tuition and fees (net of discounts of \$15,270,544 and \$14,203,772)	\$ 8,197,564	\$ 8,752,051
Federal grants and contracts	3,550,864	3,778,234
State grants and contracts	1,594,385	1,788,450
Nongovernment grants and contracts	257,156	281,735
Investment income (program restricted)	70,014	57,378
Auxiliary enterprises	2,066,242	2,007,213
Other operating revenues	1,649,371	1,693,752
Total Operating Revenues - Schedule A	<u>\$ 17,385,596</u>	<u>\$ 18,358,813</u>
Expenses		
Operating Expenses		
Instruction	26,397,974	26,456,065
Research	890	-
Public service	574,058	582,278
Academic support	6,276,664	6,269,920
Student services	7,342,635	7,185,446
Institutional support	12,797,972	12,562,499
Operation and maintenance of plant	7,506,372	7,655,562
Scholarships and fellowships	8,735,070	8,532,758
Auxiliary enterprises	1,676,433	1,545,607
Depreciation	5,800,510	5,815,084
Total Operating Expenses - Schedule B	<u>\$ 77,108,578</u>	<u>\$ 76,605,219</u>
Operating Income (Loss)	<u>\$ (59,722,982)</u>	<u>\$ (58,246,406)</u>
Non-Operating Revenues (Expenses)		
State appropriations	15,425,614	15,387,945
Professional nursing shortage reduction	7,412	39,280
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	32,004,360	29,152,031
Taxes for general obligation bonds	10,773,109	9,838,552
Federal revenue, non-operating	19,500,050	18,957,022
Investment income	1,097,977	1,132,007
Interest on capital related debt	(9,113,721)	(9,720,392)
Other non-operating revenues (expenses)	562,126	320,304
Additions to permanent endowments	20,000	2,000
Gain/(Loss) on sale of asset	2,941	2,750
Capital gifts	8,500	18,759
Net Other Non-Operating Revenues (Expenses) - Schedule C	<u>\$ 70,288,368</u>	<u>\$ 65,130,258</u>
Income Before Extraordinary Item	10,565,386	6,883,852
Extraordinary Item	-	49,071
Increase (decrease) in Net Position	10,565,386	6,932,923
Net Position - Beginning	45,996,813	40,675,230
Restatements (prior period adjustment)	-	(1,611,340)
Restated Net Position - September 1, 2017 and September 1, 2016	<u>45,996,813</u>	<u>39,063,890</u>
Net Position - Ending	<u>\$ 56,562,199</u>	<u>\$ 45,996,813</u>

The Notes to the Financial Statements are an integral part of this statement.

**Laredo Community College District**  
**Statement of Activities of L.C.C. Education Foundation, Inc.**  
**(A Component Unit of Laredo Community College District)**  
**December 31, 2016 and December 31, 2015**  
**Exhibit 2A**  
**(Unaudited)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Position at January 1, 2015	\$ 52,019	\$ 561,792	\$ 65,820	\$ 679,631
Support and Revenue				
Contributions	\$ 370	\$ 212,000	\$ -	\$ 212,370
Investment Income		1,936		1,936
Loss on Investments			(288)	(288)
Net Position released from restrictions	164,161	(164,161)	-	-
Total Revenue	<u>\$ 164,531</u>	<u>\$ 49,775</u>	<u>\$ (288)</u>	<u>\$ 214,018</u>
Expenses:				
Program Services	\$ 158,000	\$ -	\$ -	\$ 158,000
General and Administrative	6,161	-	-	6,161
Total Expenses	<u>\$ 164,161</u>	<u>-</u>	<u>-</u>	<u>\$ 164,161</u>
Increase in Net Position	<u>\$ 370</u>	<u>\$ 49,775</u>	<u>\$ (288)</u>	<u>\$ 49,857</u>
Net Position at December 31, 2015	<u><u>\$ 52,389</u></u>	<u><u>\$ 611,567</u></u>	<u><u>\$ 65,532</u></u>	<u><u>\$ 729,488</u></u>
Support and Revenue				
Contributions	\$ 5,055	\$ 301,000	\$ -	\$ 306,055
Investment Income		1,993		1,993
Gain on Investments			5,179	5,179
Net Position released from restrictions	283,402	(283,402)	-	-
Total Revenue	<u>\$ 288,457</u>	<u>\$ 19,591</u>	<u>\$ 5,179</u>	<u>\$ 313,227</u>
Expenses:				
Program Services	\$ 270,000	\$ -	\$ -	\$ 270,000
General and Administrative	13,402	-	-	13,402
Total Expenses	<u>\$ 283,402</u>	<u>-</u>	<u>-</u>	<u>\$ 283,402</u>
Increase in Net Position	<u>\$ 5,055</u>	<u>\$ 19,591</u>	<u>\$ 5,179</u>	<u>\$ 29,825</u>
Net Position at December 31, 2016	<u><u>\$ 57,444</u></u>	<u><u>\$ 631,158</u></u>	<u><u>\$ 70,711</u></u>	<u><u>\$ 759,313</u></u>

These financial statements have not been subjected to an audit, review, or compilation engagement and no assurance is provided on them.

**Laredo Community College**  
**Statement of Cash Flows**  
**Years Ended August 31, 2017 and 2016**  
**Exhibit 3**

	<u>FY 2017</u>	<u>FY 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 10,150,826	\$ 9,955,894
Receipts from operating grants and contracts	4,678,338	7,331,550
Payments to suppliers for goods and services	(10,044,291)	(11,693,727)
Payment to or on behalf of employees	(44,514,125)	(44,412,498)
Payments for scholarships and fellowships	(8,735,070)	(8,532,758)
Other Receipts (payments)	<u>1,719,385</u>	<u>1,751,130</u>
Net cash provided (used) by operating activities	<u>(46,744,937)</u>	<u>(45,600,409)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from State Appropriations	10,317,400	10,301,912
Receipts from Ad Valorem Taxes	42,773,163	38,632,992
Receipts (payments) from (to) student organizations and other agency transactions	10,451	(11,824)
Receipts from private gifts for endowment purposes	20,000	2,000
Receipts from Title IV Financial Aid Programs	19,500,050	18,957,022
Other Receipts	<u>578,038</u>	<u>427,415</u>
Net cash provided (used) by non-capital financing activities	<u>73,199,102</u>	<u>68,309,517</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from the issuance of capital debt	-	22,490,815
Acquisition and construction of capital assets	(13,660,413)	(7,690,238)
Payments of bond insurance	(40,305)	(102,401)
Proceeds from sale of Equipment	3,738	-
Payment of bond issue costs and other fees	-	(410,593)
Payments on capital debt and lease - principal	(9,089,319)	(30,150,661)
Payments on capital debt and leases - interest and fees	<u>(10,011,950)</u>	<u>(11,139,644)</u>
Net cash provided (used) by capital and related financing activities	<u>(32,798,249)</u>	<u>(27,002,722)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts from interest on dividends	<u>1,097,977</u>	<u>1,132,007</u>
Net cash provided (used) by investing activities	<u>1,097,977</u>	<u>1,132,007</u>
Increase (Decrease) in cash and cash equivalents	<u>(5,246,107)</u>	<u>(3,161,607)</u>
Cash and cash equivalents - September 1	<u>141,989,514</u>	<u>145,151,121</u>
Cash and Cash Equivalents - August 31	<u>\$ 136,743,407</u>	<u>\$ 141,989,514</u>

The Notes to the Financial Statements are an integral part of this statement.

**Laredo Community College**  
**Statement of Cash Flows**  
**Years Ended August 31, 2017 and 2016**  
**Exhibit 3**

	FY 2017	FY 2016
<b>Reconciliation of net operating income (loss) to net cash provided (used) by operating activities</b>		
Operating Income (loss)	\$ (59,722,982)	\$ (58,246,406)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation and Amortization expense	6,424,821	6,542,424
State On-behalf Payments	5,108,214	5,086,033
Changes in Assets and Liabilities:		
Assets (Increase) decrease		
Receivables	(981,956)	471,752
Inventories	2,926	(3,921)
Prepaid Expenses	437,030	178,258
Deferred outflows	(293,997)	(515,409)
Liabilities Increase (Decrease)		
Accounts Payable	1,340,602	375,423
Accrued Liabilities	97,921	(444,421)
Compensated Absences	183,155	209,073
Unearned Revenue	144,910	208,009
Deferred Inflows	17,054	(1,185,388)
TRS Pension Liability	497,365	1,724,164
Net cash provided (used) by operating activities	\$ (46,744,937)	\$ (45,600,409)

The Notes to the Financial Statements are an integral part of this statement.



**Laredo Community College District**  
**Statement of Cash Flows of L.C.C. Education Foundation, Inc.**  
**(A Component Unit of Laredo Community College District)**  
**December 31, 2016 and December 31, 2015**  
**Exhibit 3A**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>
Change in Net Assets	\$ 29,825	\$ 50,145
Adjustments to reconcile change in net cash used by operating activities:		
Increase in Value of Stock	(5,179)	-
Cash and cash equivalents at beginning of year	<u>720,673</u>	<u>670,528</u>
Cash and cash equivalents at end of year	<u><u>\$ 745,319</u></u>	<u><u>\$ 720,673</u></u>

These financial statements have not been subjected to an audit, review, or  
compliance engagement, and no assurance is provided on them.

**Laredo Community College District  
Notes to Financial Statements  
August 31, 2017**

**Note 1 – Reporting Entity**

Laredo Community College (the College) was established in 1947 (as Laredo Junior College) in accordance with the laws of the State of Texas, to serve the educational needs of Laredo and the surrounding communities. The Laredo Community College District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

**L.C.C. Education Foundation – Discrete Component Unit**

The L.C.C Education Foundation, Inc. (the Foundation) is a separate non-profit organization, and it's sole purpose is:

- To support and promote for the use and benefit of Laredo Community College any literary, scientific, education or cultural undertaking.
- To seek and obtain through gifts or otherwise, funds from private sources for scholarships, construction and maintenance of new buildings, infrastructure improvements, furniture, equipment, laboratories, or any other needs as may be determined useful by the College.
- To assist the students of Laredo Community College by providing fellowship and scholarships for worthy, needy and deserving students; to provide the means for improvement in instruction and equipment available to the students; and to finance those things necessary or appropriate to the building of an educational institution of excellence.

The Foundation is a legally separate entity which utilizes College financial resources for its operation. The College does not appoint any of the Foundation's board members. Under Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a governmental unit. Accordingly, the Foundation's financial statements are included in the College's annual report as a discrete component unit (see table of contents).

**Note 2 – Summary of Significant Accounting Policies**

This section provides a summary of Laredo Community College's significant accounting activities and other topics related to the College financial reporting.

**Report Guidelines**

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public and Community Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

**Net Position**

**Net Investment in Capital Assets**

This category represents the District's total investment in capital assets net of related outstanding debt used to acquire or construct those assets and accumulated depreciation and amortization related to those capital assets. Deferred inflows and deferred outflows of resources attributable to those assets or related debt are also included in this component.

**Restricted Net Position, Expendable**

Legal or contractual obligations required this portion to be spent in accordance with external restrictions.

**Restricted Net Position, Non-Expendable**

This category consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

## **Note 2 – Summary of Significant Accounting Policies – (continued)**

### **Unrestricted Net Position**

These are resources that are not subject to any external restrictions and may be used at the discretion of governing board for any lawful purpose of the district.

### **Tuition Discounting**

Texas Public Education Grants (TPEG). Certain tuition amounts must be set aside for use as scholarships by qualifying students. This set aside, called the TPEG, is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code 56.033). When the award is used by the student for tuition and fees, the College records the amount as tuition discount. If the amount is dispersed directly to the student, the College records the amount as a scholarship expense.

Title IV, Higher Education Act Program Funds. Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds initially are received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts. The College awards tuition and fee scholarships from institutional funds to students who qualify.

When these amounts are used for tuition and fees, the College records the amount as a tuition discount. If the amount is dispersed directly to the student, the College records the amount as a scholarship expense.

### **Basis of Accounting**

The financial statements of the College have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

### **Budgetary Data**

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

### **Cash and cash equivalents**

The College's cash and cash equivalents are considered to be cash on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents that are externally restricted as to their use are classified as noncurrent assets in the Statement of Net Position.

### **Deferred outflows**

In addition to assets, the College is aware that the Statement of Net Position 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 that applies to a future period(s) and therefore, will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt.

### **Investments**

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the College reports investments at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity greater than one year at the time of purchase. For the years ended 2017 and 2016 the College reported zero investments.

## **Note 2 – Summary of Significant Accounting Policies – (continued)**

### **Inventories**

Inventories consist of consumable print shop supplies. Inventories are valued at FIFO and are charged to expense as consumed.

### **Capital assets**

The College records capital assets at cost at the date of acquisition, or fair value at the date of donation, with one exception. The cost of several of the College's buildings could not be obtained and therefore an estimated cost was used. For equipment, the College capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. Renovations of \$100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention. The following lives are used:

Buildings and Building Improvements	50 years
Land Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

### **Pensions**

The College participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost sharing defined benefit pension plan with a special funding situation. The fiduciary net position of 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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

### **Unearned Revenue**

Tuition and fees of \$11,676,682 and \$11,582,700 and federal, state, and local grants of \$948,578 and \$897,650 have been reported as unearned revenue at August 31, 2017 and August 31, 2016, respectively.

### **Deferred Inflows**

In addition to liabilities, the College is aware that the Statement of Net 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 a future period(s) and so is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by GASB.

### **Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the College is aware that actual results could differ from those estimates.

### **Operating and non-operating revenue and expense policy**

The College distinguishes operating revenues and expenses from non-operating items. The college reports as business type activities and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in

## **Note 2 – Summary of Significant Accounting Policies – (continued)**

connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees.

The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of the bookstore and cafeteria is not performed by the College.

### **Restatements**

The 2016 financial statements were restated as follows:

#### **Statement of Net Position**

- a reduction of \$332,692 to the fiscal year 2016 capital assets and investment in capital assets for administrative and general operating expenses previously recorded as construction in process;
- a reduction of \$192,646 to fiscal year 2016 property taxes receivable and unearned revenue for overstated delinquent tax revenue;
- a reduction of \$379,925 to fiscal year 2016 property tax receivable and unrestricted net assets due to an adjustment to the allowance for doubtful accounts reserve for unrecorded bad debt expense; and
- an increase of \$635,483 to fiscal year 2016 bond payable to reclassify deferred losses on bond refunding as deferred charges.

#### **Statement of Revenues, Expenses and Changes in Net Position**

- an increase of \$332,692 to fiscal year 2016 operation and maintenance of plant expenses for administrative and general operating expenses previously recorded as construction in process; and
- a reduction of \$379,925 to fiscal year 2016 ad valorem tax revenue due to an adjustment for unrecorded bad debt expense.

For Fiscal Year 2016 prior period adjustments were reported. The adjustment was as follows:

- a reduction of \$869,707 to beginning net assets to record accrued expenditure of bond interest;
- a reduction of \$741,633 to beginning net assets to record adjustment to accrued compensable absences which had not been previously recorded.

## **Note 3 – Authorized Investments**

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001, Texas Government Code.) Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

**Note 4 - Deposits and Investments**

Cash and Deposits included on Exhibit 1, Statement of Net Position, consist of the items reported below:

**Cash and Deposits**

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Bank Deposits		
Demand Deposits	\$ 34,684,682	\$ 29,228,514
Restricted Demand Deposits	98,607,218	109,355,062
Endowment Cash	3,431,057	3,385,488
	<u>136,722,957</u>	<u>141,969,064</u>
Cash and Cash Equivalents		
Cash on Hand	20,250	20,250
Restricted Cash on Hand	200	200
	<u>20,450</u>	<u>20,450</u>
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 136,743,407</u></b>	<b><u>\$ 141,989,514</u></b>

Interest Rate Risk: In accordance with state law and Laredo Community College policy, the College does not purchase any investments with maturities greater than 10 years.

Credit Risk: Credit Risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. Laredo Community College had no investments.

## Note 5 - Capital Assets

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

	Balance September 1, 2016	Increases	Decreases	Balance August 31, 2017
<u>Not depreciated:</u>				
Land	\$ 5,444,715	\$ -	\$ -	\$ 5,444,715
Water rights	9,920	-	-	9,920
Construction in Process	7,985,326	10,043,424	2,488,255	15,540,495
Subtotal	\$ 13,439,961	\$ 10,043,424	\$ 2,488,255	\$ 20,995,130
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	\$132,585,165	\$ 4,908,021	\$ -	\$137,493,186
Other Real Estate Improvements	34,092,679	-	-	34,092,679
Total Buildings and Other Real Estate Improvements	\$166,677,844	\$ 4,908,021	\$ -	\$171,585,865
Library books	3,479,775	82,692	7,238	3,555,229
Equipment Purchased with Capital Lease	1,373,926	141,855	624,311	891,470
Furniture, Machinery, and Equipment	24,580,732	972,677	41,295	25,512,114
Total Buildings and Other Capital Assets	\$196,112,277	\$ 6,105,245	\$ 672,844	\$201,544,678
<u>Accumulated Depreciation</u>				
Buildings and Building Improvements	\$ 24,518,149	\$ 2,424,093	\$ -	\$ 26,942,242
Other Real Estate Improvements	15,399,939	1,534,170	-	16,934,109
Total Buildings and Other Real Estate Improvements	\$ 39,918,088	\$ 3,958,263	\$ -	\$ 43,876,351
Library books	2,535,741	153,295	7,238	2,681,798
Furniture, Machinery, and Equipment	16,509,615	1,688,953	40,049	18,158,519
Total Accumulated Depreciation	\$ 58,963,444	\$ 5,800,511	\$ 47,287	\$ 64,716,668
Net Capital Assets	\$150,588,793	\$ 10,348,158	\$ 3,113,812	\$157,823,139

## Note 5 - Capital Assets – (continued)

Capital assets activity for the year ended August 31, 2016 is included for comparison purposes.

	Balance September 1, 2015	Increases	Decreases	Balance August 31, 2016
<u>Not depreciated</u>				
Land	\$ 5,444,715	\$ -	\$ -	\$ 5,444,715
Water rights	9,920	-	-	9,920
Construction in process	8,141,695	4,285,217	4,441,586	7,985,326
Subtotal	<u>\$ 13,596,330</u>	<u>\$ 4,285,217</u>	<u>\$ 4,108,894</u>	<u>\$ 13,439,961</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	\$128,168,552	\$ 4,416,613	\$ -	\$132,585,165
Other Real Estate Improvements	33,131,679	961,000	-	34,092,679
Total Buildings and Other Real Estate Improvements	<u>\$161,300,231</u>	<u>\$ 5,377,613</u>	<u>\$ -</u>	<u>\$166,677,844</u>
Library books	3,397,099	99,965	17,289	3,479,775
Equipment Purchased with Capital Lease	1,543,809	557,457	727,340	1,373,926
Furniture, Machinery, and Equipment	23,718,752	1,811,572	949,592	24,580,732
Total Buildings and Other Capital Assets	<u>\$189,959,891</u>	<u>\$ 7,846,607</u>	<u>\$ 1,694,221</u>	<u>\$196,112,277</u>
<u>Accumulated Depreciation</u>				
Buildings and Building Improvements	\$ 22,177,977	\$ 2,340,172	\$ -	\$ 24,518,149
Other Real Estate Improvements	13,887,391	1,512,548	-	15,399,939
Total Buildings and Other Real Estate Improvements	<u>\$ 36,065,368</u>	<u>\$ 3,852,720</u>	<u>\$ -</u>	<u>\$ 39,918,088</u>
Library books	2,397,389	155,641	17,289	2,535,741
Furniture, Machinery, and Equipment	15,652,484	1,806,723	949,592	16,509,615
Total Accumulated Depreciation	<u>\$ 54,115,241</u>	<u>\$ 5,815,084</u>	<u>\$ 966,881</u>	<u>\$ 58,963,444</u>
Net Capital Assets	<u>\$149,440,979</u>	<u>\$ 6,316,740</u>	<u>\$ 4,836,234</u>	<u>\$150,588,793</u>



## Note 6 – Non-Current Liabilities

Long-Term liability activity for the year August 31, 2017 was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Current Portion
<u>Bonds and notes</u>					
General obligation bonds	\$ 118,640,000	\$ -	\$ (4,580,000)	\$ 114,060,000	\$ 4,810,000
Discounts	(622,564)	-	41,406	(581,158)	(41,406)
Premium	19,410,638	-	(1,187,814)	18,222,824	1,187,814
Revenue bonds	57,615,000	-	(1,970,000)	55,645,000	2,030,000
Tax Note	37,080,000	-	(1,800,000)	35,280,000	1,870,000
Total bonds	<u>\$ 232,123,074</u>	<u>\$ -</u>	<u>\$ (9,496,408)</u>	<u>\$ 222,626,666</u>	<u>\$ 9,856,408</u>
<u>Other liabilities</u>					
Retainage payable	367,956	508,885	(123,015)	753,825	753,825
Compensated absences	2,524,131	257,932	(74,777)	2,707,286	872,463
Capital leases	1,368,413	141,855	(739,319)	770,949	544,910
Net Pension	10,552,248	1,428,262	(930,897)	11,049,613	-
Total other liabilities	<u>14,812,748</u>	<u>2,336,934</u>	<u>(1,868,008)</u>	<u>15,281,673</u>	<u>2,171,198</u>
Total long-term liabilities	<u>\$ 246,935,822</u>	<u>\$ 2,336,934</u>	<u>\$ (11,364,416)</u>	<u>\$ 237,908,339</u>	<u>\$12,027,606</u>

**Note 6 – Non-Current Liabilities – (continued)**

Long-Term liability activity for the year August 31, 2016 was as follows:

	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016	Current Portion
<u>Bonds and notes</u>					
General obligation bonds	\$ 123,833,350	\$ 14,400,000	\$ (19,593,350)	\$ 118,640,000	\$ 4,580,000
Contractual obligation bonds	555,000	-	(555,000)	-	-
Discounts	(690,893)	-	68,329	(622,564)	(41,406)
Premium	17,779,550	3,285,815	(1,654,727)	19,410,638	1,187,814
Revenue bonds	60,190,000	4,805,000	(7,380,000)	57,615,000	1,970,000
Tax Note	38,810,000	-	(1,730,000)	37,080,000	1,800,000
Total bonds	<u>\$ 240,477,007</u>	<u>\$ 22,490,815</u>	<u>\$ (30,844,748)</u>	<u>\$ 232,123,074</u>	<u>\$ 9,496,408</u>
<u>Other liabilities</u>					
Retainage payable	509,432	52,508	(193,984)	367,956	367,956
Accreted interest payable	1,150,312	-	(1,150,312)	-	-
Compensated absences	1,573,425	1,133,457	(182,751)	2,524,131	1,188,707
Capital leases	1,703,266	557,457	(892,311)	1,368,413	714,305
Net Pension	8,828,084	2,608,093	(883,929)	10,552,248	-
Total other liabilities	<u>13,764,519</u>	<u>4,351,515</u>	<u>(3,303,287)</u>	<u>14,812,748</u>	<u>2,270,968</u>
Total long-term liabilities	<u>\$ 254,241,526</u>	<u>\$ 26,842,330</u>	<u>\$ (34,148,035)</u>	<u>\$ 246,935,822</u>	<u>\$11,767,376</u>

## Note 7 - Debt and Lease Obligations

Debt Service requirements at August 31, 2017 were as follows:

For the Years Ended <u>August 31,</u>	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>		<b>Maintenance Tax Notes</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	4,810,000	5,587,850	2,030,000	2,604,563	1,870,000	1,597,644
2019	5,045,000	5,347,350	2,110,000	2,526,913	1,925,000	1,540,944
2020	5,305,000	5,095,100	2,190,000	2,447,525	2,020,000	1,445,181
2021	5,510,000	4,829,850	2,280,000	2,354,344	2,105,000	1,364,138
2022	5,755,000	4,581,950	2,375,000	2,258,819	2,210,000	1,259,063
2023-2027	33,260,000	18,432,750	13,575,000	9,704,991	12,780,000	4,553,476
2028-2032	40,850,000	9,311,250	17,480,000	6,259,542	12,370,000	1,379,587
2033-2036	13,525,000	1,022,500	13,605,000	1,516,051	-	-
Total	<u>\$ 114,060,000</u>	<u>\$ 54,208,600</u>	<u>\$ 55,645,000</u>	<u>\$ 29,672,748</u>	<u>\$ 35,280,000</u>	<u>\$ 13,140,033</u>

Obligations under capital leases at August 31, 2017 were as follows:

For the year ended August 31,	Total
2018	\$ 577,070
2019	175,515
2020	33,328
2021	16,194
2022	<u>16,194</u>
Total Minimum Lease Payments	818,301
Less Amount Representing Interest Costs	<u>(47,353)</u>
Present value of minimum lease payments	<u>\$ 770,949</u>

**Note 7 - Debt and Lease Obligations – (continued)**

Debt Service requirements at August 31, 2016 are provided for comparison purposes only.

For the Years Ended August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	4,580,000	5,816,850	1,970,000	2,663,166	1,800,000	1,669,494
2018	4,810,000	5,587,850	2,030,000	2,604,563	1,870,000	1,597,644
2019	5,045,000	5,347,350	2,110,000	2,526,913	1,925,000	1,540,944
2020	5,305,000	5,095,100	2,190,000	2,447,525	2,020,000	1,445,181
2021	5,510,000	4,829,850	2,280,000	2,354,344	2,105,000	1,364,138
2022-2026	31,700,000	19,988,300	12,920,000	10,255,697	12,200,000	5,136,739
2027-2031	40,385,000	11,302,300	16,655,000	7,060,092	15,160,000	2,055,387
2032-2036	21,305,000	2,057,850	17,460,000	2,423,614	-	-
Total	<u>\$ 118,640,000</u>	<u>\$ 60,025,450</u>	<u>\$ 57,615,000</u>	<u>\$ 32,335,914</u>	<u>\$ 37,080,000</u>	<u>\$ 14,809,527</u>

Obligations under capital leases at August 31, 2016 were as follows:

For the year ended August 31,	Total
2016	\$ 768,456
2017	543,736
2018	<u>142,187</u>
Total Minimum Lease Payments	1,454,379
Less Amount Representing Interest Costs	<u>(85,967)</u>
Present value of minimum lease payments	<u>\$1,368,413</u>

## **Note 8 – Bonds Payable**

General information related to bonds payable is summarized below:

- **Combined Fee Revenue Refunding Bond, Series 2009**
- To refund the Revenue bond, series 1998.
- Issued 08/01/2009
- \$3,645,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 2.00% to 4.00%
- Maturity date – August 2018
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$1,005,000 and \$2,005,000, respectively.
  
- **Combined Fee Revenue Bond, Series 2010**
- To fund Facilities Master Plan Phase 1 – construction of Academic and Visual & Performing Arts Building.
- Issued 04/15/2010
- \$32,005,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 3.00% to 4.50%
- Maturity date – August 2035
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$30,900,000 and \$31,100,000, respectively.
  
- **Combined Fee Revenue Refunding Bond, Series 2010**
- To refund the Revenue bond, series 2001.
- Issued 04/15/2010
- \$6,300,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 3.00% to 4.25%
- Maturity date – August 2035
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$3,660,000 and \$3,815,000, respectively.
  
- **Maintenance Tax Note, Series 2010**
- Phase 1 – To fund Facilities Master Plan Phase I for the renovation of the Moore Vocational Building.
- Issued 04/15/2010
- \$1,420,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 3.00% to 4.375%
- Maturity date – August 2035
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$1,055,000 and \$1,115,000, respectively.
  
- **Maintenance Tax Note, Series 2011**
- To fund Facilities Master Plan Phase II for the maintenance and renovation of existing facilities.
- Issued 11/02/2011
- \$40,730,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 2.00% to 5.00%
- Maturity date – August 2031
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$34,225,000 and \$35,965,000, respectively.
  
- **Combined Fee Revenue Bond, Series 2011**
- To fund Facilities Master Plan Phase II for the purchase, acquisition, construction and equipping of facilities.
- Issued 11/02/2011
- \$12,390,000; all authorized bonds have been issued.

## **Note 8 – Bonds Payable – (continued)**

- Source of Revenue – General Use Fees
- Interest rate – 2.00% to 4.25%
- Maturity date – August 2026
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$10,385,000 and \$10,745,000, respectively.
  
- **Limited Tax Bond, Series 2014**
- To fund Facilities Master Plan Phase III. To purchase, acquire, construct and equip facilities.
- Issued 7/17/2014
- \$87,915,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 5.00%
- Maturity date – August 2034
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$82,015,000 and \$85,035,000, respectively.
  
- **Combined Fee Revenue Refunding Bond, Series 2015**
- To refund the Revenue bond, series 2005.
- Issued 6/8/2015
- \$5,305,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 2.00% to 3.75%
- Maturity date – August 2030
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$5,070,000 and \$5,145,000, respectively.
  
- **Limited Tax Refunding Bond, Series 2015**
- To refund the Limited Tax bond, series 2005.
- Issued 6/8/2015
- \$19,855,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 2.00% to 5.00%
- Maturity date – August 2031
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$17,880,000 and \$19,440,000, respectively.
  
- **Combined Fee Revenue Refunding Bond, Series 2016**
- To refund the Combined Fee Revenue Refunding, series 2006.
- Issued 7/1/2016
- \$4,805,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 2.00% to 5.00%
- Maturity date – August 2026
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$4,625,000 and \$4,805,000, respectively.
  
- **Limited Tax Refunding Bond, Series 2016**
- To refund the Limited Tax Refunding bond, series 2006.
- Issued 4/15/2016
- \$14,400,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 2.00% to 5.00%
- Maturity date – August 2032
- Outstanding Principle balance as of August 31, 2017 and 2016 is \$14,165,000 and \$14,165,000, respectively.

## **Note 9 – Advance Refunding of Bonds**

On July 11, 2016, Laredo Community College issued Combined Fee Revenue Refunding Bonds, Series 2016 totaling \$4,805,000 issued for the purposes of refunding certain of the District's outstanding bonds and for paying the costs of issuance of the Bonds. In order to refund the bonds, the proceeds of the new bonds in the amount of \$5,600,731.26 after payments of \$134,332.39 in underwriters fees, insurance, bond counsel fees and other issuance costs were deposited and

## **Note 9 – Advance Refunding of Bonds – (continued)**

used to purchase securities. The refunding will result in a net economic savings of approximately \$617,158.92 and a gross savings of \$681,903.47. On August 1, 2016 the Combined Fee Revenue Refunding Bonds, Series 2006 were paid.

On April 20, 2016, Laredo Community College issued Limited Tax Refunding Bonds, Series 2016 totaling \$14,400,000 issued for the purposes of refunding certain of the District's outstanding bonds and for paying the costs of issuance of the Bonds. In order to refund the bonds, the proceeds of the new bonds in the amount of \$16,756,670.53 after payments of \$156,162.72 in underwriters fees, insurance, bond counsel fees and other issuance costs were deposited and used to purchase securities. The refunding will result in a net economic savings of approximately \$2,559,264.52 and a gross savings of \$3,153,827.50. On August 1, 2016 the Limited Tax Refunding Bonds, Series 2006 were paid.

## **Note 10 – Employees' Retirement Plan**

The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas – Defined Benefit Plan

### **Plan Description**

Laredo Community College 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). TRS's defined benefit pension plan is 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.

### **Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/TRS%20Documents/cafr2016.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

### **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, whose formulas use the three highest annual salaries. 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 cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

### **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

## Note 10 – Employees' Retirement Plan – (continued)

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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Current fiscal year employer contributions	\$	943,305
Current fiscal year member contributions	\$	1,827,520
2016 measurement year NECE on-behalf contributions	\$	668,634

The District's contributions to the TRS pension plan in FY 2017 were \$943,305 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY 2017 were \$677,436.

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

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



## Note 10 – Employees' Retirement Plan – (continued)

### Actuarial Assumptions

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

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Municipal Bond Rate*	N/A*
Inflation	2.50%
Salary Increases including inflation*	3.50% to 9.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

*\*If a municipal bond rate was to be used, the rate would be 2.84 percent as of August 2016 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.*

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, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

### 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. 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 weighing 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, 2016 are summarized below:

**Note 10 – Employees' Retirement Plan – (continued)**

<b>Asset Class</b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Geometric Real Rate of Return</u></b>	<b><u>Expected Contribution to Long-Term Portfolio Returns*</u></b>
<b>Global Equity</b>			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<b>100.0%</b>		<b>8.7%</b>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**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 2016 Net Pension Liability.

	<b>1% Decrease in Discount Rate (7%)</b>	<b>Discount Rate (8%)</b>	<b>1% Increase in Discount Rate (9%)</b>
Laredo Community College's proportionate share of the net pension liability:	\$17,101,079	\$11,049,613	\$5,916,747

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

At August 31, 2017, the College reported a liability of \$11,049,613 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by Laredo Community College 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 College were as follows:

**Note 10 – Employees' Retirement Plan – (continued)**

Laredo Community College proportionate share of the collective net pension liability	\$11,049,613
State's proportionate share that is associated with Laredo Community College	<u>\$ 7,936,580</u>
Total	<u>\$18,986,193</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 thru August 31, 2016.

At the measurement date of August 31, 2016 the employer's proportion of the collective net pension liability was 0.0292407% which was an increase (decrease) of (0.0006112%) from its proportion measured as of August 31, 2015.

For the year ended August 31, 2017, the College recognized pension expense of \$823,628 and revenue of \$823,628 for support provided by the State.

At August 31, 2017, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 173,256	\$ 329,935
Changes in actuarial assumptions	336,772	306,281
Differences between projected and actual investment earnings	935,659	
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	895,987
Total as of August 31, 2016 measurement date	\$ 1,445,687	\$ 1,532,203
Contributions paid to TRS subsequent to the measurement date	943,305	
Total as of fiscal year-end	\$ 2,388,992	\$ 1,532,203

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

Fiscal year ended August 31,	Pension Expense Amount
2018	\$ (87,230)
2019	\$ (87,230)
2020	\$ 509,578
2021	\$ (133,073)
2022	\$ (262,612)
Thereafter	\$ (25,949)

**Optional Retirement Plan – Defined Contribution Plan**

Plan Description. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

## **Note 10 – Employees' Retirement Plan – (continued)**

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6 percent and 6.65 percent, respectively. The College contributes 1.90 percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The retirement expense to the State for the College was \$936,071 and \$923,981 for the fiscal years ended August 31, 2017, and August 31, 2016, respectively. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the college.

The total payroll for all College employees was \$35,217,207 and \$34,956,209 for the fiscal years ended August 31, 2017, and 2016, respectively. The total payroll of employees covered by the Teacher Retirement System was \$23,733,980 and \$23,217,845 and the total payroll of employees covered by the Optional Retirement Program was \$8,528,943 and \$8,486,486 for fiscal years 2017 and 2016, respectively.

## **Note 11 – Compensable Absences**

Regular college personnel employed on a twelve-month basis are entitled to ten working days (80 hours) per fiscal year as vacation time. Employees eligible for vacation time may carry accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160. Individuals who terminate their employment at the College shall be paid their unused vacation time not to exceed two years' accrual.

Regular college personnel employed on a twelve-month basis are entitled to twelve days (96 hours) per fiscal year as sick leave and can accumulate indefinitely. The payment of accrued sick leave will be paid to those employees who retire under the Teacher Retirement system while they are employed by the College. The maximum number of hours that will be paid for early retirement is 360 and 720 for regular retirement.

The college recognized accrued liability for unpaid annual leave and accrued sick leave for college employees as of August 31, 2017 and August 31, 2016 in the amounts of \$2,707,286 and \$2,524,131, respectively.

## **Note 12 – Health Care & Life Insurance Benefits**

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums.

The state's contribution for full-time active and retired employees for the year ended August 31, 2017 totaled \$3,348,515 for the year. Compare the state's contribution to that provided for the year ended August 31, 2016, when the contribution for full-time active and retired employees totaled \$3,124,721 for the year. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district. The cost of providing these benefits for retirees is not separable from the cost of providing benefits for the active employees.

## **Note 13 – Post employment Benefits Other than Pensions**

Plan Description. In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Laredo Community College contributes to the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas Legislature.

### **Note 13 – Post employment Benefits Other than Pensions – (continued)**

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SHRP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years.

Beginning September 1, 2013, SB 1812 limited the state's contribution to 50% of eligible employees for community colleges.

The college's contributions to SHRP for the years ended August 31, 2017, 2016, and 2015, were \$865,064, \$968,766, and \$798,874 respectively, which equaled the required contributions each year.

### **Note 14 – Commitments and Contingencies**

On August 31, 2017, various lawsuits and claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, to the extent not provided by insurance or otherwise, is not likely to have a material effect on the College.

The College has entered into several contracts for construction and various other renovation projects. As of August 31, 2017 and 2016, the College was committed for approximately \$89.4 million and \$100.5 million, respectively.

### **Note 15 - Disaggregation of Receivables and Payable Balances**

#### **Receivables**

Receivables at August 31, 2017 and August 31, 2016 were as follows:

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Student Receivables	\$ 10,324,407	\$ 10,246,005
Federal Grants Receivable	2,122,453	1,387,928
State Grants Receivable	162,636	44,544
Local Grants Receivable	48,069	122,494
Property Taxes Receivable	3,157,710	3,091,470
Other Receivables	3,544,897	3,091,135
Subtotal	<u>19,360,172</u>	<u>17,983,576</u>
Allowance for Doubtful Accounts	<u>(3,193,629)</u>	<u>(2,803,296)</u>
<b>Total Receivables</b>	<b><u>\$ 16,166,543</u></b>	<b><u>\$ 15,180,280</u></b>

## **Note 15 - Disaggregation of Receivables and Payable Balances – (continued)**

### **Payables**

Payables at August 31, 2017 and August 31, 2016 were as follows:

	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Accounts Payable - Construction	\$ 1,403,912	\$ 557,900
Salaries & Benefits Payable	1,022,474	986,200
Accrued Liabilities	233,890	172,243
Other Payables	2,161,501	2,052,780
Retainage Payable	<u>753,825</u>	<u>367,956</u>
Subtotal	<u>5,575,602</u>	<u>4,137,079</u>
 <b>Total Payables</b>	 <u><u>\$ 5,575,602</u></u>	 <u><u>\$ 4,137,079</u></u>

### **Note 16 – Funds Held for Others**

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the Statement of Net Position as funds held for others in the amount of \$514,143 and \$503,692 at August 31, 2017 and August 31, 2016, respectively.

### **Note 17 - Contracts and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2017 and 2016 for which monies have not been received nor funds expended totaled \$4,387,470, and \$4,145,257. Of these amounts, \$3,983,756 and \$3,653,980 were from Federal Contract and Grant Awards; \$403,714 and \$491,277 were from State Contract and Grant Awards; \$0 and \$0 from Local Contract and Grant Awards; and \$0 and \$0 were from Private Contract and Grant Awards for the fiscal years ended August 31, 2017 and 2016, respectively.

### **Note 18 - Risk Management**

The District maintains insurance for all insurable risks for which it may be liable for claims.

The more significant of this include \$2,000,000 of general liability insurance for fiscal year 2017 and 2016 and property insurance covering the District's buildings and personal property in a combined amount of \$193,436,101 for fiscal year 2017 and \$216,476,655 for fiscal year 2016, and \$2,000,000 annual aggregate in school professional legal liability for fiscal years 2017 and 2016.

## Note 19 – Ad Valorem Tax

The District's ad valorem property taxes are levied each October 1, on the assessed value listed as of the lien date, which is the prior January 1, for all real and business personal property located in the District.

	August 31, 2017			August 31, 2016		
Assessed valuation of the District	\$	14,827,403,023		\$	13,984,961,417	
Less: Exemptions		(2,366,394,239)			(2,147,225,621)	
Less: Abatements		-			-	
<b>Net Assessed Valuation of the District</b>	<b>\$</b>	<b>12,461,008,784</b>		<b>\$</b>	<b>11,837,735,796</b>	
	Fiscal Year 2017			Fiscal Year 2016		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (maximum per enabling legislation)	\$0.400000	\$0.500000	\$0.900000	\$0.400000	\$0.500000	\$0.900000
Assessed tax rate per \$100 valuation	\$0.255067	\$0.087933	\$0.343000	\$0.245265	\$0.084979	\$0.330244

Taxes levied for the year ended August 31, 2017, and 2016 amounted to \$41,825,733 and \$38,323,986, respectively, including any penalty and interest assessed. 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.

	August 31, 2017			August 31, 2016		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$30,932,519	\$10,444,489	\$41,377,007	\$28,276,053	\$9,588,489	\$37,864,542
Delinquent taxes collected	635,161	183,158	818,319	572,825	130,101	702,926
Penalties & Interest collected	467,460	145,462	612,923	416,723	119,962	536,685
Total Gross Collections	32,035,140	10,773,109	42,808,249	29,265,602	9,838,552	39,104,154
Tax Appraisal & Collection Fees	(685,491)	-	(685,491)	(609,945)	-	(609,945)
Bad Debt Expense	(151,485)	-	(151,485)	67,302	-	67,302
<b>Total Net Collections</b>	<b>\$31,198,164</b>	<b>\$10,773,109</b>	<b>\$41,971,273</b>	<b>\$28,722,959</b>	<b>\$9,838,552</b>	<b>\$38,561,511</b>

Tax collections for the year ended August 31, 2017, and 2016, were 98% and 98%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax processed is restricted for the use of maintenance and operations and/or general obligations debt service.

## **Note 20 – Income Taxes**

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(b), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2017 and August 31, 2016.

## **Note 21 – Bad Debt Expense**

In accordance with GAAP and Board policy CDA (local), bad debt expense was recognized for the years ended August 31, 2017 and August 31, 2016 in the following amounts, \$328,400 and \$516,327, respectively. At year end, the reserve for uncollectible accounts was \$1,786,498 and \$1,458,099. The property tax reserve was \$1,407,131 and \$1,345,197. The total reported allowance for doubtful accounts was a \$3,193,629 and \$2,803,296 for August 31, 2017 and August 31, 2016, respectively.

## **Note 22 – Extraordinary Item**

In fiscal year 2016, Laredo Community College District reported an extraordinary item in the amount of \$187,300 for the insurance proceeds for hail damage roofs and related equipment at the Fort McIntosh Campus that occurred in fiscal year 2015. The cost of repairs related to the extraordinary event were \$138,229.

## **Note 23 – Subsequent Events**

In June 2017, the Board of Trustees approved the advance refunding of the Combined Fee Revenue Bonds, Series 2010 to obtain debt service savings. The total amount of bonds to be defeased is \$29,610,000. The date of defeasance is September 15, 2017.

## **Note 24 – Pending Accounting Pronouncements – Government Accounting Standards Board**

### GASB Statement No. 75

The GASB has issued Statement No. 75, *Accounting and financial reporting for postemployment benefits other than pensions*. The requirement of this Statement will improve the usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire other postemployment benefits liability and a more comprehensive measure of OPEB expense.

The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. Management of the College is currently evaluating the effects of this Statement, which will become effective in fiscal year 2018.



LAREDO COMMUNITY COLLEGE  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2017

	Measurement Year Ended August 31,		
	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0292407%	0.0298519%	0.0330499%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 11,049,613	\$ 10,552,249	\$ 8,828,085
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,936,580	7,280,335	6,887,063
Total	<u>\$ 18,986,193</u>	<u>\$ 17,832,584</u>	<u>\$ 15,715,148</u>
District's Covered Employee Payroll	\$23,217,845	\$21,695,044	\$21,707,196
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	47.59%	48.64%	40.67%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: Only three years of data is presented in accordance with GASB #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."

LAREDO COMMUNITY COLLEGE  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2017

	Fiscal Year Ended August 31,		
	2017	2016	2015
Contractually Required Contribution	\$ 943,305	\$ 929,091	\$ 869,222
Contribution in Relation to the Contractually Required Contribution	(943,305)	(929,091)	(869,222)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 23,733,980	\$ 23,217,845	\$ 21,695,044
Contributions as a percentage of Covered Employee Payroll	3.97%	4.00%	4.01%

Note: Only three years of data is presented in accordance with GASB #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."

**Laredo Community College**  
**Notes to Required Supplementary Information**  
**For the Year Ended August 31, 2017**

**Changes of Benefit Terms Include:**

- A 1.6% Step Increase, effective September 1, 2017.

**Changes of Assumptions**

There were no changes of assumptions for the year ended August 31, 2017.

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# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S 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*

To the Members of the Board of Trustees  
Laredo Community College District  
Laredo, Texas

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 business-type activities of the Laredo Community College District (the College), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 8, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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.

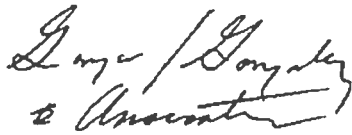
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 College'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*. We noted other matters that are required to be reported to management and are reported in a separate letter dated December 8, 2017.

### **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.

A handwritten signature in black ink, appearing to read "George / Gonzalez" with a stylized flourish underneath.

December 8, 2017

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Members of the Board of Trustees  
Laredo Community College District  
Laredo, Texas

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Laredo Community College District's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2017. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College'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) and the State of Texas Single Audit Circular. Those standards, the Uniform Guidance, and the State of Texas Single Audit Circular 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 or state program occurred. An audit includes examining, on a test basis, evidence about the College'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 or state program. However, our audit does not provide a legal determination of the College's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the College 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 and state programs for the year ended August 31, 2017.

#### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of planned corrective action. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control Over Compliance**

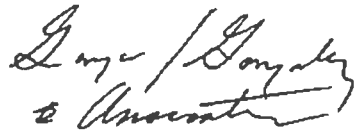
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, 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 College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-001 to be significant deficiency



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 consider 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 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "L. J. / Gonzalez & Associates". The signature is written in a cursive, flowing style.

December 8, 2017

## **SCHEDULES**

**Schedule of Detailed Operating Revenues**  
**Laredo Community College District**  
**Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)**  
**Schedule A**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Current Year	Prior Year
<b>Tuition</b>						
State funded courses						
In-district resident tuition	\$ 6,717,303	\$ -	\$ 6,717,303	\$ -	\$ 6,717,303	\$ 6,508,211
Out-of-state tuition	621,586	-	621,586	-	621,586	682,556
TPEG (set aside)*	434,997	-	434,997	-	434,997	422,340
Out-of-district resident tuition	1,043,709	-	1,043,709	-	1,043,709	1,023,424
State funded continuing education	272,134	-	272,134	-	272,134	329,238
Non-state funded continuing education	90,330	-	90,330	-	90,330	78,775
<b>Total Tuition</b>	<b>\$ 9,180,059</b>	<b>\$ -</b>	<b>\$ 9,180,059</b>	<b>\$ -</b>	<b>\$ 9,180,059</b>	<b>\$ 9,044,544</b>
<b>Fees</b>						
General use fee	\$ 7,947,879	\$ -	\$ 7,947,879	\$ -	\$ 7,947,879	\$ 7,738,456
Installment fee	72,725	-	72,725	-	72,725	75,925
Health services fee	106,191	-	106,191	-	106,191	101,372
Matriculation fee	321,270	-	321,270	-	321,270	306,810
Late registration fee	33,580	-	33,580	-	33,580	35,490
Malpractice fee	14,215	-	14,215	-	14,215	22,422
Graduation fee	250	-	250	-	250	238
Instructional Support Fee	1,589,947	-	1,589,947	-	1,589,947	1,548,294
Technology fee	1,591,743	-	1,591,743	-	1,591,743	1,550,208
Student service fee	1,277,295	-	1,277,295	-	1,277,295	1,219,182
Distance education fee	472,722	-	472,722	-	472,722	411,867
Parking/street maint. Fee	212,890	-	212,890	-	212,890	203,225
Diff. tuition fee (development)	26,160	-	26,160	-	26,160	36,540
Diff. tuition fee (3 peat)	159,378	-	159,378	-	159,378	183,252
Lab fee	251,711	-	251,711	-	251,711	250,706
Assessment fee	92,841	-	92,841	-	92,841	95,317
Installment loan late payment fee	27,980	-	27,980	-	27,980	28,820
Add/drop fee	28,590	-	28,590	-	28,590	38,620
Other fees	60,682	-	60,682	-	60,682	64,535
<b>Total fees</b>	<b>\$ 14,288,049</b>	<b>\$ -</b>	<b>\$ 14,288,049</b>	<b>\$ -</b>	<b>\$ 14,288,049</b>	<b>\$ 13,911,279</b>
<b>Scholarships allowances and discounts</b>						
Scholarship allowances	\$ (413,321)	\$ -	\$ (413,321)	\$ (3,860)	\$ (417,181)	\$ (436,553)
Remissions and exemptions	(2,120,948)	-	(2,120,948)	-	(2,120,948)	(1,212,082)
Pell grants	(10,947,335)	-	(10,947,335)	(5,775)	(10,953,110)	(11,309,173)
Other federal grants	(788,846)	-	(788,846)	-	(788,846)	(439,431)
Texas grants	(1,416)	-	(1,416)	-	(1,416)	(568,073)
TPEG allowances	(364,090)	-	(364,090)	(1,614)	(365,704)	(8,417)
Other state grants	(609,079)	-	(609,079)	-	(609,079)	(160,940)
Other	(14,260)	-	(14,260)	-	(14,260)	(69,103)
<b>Total scholarship allowances</b>	<b>\$ (15,259,295)</b>	<b>\$ -</b>	<b>\$ (15,259,295)</b>	<b>\$ (11,249)</b>	<b>\$ (15,270,544)</b>	<b>\$ (14,203,772)</b>
<b>Total net tuition and fees</b>	<b>\$ 8,208,813</b>	<b>\$ -</b>	<b>\$ 8,208,813</b>	<b>\$ (11,249)</b>	<b>\$ 8,197,564</b>	<b>\$ 8,752,051</b>
<b>Other operating revenues</b>						
Federal grants and contracts	\$ -	\$ 3,550,864	\$ 3,550,864	\$ -	\$ 3,550,864	\$ 3,778,234
State grants and contracts	-	1,594,385	1,594,385	-	1,594,385	1,788,450
Nongovernmental grants and contracts	-	257,156	257,156	-	257,156	281,735
Investment income (program restricted)	-	70,014	70,014	-	70,014	57,378
Other operating revenues	418,502	1,230,869	1,649,371	-	1,649,371	1,693,752
<b>Total other operating revenues</b>	<b>\$ 418,502</b>	<b>\$ 6,703,288</b>	<b>\$ 7,121,790</b>	<b>\$ -</b>	<b>\$ 7,121,790</b>	<b>\$ 7,599,549</b>
<b>Auxiliary enterprises</b>						
Student activities	\$ -	\$ -	\$ -	\$ 1,589,539	\$ 1,589,539	\$ 1,547,716
Cafeteria	-	-	-	27,224	27,224	32,902
Campus housing	-	-	-	-	-	-
Residential	-	-	-	100,127	100,127	71,429
Scholarship allowances and discounts	-	-	-	-	-	-
Bookstore	-	-	-	349,352	349,352	355,166
<b>Total net auxiliary enterprises</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,066,242</b>	<b>\$ 2,066,242</b>	<b>\$ 2,007,213</b>
<b>Total operating revenues (Exhibit 2)</b>	<b>\$ 8,627,315</b>	<b>\$ 6,703,288</b>	<b>\$ 15,330,603</b>	<b>\$ 2,054,993</b>	<b>\$ 17,385,596</b>	<b>\$ 18,358,813</b>

\*In accordance with Education Code 56.033, \$434,997 and \$422,340 of tuition was set aside for Texas Public Education Grants (TPEG).

Laredo Community College

Schedule B

Schedule of Operating Expenses by Organization

Year Ended August 31, 2017 (with Memorandum Totals for the Year Ended August 31, 2016)

	Operating Expenses					FY 2016 Total
	Salaries and Wages	Benefits		Other Expenses	FY 2017 Total	
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 16,643,897	\$ -	\$ 4,817,785	\$ 873,196	\$ 22,334,878	\$ 22,272,561
Research	-	-	-	-	-	-
Public Service	189,596	-	55,456	14,038	259,090	258,766
Academic Support	2,377,559	-	686,664	416,775	3,480,998	3,307,495
Student Services	3,532,931	-	1,031,202	754,498	5,318,631	5,344,590
Institutional Support	6,860,210	-	1,105,879	3,716,676	11,682,765	11,536,603
Operation and Maintenance of Plant	1,534,517	-	1,045,582	3,420,546	6,000,645	5,796,077
Scholarships and Fellowships	-	-	-	255,427	255,427	255,362
Total Unrestricted Educational Activities	31,138,710	-	8,742,568	9,451,156	49,332,434	48,771,454
Restricted - Educational Activities						
Instruction	856,141	2,840,293	167,026	199,636	4,063,096	4,183,504
Research	-	-	-	890	890	-
Public Service	117,774	49,439	40,722	107,033	314,968	323,512
Academic Support	1,257,879	589,650	306,376	641,761	2,795,666	2,962,425
Student Services	1,000,017	735,707	92,813	195,467	2,024,004	1,840,856
Institutional Support	741	1,113,547	-	919	1,115,207	1,025,896
Operation and Maintenance of Plant	186,757	-	29,730	1,289,240	1,505,727	1,859,485
Scholarships and Fellowships	-	-	-	8,479,643	8,479,643	8,277,396
Total Restricted Educational Activities	3,419,309	5,328,636	636,667	10,914,589	20,299,201	20,473,074
Total Educational Activities	34,558,019	5,328,636	9,379,235	20,365,745	69,631,635	69,244,528
Auxiliary Enterprises	659,188	-	198,760	818,485	1,676,433	1,545,607
Depreciation Expense - Buildings & other real estate	-	-	-	-	3,958,263	3,852,720
Depreciation Expense - Equipment & furniture	-	-	-	-	1,688,952	1,806,723
Depreciation Expense - Library Books	-	-	-	-	153,295	155,641
Total Operating Expenses	\$ 35,217,207	\$ 5,328,636	\$ 9,577,995	\$ 21,184,230	\$ 77,108,578	\$ 76,605,219

Laredo Community College District  
Schedule of Non-Operating Revenues and Expenses  
Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)  
Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2017 Total	FY 2016 Total
<b>NON-OPERATING REVENUES:</b>					
State Appropriations:					
Education and General State Support	\$ 10,317,400	\$ -	\$ -	\$ 10,317,400	\$ 10,301,912
State Group Insurance	-	3,348,515	-	3,348,515	3,124,721
State Retirement Matching	-	936,071	-	936,071	923,981
Non-Employer Contributing Entity On-Behalf Payments	-	823,628	-	823,628	1,037,331
Professional Nursing Shortage Reduction	-	7,412	-	7,412	39,280
<b>Total State Appropriations</b>	<b>10,317,400</b>	<b>5,115,626</b>	<b>-</b>	<b>15,433,026</b>	<b>15,427,225</b>
Maintenance Ad Valorem Taxes	-	-	-	-	-
Taxes for Maintenance & Operations	32,004,360	-	-	32,004,360	29,152,031
Taxes for General Obligation Bonds	-	10,773,109	-	10,773,109	9,838,552
Federal Revenue, Non Operating	-	19,500,050	-	19,500,050	18,957,022
Investment Income	324,337	773,640	-	1,097,977	1,132,007
Additions to Permanent Endowments	-	20,000	-	20,000	2,000
Capital Gifts	-	8,500	-	8,500	18,759
<b>Total Non-Operating Revenues</b>	<b>\$ 42,646,097</b>	<b>\$ 36,190,925</b>	<b>\$ -</b>	<b>\$ 78,837,022</b>	<b>\$ 74,527,596</b>
<b>NON-OPERATING EXPENSES:</b>					
(Gain) / Loss on Assets	-	(2,941)	-	(2,941)	(2,750)
Interest on Capital Related Debt	-	9,113,721	-	9,113,721	9,720,392
Other Non-Operating (Revenues) Expenses	-	(562,126)	-	(562,126)	(320,304)
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ 8,548,654</b>	<b>\$ -</b>	<b>\$ 8,548,654</b>	<b>\$ 9,397,338</b>
<b>Net Non-Operating Revenues</b>	<b>\$ 42,646,097</b>	<b>\$ 27,642,271</b>	<b>\$ -</b>	<b>\$ 70,288,368</b>	<b>\$ 65,130,258</b>

Laredo Community College District  
Schedule of Net Position by Source and Availability  
Year Ended August 31, 2017 (With Memorandum Totals for the Year Ended August 31, 2016)  
Schedule D

	Detail by source					Available for current operations	
	Restricted					Yes	No
	Unrestricted	Expendable	Non-expendable	Capital assets net of depreciation & related debt	Total		
Current							
Unrestricted	\$ 16,463,747	\$ -	\$ -	\$ -	\$ 16,463,747	\$ 16,463,747	\$ -
Board designated	2,904,082	-	-	-	2,904,082	-	2,904,082
Restricted							
Auxiliary enterprises	-	2,431,979	-	-	2,431,979	2,431,979	-
Endowment	-	-	3,149,460	-	3,149,460	-	3,149,460
Student Aid	-	3,376,043	-	-	3,376,043	3,376,043	-
Other	-	144,543	-	-	144,543	144,543	-
Plant							
Unexpended	-	679,111	-	-	679,111	-	679,111
Debt service	-	8,490,854	-	-	8,490,854	-	8,490,854
Investment in plant	-	-	-	18,922,380	18,922,380	-	18,922,380
<b>Total Net Position, August 31, 2017</b>	<b>\$ 19,367,829</b>	<b>\$ 15,122,530</b>	<b>\$ 3,149,460</b>	<b>\$ 18,922,380</b>	<b>\$ 56,562,199</b>	<b>\$ 22,416,312</b>	<b>\$ 34,145,887</b>
<b>Total Net Position, August 31, 2016</b>	<b>\$ 13,322,096</b>	<b>\$ 14,144,006</b>	<b>\$ 3,128,354</b>	<b>\$ 15,402,357</b>	<b>\$ 45,996,813</b>	<b>\$ 16,241,352</b>	<b>\$ 29,755,461</b>
<b>Net increase (decrease) in Net Position</b>	<b>\$ 6,045,733</b>	<b>\$ 978,524</b>	<b>\$ 21,106</b>	<b>\$ 3,520,023</b>	<b>\$ 10,565,386</b>	<b>\$ 6,174,960</b>	<b>\$ 4,390,426</b>

**Laredo Community College District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended August 31, 2017**  
**Schedule E**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Direct Awards</b>	<b>Passed-Through Awards</b>	<b>Total</b>	<b>Subrecipient Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 710,200	\$	\$ 710,200	\$
Federal College Work-Study Program	84.033	553,904		553,904	
Federal Pell Grant Program	84.063	18,235,946		18,235,946	
Total Student Financial Assistance Cluster		19,500,050		19,500,050	
TRIO Cluster					
Trio Student Support Services	84.042A	219,116		219,116	
Trio Upward Bound	84.047A	442,068		442,068	
Total TRIO Cluster		661,184		661,184	
Title III - Stem Articulation	84.031C	586,582		586,582	
Title III - LEAPS	84.031C	111,444		111,444	
Title V - FOSS	84.031S	784,484		784,484	393,842
		1,482,510		1,482,510	393,842
Pass- Through From					
Texas A&M International University					
Title V - Building Scholars	84.031S		382,331	382,331	
P031S140130					
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy	84.002A		56,332	56,332	
2116AEL000					
Adult Education and Literacy	84.002A		866,180	866,180	
2116AEL001			922,512	922,512	
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Educational Program	84.048		493,857	493,857	
164239					
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>21,643,744</b>	<b>1,798,700</b>	<b>23,442,444</b>	<b>393,842</b>
<b>NATIONAL SCIENCE FOUNDATION</b>					
Direct Programs:					
Providing Resources and Opportunities in STEM (PRO-STEM)	47.076	60,985		60,985	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Pass-Through from:					
Texas Association of Community College	93.558		62,932	62,932	
TSC-CPP					
Pass-Through from:					
South Texas Workforce Development Board	93.596		30,486	30,486	
11211C04					
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>93,418</b>	<b>93,418</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 21,704,729</b>	<b>\$ 1,892,118</b>	<b>\$ 23,596,847</b>	<b>\$ 393,842</b>

Notes to Schedule on Following Page

**Note 1: Federal Assistance Reconciliation**

Other Operating Revenues - Federal Grants and Contracts revenue - per Schedule A	3,550,864
Add: Indirect/Administrative Costs Recoveries	152,091
Add: Non Operating Federal Revenue per Schedule C	<u>19,500,050</u>
Total Federal Revenues per Schedule A and C	<u>23,203,005</u>
Reconciling Items:	
Add : Funds passed Through to others	393,842
Add : Direct Student Loans	-
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>23,596,847</u></u>

**Note 2: Significant accounting policies used in preparing the schedule**

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by the various entities in the preparation of the schedule. Since the College has an agency approved indirect recovery rate it has elected not to use the 10% de minimis rate as permitted in the UG, section 200.414.

**Note 3: Amounts passed-through by the college**

The following amounts were passed-through to the listed sub recipients by the College.

U.S. Department of Education.

Title V - FOSS, CFDA 84.031S

Texas A&M International University

\$ 393,842

Total amount passed-through by the College

\$ 393,842



**Laredo Community College District  
Schedule of Expenditures of State Awards  
Year Ended August 31, 2017  
Schedule F**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
<b>TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		
Direct Programs:		
Texas College Work-Study		\$ 56,840
Texas Grant Renewal		4,248
Texas Educational Opportunity Grant Initial		482,487
Texas Educational Opportunity Grant Renewal		495,600
Top 10% Scholarship		2,000
Student Mentorship (G - Force)	15560	65,706
T-STEM (Science, Technology, Engineering, and Math)	16901	26,345
Nursing Shortage Reduction Program (Under 70)		7,412
Nursing Innovation Grant Program	14125	997
Accelerate TEXAS - Scaling and Sustaining Success in Integrated Basic Skills and Workforce Training Program:	14935	4,804
<b>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		<b>1,146,439</b>
<b>TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>		
Direct Programs:		
Law Enforcement Officers Standards and Education Fund		919
<b>TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>		<b>919</b>
<b>TEXAS WORKFORCE COMMISSION</b>		
Direct Programs:		
Adult Education and Literacy	2116AEL001	122,254
Skills for Small Business	2115SSD000	56
Jobs and Education for Texas Grant Program	2116JET000	332,185
<b>TEXAS WORKFORCE COMMISSION</b>		<b>454,495</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b>\$ 1,601,853</b>
<b>Note 1 : State Awards Reconciliation</b>		
State Grants and Contracts Revenue - per Schedule A		\$ 1,594,385
Add: Indirect/Administrative Cost Recoveries		56
Add: Capital Outlays		-
Add: Non-Operating State Revenue		7,412
<b>Total State Revenues per Schedule of Expenditures of State Awards</b>		<b>\$ 1,601,853</b>

**Note 2: Significant accounting policies used in preparing the schedule.**

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by the various entities in the preparation of the schedule. Since the College has an agency approved indirect recovery rate it has elected not to use the 10% de minimis rate as permitted in the UG, section 200.414.

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## **STATISTICAL SUPPLEMENT SECTION**

Laredo Community College  
Statistical Supplement 1  
Net Position by Component  
Last Ten Fiscal Years  
(unaudited)

	For the Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	18,922,380	15,402,357	16,142,551	12,987,174	\$12,311,996	\$13,260,689	\$8,389,756	\$9,985,526	\$4,039,427	\$3,976,856
Restricted - expendable	15,122,530	14,144,006	10,913,779	11,398,527	11,559,255	9,822,281	12,645,716	8,910,615	10,590,356	10,661,462
Restricted - nonexpendable	3,149,460	3,128,354	3,125,455	3,046,903	2,975,040	2,912,123	2,799,317	2,719,827	2,622,085	1,833,943
Unrestricted	19,367,829	13,322,096	10,493,445	18,934,164	17,144,968	18,227,739	15,715,296	14,794,760	16,644,722	12,221,527
<b>Total primary government net position</b>	<b>\$56,562,199</b>	<b>\$45,996,813</b>	<b>\$40,675,230</b>	<b>\$46,366,768</b>	<b>\$43,991,259</b>	<b>\$44,222,832</b>	<b>\$39,550,085</b>	<b>\$36,410,728</b>	<b>\$33,896,590</b>	<b>\$28,693,788</b>

**Laredo Community College**  
**Statistical Supplement 2**  
**Revenues by Source**  
**Last Ten Fiscal Years**  
(unaudited)

	For the Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and Fees (Net of Discounts)	\$8,197,564	\$8,752,051	\$8,833,615	\$8,580,215	\$8,780,001	\$8,254,382	\$8,353,943	\$7,258,100	\$6,968,193	\$6,517,255
Federal Grants and Contracts	3,550,864	3,778,234	4,739,942	4,203,436	4,552,060	4,060,776	3,516,287	4,458,474	4,201,478	3,301,665
State Grants and Contracts	1,594,385	1,788,450	2,832,960	2,124,875	1,553,504	1,886,105	2,532,316	2,510,759	2,845,714	2,445,609
Non-Governmental Grants and Contracts	257,156	281,735	291,863	360,058	656,645	613,591	357,059	325,511	646,167	258,430
Investment income (program restricted)	70,014	57,378	90,111	85,241	126,948	64,869	189,493	110,609	203,930	196,600
Auxiliary enterprises	2,066,242	2,007,213	2,056,616	2,096,611	1,263,433	1,400,876	753,299	780,881	719,814	682,728
Other Operating Revenues	1,649,371	1,693,752	1,677,981	2,297,503	1,717,011	2,446,467	2,144,567	1,554,994	1,226,271	962,616
<b>Total Operating Revenues</b>	<b>17,385,596</b>	<b>18,358,813</b>	<b>20,523,088</b>	<b>19,747,939</b>	<b>18,649,602</b>	<b>18,727,066</b>	<b>17,846,964</b>	<b>16,999,328</b>	<b>16,811,567</b>	<b>14,364,903</b>
State Appropriations	15,425,614	15,387,945	14,924,461	14,737,592	13,561,791	13,617,534	16,863,474	17,054,956	17,873,004	17,844,064
Professional Nursing Shortage Reduction	7,412	39,280	115,157	55,331	31,293	45,102	100,815	35,221	39,725	34,061
Ad Valorem Taxes	42,777,469	38,990,583	33,941,663	28,509,899	28,008,902	27,812,270	25,413,337	25,138,309	23,835,144	21,744,942
Gifts	8,500	18,759	-	-	6,493	11,557	46,615	46,897	83,099	472,255
Investment income	1,097,977	1,132,007	1,098,704	385,196	697,328	681,283	797,231	659,749	1,036,805	1,163,854
Federal Revenue, Non-Operating	19,500,050	18,957,022	20,014,322	21,082,771	22,255,103	25,321,007	25,314,801	21,770,168	14,959,530	12,264,881
Additions to permanent endowments	20,000	2,000	86,946	70,000	53,412	104,000	40,737	50,100	360,000	90,262
Other non-operating revenues	565,067	323,054	61,861	-	34,478	-	-	-	-	-
<b>Total Non-Operating Revenues</b>	<b>79,402,089</b>	<b>74,850,650</b>	<b>70,243,114</b>	<b>64,840,789</b>	<b>64,648,800</b>	<b>67,592,753</b>	<b>68,577,010</b>	<b>64,755,400</b>	<b>58,187,307</b>	<b>53,614,319</b>
<b>Total Revenues</b>	<b>\$ 96,787,685</b>	<b>\$ 93,209,463</b>	<b>\$ 90,766,202</b>	<b>\$ 84,588,728</b>	<b>\$ 83,298,402</b>	<b>\$ 86,319,819</b>	<b>\$ 86,423,974</b>	<b>\$ 81,754,728</b>	<b>\$ 74,998,874</b>	<b>\$ 67,979,222</b>

Laredo Community College  
Statistical Supplement 3  
Program Expenses by Function  
Last Ten Fiscal Years  
(unaudited)

For the Year Ended August 31,										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	\$26,397,974	\$26,456,065	\$24,750,406	\$24,273,755	\$24,430,353	\$22,995,729	\$24,397,712	\$23,458,947	\$22,111,261	\$21,241,920
Research	890	-	-	298	10,764	-	-	-	-	-
Public service	574,058	582,278	484,963	395,271	422,519	383,272	480,333	602,108	540,355	505,948
Academic support	6,276,664	6,269,920	7,045,742	6,611,450	6,763,112	6,352,311	6,500,162	6,402,122	6,391,862	5,076,716
Student services	7,342,635	7,185,446	6,730,669	6,729,870	6,602,783	6,168,977	7,263,520	7,016,919	6,771,758	6,503,155
Institutional support	12,797,972	12,562,499	13,718,788	12,356,905	13,650,312	11,718,614	10,772,364	10,759,307	8,960,865	8,828,994
Operation and maintenance of plant	7,506,372	7,655,562	7,421,707	6,624,825	7,182,773	6,885,874	7,243,557	6,764,251	6,119,791	6,485,590
Scholarships and fellowships	8,735,070	8,532,758	8,527,905	10,343,160	11,811,478	15,897,789	17,926,654	16,634,026	11,762,189	8,994,383
Auxiliary enterprises	1,676,433	1,545,607	1,550,030	1,045,445	764,232	762,208	374,941	527,041	496,904	518,321
Depreciation	5,800,510	5,815,084	5,564,615	5,023,270	4,548,684	3,832,071	3,094,652	2,856,717	3,021,225	3,100,889
Total Operating Expenses	77,108,578	76,605,219	75,794,825	73,404,249	76,187,010	74,996,845	78,053,895	75,021,438	66,176,210	61,255,916
Interest on capital related debt	9,113,721	9,720,392	10,660,658	7,191,307	7,367,672	6,628,904	5,224,873	3,886,424	3,619,862	3,818,021
Loss on disposal of fixed assets	-	-	-	17,230	-	1,889	-	-	-	-
Other non-operating expenses	-	-	-	712,220	-	19,434	5,850	332,728	-	-
Total Non-Operating Expenses	9,113,721	9,720,392	10,660,658	7,920,757	7,367,672	6,650,227	5,230,723	4,219,152	3,619,862	3,818,021
Total Expenses	\$86,222,299	\$86,325,611	\$86,455,483	\$81,325,006	\$83,554,682	\$81,647,072	\$83,284,618	\$79,240,590	\$69,796,072	\$65,073,937

Laredo Community College  
Statistical Supplement 4  
Tuition and Fees  
Last Ten Fiscal Years  
(unaudited)

Academic Year (Fall)	Resident										
	Fees per Semester Credit Hour (SCH)										
	In-District Tuition	Out-of-District Tuition	Technology Fees	Instr Support Fee	Student Activity Fees	General Use Fees	Other Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In- District	Increase from Prior Year Out- of-District
2016-17	\$ 50.00	\$ 100.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 50.00	\$ 90.00	\$ 1,650.00	\$ 2,250.00	0%	0%
2015-16	50.00	100.00	10.00	10.00	10.00	50.00	90.00	1,650.00	2,250.00	0%	0%
2014-15	50.00	100.00	10.00	10.00	10.00	50.00	90.00	1,650.00	2,250.00	0%	0%
2013-14	50.00	100.00	10.00	10.00	10.00	50.00	90.00	1,650.00	2,250.00	22%	15%
2012-13	50.00	100.00	7.50	7.50	5.00	35.00	90.00	1,350.00	1,950.00	17%	17%
2011-12	42.00	84.00	7.50	7.50	5.00	27.00	90.00	1,158.00	1,662.00	12%	8%
2010-11	42.00	84.00	5.00	5.00	1.00	27.00	78.00	1,038.00	1,542.00	24%	15%
2009-10	42.00	84.00	2.50	2.50	1.00	20.00	18.00	834.00	1,338.00	3%	4%
2008-09	40.00	80.00	2.50	2.50	1.00	20.00	18.00	810.00	1,290.00	0%	0%
2007-08	40.00	80.00	2.50	2.50	1.00	20.00	18.00	810.00	1,290.00	0%	0%

Academic Year (Fall)	Non - Resident										
	Fees per Semester Credit Hour (SCH)										
	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Instr Support Fee	Student Activity Fees	General Use Fees	Other Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2016-17	\$ 152.00	\$ 152.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 50.00	\$ 90.00	\$ 2,874.00	\$ 2,874.00	0%	0%
2015-16	152.00	152.00	10.00	10.00	10.00	50.00	90.00	2,874.00	2,874.00	0%	0%
2014-15	152.00	152.00	10.00	10.00	10.00	50.00	90.00	2,874.00	2,874.00	0%	0%
2013-14	152.00	152.00	10.00	10.00	10.00	50.00	90.00	2,874.00	2,874.00	12%	12%
2012-13	152.00	152.00	7.50	7.50	5.00	35.00	90.00	2,574.00	2,574.00	18%	18%
2011-12	128.00	128.00	7.50	7.50	5.00	27.00	90.00	2,190.00	2,190.00	6%	6%
2010-11	128.00	128.00	5.00	5.00	1.00	27.00	78.00	2,070.00	2,070.00	11%	11%
2009-10	128.00	128.00	2.50	2.50	1.00	20.00	18.00	1,866.00	1,866.00	5%	5%
2008-09	120.00	120.00	2.50	2.50	1.00	20.00	18.00	1,770.00	1,770.00	0%	0%
2007-08	120.00	120.00	2.50	2.50	1.00	20.00	18.00	1,770.00	1,770.00	0%	0%

Note: In addition, students may incur course related fees such as laboratory fees, testing fees and certification fees.

Laredo Community College  
Statistical Supplement 5  
Assessed Value and Taxable Assessed Value of Property  
Last Ten Fiscal Years  
(unaudited)

Fiscal Year	Assessed Valuation of Property	Less: Exempt Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total Direct Rate (a)
2017-18	16,195,341	252,840	2,692,606	13,249,895	81.81%	\$ 0.25507	\$ 0.08298	\$ 0.33805
2016-17	14,827,403	226,360	2,140,034	12,461,009	84.04%	0.25507	0.08793	0.34300
2015-16	13,984,961	220,951	1,926,275	11,837,735	84.65%	0.24527	0.08498	0.33024
2014-15	13,378,064	217,743	1,800,704	11,359,617	84.91%	0.23441	0.06275	0.29716
2013-14	12,937,362	220,907	1,735,502	10,980,953	84.88%	0.22265	0.03257	0.25522
2012-13	12,545,956	215,638	1,721,394	10,608,924	84.56%	0.22354	0.03422	0.25776
2011-12	12,416,538	167,192	1,634,423	10,614,923	85.49%	0.21899	0.03955	0.25854
2010-11	12,395,164	204,327	1,527,286	10,663,551	86.03%	0.19985	0.03827	0.23812
2009-10	12,237,565	165,093	1,502,789	10,569,683	86.37%	0.18400	0.04320	0.22720
2008-09	11,830,706	193,540	1,150,109	10,487,057	88.64%	0.18700	0.03410	0.22110

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation



**Laredo Community College  
Statistical Supplement 6  
State Appropriation per FTSE  
Last Ten Fiscal Years  
(unaudited)**

Appropriation per FTSE				Appropriation per Contact Hour			
Fiscal Year	State Appropriation	FTSE	State Appropriation per FTSE	Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2016-17	\$ 10,302,000	5,799	\$ 1,776,513	2,174	888	3,062	\$ 3,364.47
2015-16	10,325,000	5,862	1,761,344	2,188	865	3,053	3,381.92
2014-15	11,115,000	6,068	1,831,740	2,197	924	3,121	3,561.36
2013-14	11,115,000	6,371	1,744,624	1,905	1,342	3,247	3,423.16
2012-13	10,646,000	6,864	1,550,991	2,212	1,255	3,467	3,070.67
2011-12	10,837,000	7,362	1,472,018	2,157	1,542	3,699	2,929.71
2010-11	12,208,000	7,370	1,656,445	2,971	851	3,822	3,194.14
2009-10	12,654,000	6,781	1,866,096	2,285	1,431	3,716	3,405.27
2008-09	12,851,000	6,085	2,111,915	2,613	779	3,392	3,788.62
2007-08	12,851,000	6,000	2,141,833	2,410	781	3,191	4,027.26

**Notes:**

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

Laredo Community College  
Statistical Supplement 7  
Principal Taxpayers  
Last Ten Tax Years  
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
AEP Texas Central Company	Utility	\$ 144,050	\$ 120,985	\$ 116,064	\$ 93,214	\$ 85,868	\$ 70,752	\$ 53,471	\$ 58,799	\$ 68,457	\$ 66,400
Laredo Texas Hospital Co. LP	Medical	96,438	96,991	96,293	96,578	104,484	106,398	103,827	102,046	104,560	105,123
Laredo WLE LP	Utility	40,805	64,955	83,568	86,668	97,224	89,916	97,604	102,764	-	-
Mall Del Norte LLC	Retail	56,446	57,316	55,890	55,567	52,068	52,068	51,752	52,647	52,630	52,617
The GEO Group Inc	Commercial Business	53,182	53,182	52,609	52,609	52,160	50,531	49,979	53,005	52,769	32,232
AEP Electric Transmission of Texas LLC	Utility	43,404	44,864	48,063	35,802	42,868	41,458	40,635	40,721	36,509	62,452
Laredo Regional Medical Ctr. Lp	Medical	43,794	43,558	43,106	41,678	40,213	39,869	41,405	42,263	44,354	43,618
Farias Development LTD	Development	44,134	42,166	40,924	38,464	36,413	29,908	25,979	28,035	-	-
Card Border LLC ETAL	Retail	36,583	37,231	-	-	-	-	-	-	-	-
International Bank of Commerce	Bank	34,534	36,834	34,633	33,969	34,247	35,148	39,034	34,635	35,790	33,899
Killam Ind. Dev. Partnership Ltd.	Development	36,487	33,380	35,890	33,737	29,575	29,443	30,143	31,116	34,158	33,724
H E Butt Grocery Company	Grocery	29,742	33,218	31,669	30,105	30,025	30,493	28,284	28,808	29,168	28,751
WRI Trautmann Lp.	Commercial Real Estate	32,771	29,874	29,596	28,307	27,737	27,621	27,738	26,790	26,959	-
Dorel Laredo Holdings LLC	Real Estate	24,152	29,438	27,358	28,394	24,608	-	-	-	-	-
Killam Development LTD	Development	33,097	26,286	20,937	19,848	-	-	-	-	-	-
Gemini Rio Norte H ET AL	Real Estate	-	23,075	22,441	22,154	21,194	21,317	20,871	-	-	-
Wal-mart Real Estate Business Trust	Commercial Real Estate	21,726	22,752	22,026	22,064	21,369	21,041	21,043	20,957	-	-
Union Pacific Railroad Company	Railroad	23,272	22,110	20,794	19,402	17,578	-	-	-	-	-
Shiloh Texas Properties LTD	Development	16,885	21,176	19,607	18,373	18,455	-	-	-	-	-
Webb Hospital Holdings LLC	Medical	20,303	20,886	19,122	18,188	17,983	-	-	-	-	-
WRI Independence Plaza LLC	Commercial Real Estate	22,015	20,801	19,909	19,909	19,700	-	-	-	-	-
BBVA Compass	Bank	17,771	18,457	18,641	18,102	18,421	19,633	-	20,444	-	-
United States Cold Storage Inc	Refrigeration	17,642	17,861	-	-	-	-	-	-	-	-
Laredo Levcal LLC	Commercial Business	19,168	16,109	16,109	16,109	16,109	-	20,541	20,541	24,498	29,831
Dorel Springfield Holdings LLC	Real Estate	-	15,820	-	-	-	-	-	-	-	-
San Isidro Northeast LTD	Development	14,134	15,614	19,895	-	-	-	-	10,734	33,018	-
Laredo Outlet Shoppes LLC	Retail	45,586	-	-	-	-	-	-	-	-	-
Southwestern Bell Telephone Co.	Utility	-	-	-	-	-	-	-	20,494	31,871	-
J Aron & Company	Financial	-	-	22,813	-	-	-	-	-	-	-
Wai-Mart Stores Texas LLC	Grocery	-	-	15,651	-	-	-	-	-	-	-
Prolamsa Inc	Retail	-	-	-	44,130	-	-	-	-	-	-
BRE Select Hotel TX LP	Lodging	-	-	15,285	17,460	16,256	-	-	-	-	-
Halliburton Energy Services	Oil Services & Drilling	-	-	-	-	73,423	68,455	37,397	-	-	-
Totals		\$ 970,138	\$ 964,939	\$ 948,893	\$ 890,831	\$ 897,978	\$ 734,051	\$ 689,703	\$ 694,799	\$ 574,741	\$ 488,647
Total Taxable Assessed Value		\$ 13,249,895	\$ 13,249,895	\$ 12,461,009	\$ 11,837,735	\$ 11,359,617	\$ 10,980,953	\$ 10,608,924	\$ 10,614,923	\$ 10,663,551	\$ 10,569,683

Source: Local County Appraisal District

**Laredo Community College**  
**Statistical Supplement 8**  
**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
(unaudited)  
(amounts expressed in thousands)

Fiscal Year Ended August 31,	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections- Year of Levy (c)	Percentage (d)	Prior Collections of Prior Levies (e)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Percentage of Levy
2016-17	\$ 40,257	\$ -	\$ 40,257	\$ 41,377	102.78%	-	\$ 818	\$ 42,195	104.81%
2015-16	38,324	-	38,324	37,865	98.80%	-	703	38,568	100.64%
2014-15	33,255	-	33,255	32,715	98.38%	-	716	33,431	100.53%
2013-14	27,788	-	27,788	27,464	98.83%	-	742	28,206	101.50%
2012-13	27,183	-	27,183	26,872	98.86%	-	796	27,668	101.78%
2011-12	27,235	-	27,235	26,593	97.64%	-	813	27,406	100.63%
2010-11	25,302	-	25,302	24,629	97.34%	-	833	25,462	100.63%
2009-10	24,014	-	24,014	23,327	97.14%	-	1,025	24,352	101.41%
2008-09	23,187	-	23,187	22,263	96.02%	-	788	23,051	99.41%
2007-08	21,134	-	21,134	20,417	96.61%	-	844	21,261	100.60%

Source: Local Tax Assessor/Collector's and District records.

**Laredo Community College**  
**Statistical Supplement 9**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
(unaudited)

For the Year Ended August 31, (amounts expressed in thousands)										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Bonded Debt</b>										
General Obligation Bonds	\$ 114,060	\$ 178,665	\$ 192,448	\$ 202,834	\$ 63,824	\$ 67,271	\$ 70,720	\$ 74,174	\$ 77,525	\$ 80,709
Less: Funds Restricted for Debt Service	-	(3,120)	(2,132)	(2,150)	(1,402)	(1,399)	(1,074)	(736)	(280)	(467)
Net General Bonded Debt	\$ 114,060	\$ 175,545	\$ 190,316	\$ 200,684	\$ 62,422	\$ 65,872	\$ 69,646	\$ 73,438	\$ 77,245	\$ 80,242
Per Capita	\$ 3,876.16	\$ 650.84	\$ 713.67	\$ 764.53	\$ 243.36	\$ 261.78	\$ 288.46	\$ 309.94	\$ 331.31	\$ 346.66
Per FTSE	19,669	29,946	31,364	31,500	8,479	8,938	10,271	12,069	12,874	13,374
As a percentage of Taxable Assessed Value	0.86%	1.41%	1.61%	1.77%	0.59%	0.62%	0.65%	0.69%	0.74%	0.95%
<b>Other Debt</b>										
Revenue Bonds	\$ 55,645	\$ 89,951	\$ 95,336	\$ 100,436	\$ 105,166	\$ 109,891	\$ 93,623	\$ 97,353	\$ 36,682	\$ 38,881
Contractual Obligations	-	-	576	1,152	1,726	2,303	2,881	3,455	4,034	4,611
Notes	35,280	51,890	55,358	58,827	61,455	64,049	2,126	2,236	-	-
Capital Lease Obligations	770,949	1,368	1,703	906	1,493	773	1,296	1,278	785	618
Total Outstanding Debt	\$ 975,934	\$ 318,754	\$ 343,289	\$ 362,005	\$ 232,262	\$ 242,888	\$ 169,572	\$ 177,760	\$ 118,746	\$ 124,352
<b>Total Outstanding Debt Ratios</b>										
Per Capita	\$ 33,165.70	\$ 1,181.79	\$ 1,287.30	\$ 1,379.09	\$ 905.52	\$ 965.25	\$ 702.34	\$ 750.23	\$ 509.31	\$ 537.23
Per FTSE	168,293	54,376	56,574	56,821	31,549	32,956	25,007	29,213	19,791	20,725
As a percentage of Taxable Assessed Value	7.37%	2.56%	2.90%	3.19%	2.19%	2.29%	1.59%	1.68%	1.13%	1.47%

Notes: Ratios calculated using population (person) from Bureau of Economic Analysis and Tax Assessed Value from current year. Debt per student calculated using full-time-equivalent enrollment. (a)  
Funds restricted for Debt Service was adjusted for Accreted Int.

**Laredo Community College**  
**Statistical Supplement 10**  
**Legal Debt Margin Information**  
**Last Ten Tax Years**  
(unaudited)  
(amounts expressed in thousands)

Fiscal Year Ended August 31,	Taxable Assessed Value	General Obligation Bonds				
		Statutory Tax Levy Limited for Debt Service	Less: Funds		Total Net General Obligation Debt	Excess of Statutory Limit for Debt Service over Current Requirements
			Restricted for Repayment of General Obligation Bonds	General Obligation Bonds		
2017	\$ 13,249,895	\$ 66,249	\$ -	-	\$ 66,249	\$ 55,849
2016	12,461,009	62,305	-	-	62,305	53,146
2015	11,837,736	59,189	-	-	59,189	51,888
2014	11,359,617	56,798	-	-	56,798	52,821
2013	10,980,953	54,905	-	-	54,905	49,119
2012	10,608,924	53,045	-	-	53,045	48,483
2011	10,614,922	53,075	-	-	53,075	48,625
2010	10,663,551	53,318	-	-	53,318	49,055
2009	10,569,683	52,848	-	-	52,848	48,908
2008	10,487,057	52,435	-	-	52,435	48,416
						15.70%
						14.70%
						12.34%
						7.00%
						10.54%
						8.60%
						8.38%
						8.00%
						7.46%
						7.66%

Source: Local Tax Assessor/Collector's and District records.

Laredo Community College  
Statistical Supplement 11  
Pledged Revenue Coverage  
Last Ten Fiscal Years  
(unaudited)

Revenue Bonds

Fiscal Year Ended August	Pledged Revenues (\$000 omitted)						Debt Service Requirements (\$000 omitted)				
	Instructional			Interest Income	General Use		Principal	Interest	Total	Coverage Ratio	
	Tuition	Technology Fee	Support Fee		Fees						
2017	\$ 1,765	\$ 1,592	\$ 1,590	\$ 284	\$ 7,948	\$ 13,179	\$ 1,970	\$ 2,663	\$ 4,633	2.84	
2016	1,958	1,550	1,548	247	7,738	13,041	1,945	2,758	4,703	2.77	
2015	2,284	1,567	1,565	214	7,822	13,452	1,855	2,872	4,727	2.85	
2014	2,334	1,436	1,435	193	6,980	12,378	1,795	2,936	4,731	2.62	
2013	2,471	1,331	1,330	372	6,211	11,715	1,735	2,989	4,724	2.48	
2012	2,242	1,434	1,433	358	5,115	10,582	1,370	2,517	3,887	2.72	
2011	2,324	986	-	513	5,318	9,141	1,175	2,555	3,730	2.45	
2010	2,264	-	-	398	4,186	6,848	1,060	1,138	2,198	3.12	
2009	2,008	-	-	585	3,437	6,030	1,016	1,182	2,198	2.74	
2008	1,851	-	-	761	3,232	5,844	970	1,225	2,195	2.66	

**Laredo Community College  
Statistical Supplement 12  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(unaudited)**

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2016	271,193	\$ 7,980,237	29,426	4.9%
2015	269,721	8,031,782	29,778	5.2%
2014	266,673	7,561,382	28,355	4.7%
2013	262,495	7,114,194	27,102	6.0%
2012	259,172	6,769,544	26,120	7.1%
2011	256,496	6,408,612	24,985	8.1%
2010	251,632	5,977,993	23,757	8.6%
2009 (a)	241,438	5,410,463	22,409	8.7%
2008 (a)	236,941	5,294,677	22,346	5.9%
2007 (a)	233,152	4,920,183	21,103	4.8%

**Source:**

U.S. Bureau of Labor Statistics Data

U.S. Bureau of Economic Analysis: Regional Economic Accounts

**Notes:**

(a) Amounts from 2005 thru 2009 are preliminary for the District Population and the District Income.

**Laredo Community College  
Statistical Supplement 13  
Principal Employers**  
(unaudited)

**Current Fiscal Year**

Employer	Number of Employees	Percentage of Total Employment
United Independent School District	7,174	5.39%
Laredo Independent School District	4,346	3.26%
H.E.B. Grocery	1,900	1.43%
Wal-Mart	2,125	1.60%
City of Laredo	2,535	1.90%
US CBP - Customs Field Officers	1,950	1.46%
Laredo Sector Border Patrol	1,400	1.05%
McDonald's Restaurant	1,520	1.14%
Laredo Medical Center	1,450	1.09%
Webb County	1,500	1.13%
<b>Total</b>	<b>25,900</b>	<b>23.85%</b>

**Source:**

Laredo Development Foundation  
Texas Labor Market Information

**Note:**

Percentages are calculated using the midpoints of the ranges.

**Nine Years Prior**

Employer	Number of Employees	Percentage of Total Employment
United Independent School District	4,876-6,282	6.38%
Laredo Independent School District	3,990-4,500	4.85%
City of Laredo	2,238-2,465	2.69%
U. S. Customs & Border Protection	1,730-1950	2.10%
McDonald's Restaurant	1,425-1,633	1.75%
Laredo Medical Center	1,377-1,500	1.64%
H.E.B. Grocery	1,245-1,800	1.74%
Webb County	1,400-1,600	1.71%
Wal-Mart (3 locations)	1,144-1,234	1.36%
The Laredo National Bank	1,129-1275	1.37%
<b>Total</b>	<b>20,554-24,239</b>	<b>21.83%</b>



**Laredo Community College**  
**Statistical Supplement 14**  
**Faculty, Staff, and Administrators Statistics**  
**Last Ten Fiscal Years**  
(unaudited)

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Faculty</b>	Full-Time	181	177	183	189	200	196	197	198	198	185
	Part-Time	180	162	154	154	160	119	122	126	112	45
	Total	361	339	337	343	360	315	319	324	310	230
<b>Percent</b>	Full-Time	50.1%	52.2%	54.3%	55.1%	55.6%	62.2%	61.8%	61.1%	63.9%	80.4%
	Part-Time	49.9%	47.8%	45.7%	44.9%	44.4%	37.8%	38.2%	38.9%	36.1%	19.6%
<b>Staff and Administrators</b>											
<b>Staff and Administrators</b>	Full-Time	429	427	434	445	449	447	450	445	430	425
	Part-Time	127	123	154	142	153	129	133	123	97	45
	Total	556	550	588	587	602	576	583	568	527	470
<b>Percent</b>	Full-Time	77.2%	77.6%	73.8%	75.8%	74.6%	77.6%	77.2%	78.3%	81.6%	90.4%
	Part-Time	22.8%	22.4%	26.2%	24.2%	25.4%	22.4%	22.8%	21.7%	18.4%	9.6%
Students per Full-time Faculty		51	52	48	46	44	48	51	46	42	42
Students per Full-Time Staff Member		21	21	20	20	19	21	22	21	19	18
Average Annual Faculty Salary		\$59,103	\$59,022	\$53,982	\$55,395	\$55,401	\$55,435	\$55,782	\$55,120	\$55,375	\$52,981

**Laredo Community College**  
**Statistical Supplement 15**  
**Enrollment Details**  
**Last Ten Fiscal Years**  
(unaudited)

Student Classification	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	6,602	75.46%	6,129	70.05%	5,559	66.92%	5,859	67.14%	7,183	76.77%
Sophomore	1,887	21.57%	1,884	21.53%	1,980	23.84%	2,189	25.09%	1,573	16.81%
Unclassified	231	2.64%	314	3.59%	363	4.37%	348	3.99%	269	2.88%
Associate*	399	4.56%	360	4.11%	328	3.95%	250	2.87%	259	2.77%
Baccalaureate or Above**	57	0.65%	62	0.71%	77	0.93%	80	0.92%	72	0.77%
<b>Total</b>	<b>9,176</b>	<b>104.88%</b>	<b>8,749</b>	<b>100.00%</b>	<b>8,307</b>	<b>100.00%</b>	<b>8,726</b>	<b>100.00%</b>	<b>9,356</b>	<b>100.00%</b>

Semester Hour Load	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	94	1.07%	159	1.82%	91	1.10%	75	0.86%	85	0.91%
3-5 semester hours	2,775	31.72%	2,495	28.52%	1,715	20.65%	1,836	21.04%	1,838	19.65%
6-8 semester hours	2,082	23.80%	1,857	21.23%	1,827	21.99%	1,849	21.19%	2,026	21.65%
9-11 semester hours	1,633	18.66%	1,501	17.16%	1,650	19.86%	1,738	19.92%	2,001	21.39%
12-14 semester hours	2,189	25.02%	2,358	26.95%	2,640	31.78%	2,809	32.19%	2,989	31.95%
15-17 semester hours	389	4.45%	372	4.25%	367	4.42%	394	4.52%	391	4.18%
18 & over	14	0.16%	7	0.08%	17	0.20%	25	0.29%	26	0.28%
<b>Total</b>	<b>9,176</b>	<b>104.88%</b>	<b>8,749</b>	<b>100.00%</b>	<b>8,307</b>	<b>100.00%</b>	<b>8,726</b>	<b>100.00%</b>	<b>9,356</b>	<b>100.00%</b>

Average course load 8.0 9.0 9.0 9.0 9.0

Tuition Status	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	8,129	92.91%	7,629	87.20%	7,217	86.88%	7,467	85.57%	7,952	84.99%
Texas Resident (Out-of-District)	649	7.42%	621	7.10%	633	7.62%	685	7.85%	763	8.16%
Non-Resident Tuition	202	2.31%	216	2.47%	225	2.71%	281	3.22%	291	3.11%
Tuition Exempt	73	0.83%	97	1.11%	59	0.71%	106	1.21%	118	1.26%
Foreign	123	1.41%	186	2.13%	173	2.08%	187	2.14%	232	2.48%
<b>Total</b>	<b>9,176</b>	<b>104.88%</b>	<b>8,749</b>	<b>100.00%</b>	<b>8,307</b>	<b>100.00%</b>	<b>8,726</b>	<b>100.00%</b>	<b>9,356</b>	<b>100.00%</b>

**Notes:**

\* Previously earned an Associate Degree

\*\* Previously earned a Baccalaureate or above degree

**Laredo Community College**  
**Statistical Supplement 16**  
**Student Profile**  
**Last Ten Fiscal Years**  
(unaudited)

Gender	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,112	55.71%	4,843	55.35%	4,619	55.60%	4,902	56.18%	5,231	55.91%
Male	4,064	44.29%	3,906	44.65%	3,688	44.40%	3,824	43.82%	4,125	44.09%
Total	9,176	100.00%	8,749	100.00%	8,307	100.00%	8,726	100.00%	9,356	100.00%

Ethnic Origin	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	104	1.13%	134	1.53%	136	1.64%	147	1.68%	123	1.31%
Hispanic	8,886	96.84%	8,416	96.19%	7,938	95.56%	8,356	95.76%	8,996	96.15%
African American	9	0.10%	16	0.18%	15	0.18%	13	0.15%	19	0.20%
Asian	22	0.24%	21	0.24%	21	0.25%	17	0.19%	31	0.33%
Foreign	112	1.22%	145	1.66%	184	2.21%	137	1.57%	116	1.24%
Native American	2	0.02%	5	0.06%	3	0.04%	5	0.06%	6	0.06%
Native Hawaiian	2	0.02%	1	0.01%	-	0.00%	2	0.02%	2	0.02%
Multiracial	-	0.00%	2	0.02%	-	0.00%	2	0.02%	5	0.05%
Unknown	39	0.43%	9	0.10%	10	0.12%	47	0.54%	58	0.62%
Total	9,176	100.00%	8,749	100.00%	8,307	100.00%	8,726	100.00%	9,356	100.00%

Age	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	1,947	21.22%	1,364	15.59%	680	8.19%	662	7.59%	604	6.46%
18-20	3,828	41.72%	3,867	44.20%	3,867	46.55%	4,036	46.25%	4,179	44.67%
21-25	2,132	23.23%	2,176	24.87%	2,298	27.66%	2,387	27.36%	2,626	28.07%
26-30	585	6.38%	571	6.53%	599	7.21%	695	7.96%	828	8.85%
31-40	432	4.71%	472	5.39%	531	6.39%	572	6.56%	726	7.76%
41 & Over	252	2.75%	299	3.42%	332	4.00%	374	4.29%	393	4.20%
Total	9,176	100.00%	8,749	100.00%	8,307	100.00%	8,726	100.00%	9,356	100.00%
Average Age	21		23		23		23		23	

**Laredo Community College**  
**Statistical Supplement 17**  
**Transfers to Senior Institutions**  
**Academic Year 2015-16 Fall Students as of Fall 2015**  
(Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 Lamar University	1	-	-	-	1	0.06%
2 Midwestern State University	-	-	-	1	1	0.06%
3 Sam Houston State University	9	1	1	1	11	0.64%
4 Stephen F. Austin State University	1	-	-	-	1	0.06%
5 Sul Ross State University - Rio Grande College	-	2	-	-	2	0.12%
6 Texas A&M International University	1,039	96	53	-	1,188	69.27%
7 Texas A&M University - Corpus Christi	11	1	-	-	12	0.70%
8 Texas A&M University - Kingsville	38	4	-	-	42	2.45%
9 Texas A&M University - San Antonio	4	1	-	-	5	0.29%
10 Texas A&M University	110	3	4	4	117	6.82%
11 Texas State University	58	3	4	4	65	3.79%
12 Texas Tech University	7	2	1	1	10	0.58%
13 Texas Woman's University	2	-	-	-	2	0.12%
14 The University of Texas - Arlington	25	-	2	2	27	1.57%
15 The University of Texas - Austin	7	3	-	-	10	0.58%
16 The University of Texas - Dallas	69	-	3	3	72	4.20%
17 The University of Texas - El Paso	2	-	-	-	2	0.12%
18 The University of Texas - Rio Grande Valley	4	-	-	-	4	0.23%
19 The University of Texas - San Antonio	123	6	3	3	132	7.70%
20 University of Houston	5	1	-	-	6	0.35%
21 University of North Texas	4	-	-	-	4	0.23%
22 West Texas A&M University	1	-	-	-	1	0.06%
<b>Totals</b>	<b>1,520</b>	<b>123</b>	<b>72</b>	<b>72</b>	<b>1,715</b>	<b>100.00%</b>

Source: Texas Higher Education Coordinating Board

**Laredo Community College  
Statistical Supplement 18  
Capital Asset Information  
Last Ten Fiscal Years  
(unaudited)**

	2017	2016	2015	2014	Fiscal 2013
Academic buildings	22	33	33	33	33
Square footage (in thousands)	691,136	560,079	560,079	560,079	560,079
Libraries	2	2	2	2	2
Square footage (in thousands)	27,494	47,886	47,886	47,886	47,886
Number of Volumes (in thousands)	152,386	151,233	127,603	155,410	155,274
Administrative and support buildings	20	12	12	12	12
Square footage (in thousands)	168,582	49,951	49,951	49,951	49,951
Dormitories	1	2	2	2	2
Square footage (in thousands)	6,226	3,119	3,119	3,119	3,119
Number of Beds	12	12	12	12	12
Apartments	18	14	14	14	14
Square footage (in thousands)	27,884	20,594	20,594	20,594	20,594
Number of Beds	58	39	39	39	39
Dining Facilities	4	2	2	2	3
Square footage (in thousands)	54,754	22,842	22,842	22,842	27,026
Average daily customers	420	N/A	N/A	N/A	N/A
Athletic Facilities	23	14	14	14	13
Square footage (in thousands)	114,167	709,766	709,766	709,766	709,766
Gymnasiums	2	2	2	2	2
Baseball Field	2	2	2	2	2
Fitness Area	1	1	1	1	1
Soccer Field	3	2	2	2	2
Softball Field	1	1	1	1	-
Swimming Pool Complex	1	1	1	1	1
Tennis Courts	13	5	5	5	5
Plant Facilities	16	8	8	8	8
Square footage (in thousands)	62,911	126,791	126,791	126,791	126,791
Other Buildings	16	19	19	19	19
Square footage (in thousands)	41,474	32,770	32,770	32,770	32,770
Other Buildings	4	-	-	-	-
Square footage (in thousands)	22,611	-	-	-	-
Transportation	105	38	37	35	33
Cars	13	13	14	12	12
Light Trucks/Vans	12	25	23	23	21
Tractors/Trailers	10	-	-	-	-
Utility Vehicles	43	-	-	-	-

**Laredo Community College  
Statistical Supplement 19  
Contact Hours  
Last Ten Fiscal Years  
(unaudited)**

Fiscal Year	Contact Hours		
	Academic	Voc Tech	Total
2016-17	2,173,600	887,968	3,061,568
2015-16	2,187,712	864,928	3,052,640
2014-15	2,197,184	923,552	3,120,736
2013-14	1,904,720	1,342,384	3,247,104
2012-13	2,212,704	1,255,216	3,467,920
2011-12	2,157,280	1,542,208	3,699,488
2010-11	2,970,688	851,680	3,822,368
2009-10	2,284,592	1,431,472	3,716,064
2008-09	2,613,248	779,104	3,392,352
2007-08	2,410,272	781,216	3,191,488

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LAREDO COMMUNITY COLLEGE DISTRICT  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2017

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

<b><i>Financial Statements</i></b>			
	Type of auditor's report issued:	Unmodified	
	Internal control over financial reporting: Material weakness(es) identified?	___ Yes	___ X ___ No
	Significant deficiency(ies) identified not considered to be material weaknesses?	___ Yes	___ X ___ No
	Noncompliance material to financial statements noted?	___ Yes	___ X ___ No

<b><i>Federal and State Awards</i></b>			
	Internal control over major programs: Material weakness(es) identified?	___ Yes	___ X ___ No
	Significant deficiency(ies) identified not considered to be material weaknesses?	___ X ___ Yes	___ ___ No
	Type of auditor's report issued on compliance for major programs	Unmodified	
	Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a) or State of Texas Single Audit Circular?	___ X ___ Yes	___ ___ No

<b><i>Identification of Major Programs</i></b>			
	<b>CFDA Numbers(s)</b>	<b>Name of Federal Program or Cluster</b>	
	84.031	Higher Education Institution Aid	
	84.007, 84.033, 84.063	Student Financial Assistance Cluster	
	Dollar Threshold used to distinguish between Type A and Type B programs:	\$750,000	
	Auditee qualified as low-risk auditee?	___ X ___ Yes	___ ___ No



LAREDO COMMUNITY COLLEGE DISTRICT  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2017

**SECTION I – SUMMARY OF AUDITORS' RESULTS (Continued)**

	<b>Name of State Program or Cluster</b>		
	Texas Educational Opportunity Grant (Initial & Renewal)		
	Dollar Threshold used to distinguish between Type A and Type B programs:	\$750,000	
	Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	<u>      </u> No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding No. 2017-001 – Significant Deficiency – Special Tests and Provisions-Return of Title IV Funds – CFDA Numbers: 84.007, 84.063**

**Criteria:** When a recipient of Title IV grant assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment.

**Condition:** In our testing of 60 transactions, we noted 4 instances in which the College made incorrect calculations, or returned the incorrect amount. In one instance, the amount returned did not agree to the return of title IV funds computation; in the remaining three instances, a return of funds calculation was completed though it was not necessary since the students did not completely cease from attending classes.

**Cause:** The deficiency appears to have occurred due to manual errors during the process of completing the calculations, and the lack of adequate review and/or supervision over individuals performing the calculation of return of funds.

LAREDO COMMUNITY COLLEGE DISTRICT  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2017

**Effect:** The incorrect calculations resulted in the College returning more financial aid funds back to the Department of Education than necessary.

Subsequent to our discussions of this issue with management, the college performed a complete review of all return of funds transactions and found the following:

- A total of 332 Return of funds transactions were processed in the current year.
- Ninety (90) transactions out of the total population of 332 contained errors.
- Twenty-five (25) incorrect calculations resulted in \$8,843.62 underpayments to the Department of Education.
- Sixty Five (65) incorrect calculations resulted in \$35,174.25 overpayments to the Department of Education.

**Recommendation:** We recommend that the College ensure that adequate policies and procedures are in place and that staff performing return calculation transactions/reports are adequately trained. Also, the return of funds transactions should be monitored by management to ensure that errors are minimized.

LAREDO COMMUNITY COLLEGE DISTRICT  
Laredo, Texas

PLANNED CORRECTIVE ACTION

Year Ended August 31, 2017

**Finding No. 2017-001 – Significant Deficiency – Return of Title IV Funds – CFDA Numbers:  
84.007, 84.063**

The Student Financial Aid & Veterans Affairs Services Center acknowledges the finding related to Return of Title IV (R2T4). The Student Financial Aid & Veterans Affairs Services Center has already developed and will implement the corrective action plan to address the finding in the most recent review of the Return of Title IV program.

Based on the U.S. Department of Education EzAudit system Laredo Community College Student Financial Aid & Veterans Affairs Services Center has not had any type of findings similar to this since 2004. We have had thirteen years of excellent audit reviews with no findings of this type. We have had the systems in place to provide efficient departmental management of federal funding dollars provided to LCC. When this finding was addressed by the auditors we immediately developed a plan of action to correct the items listed to be deficient by the auditors in their review. I instructed my staff to review all R2T4 files. Any errors found in the review of R2T4 files have been corrected. Any fiscal adjustments that need to be made on the student records and federal system have been done to ensure the proper coding is in place for each file.

In order to prevent errors on the Return to Title IV Program (R2T4) the Student Financial Aid & Veterans Affairs Services Center will implement the following corrective action items to our current process:

1. The current staff member charged with the management of the Return to Title IV Program (R2T4) calculation will be re-trained and worked with on an individual basis.
2. A monthly audit of all Return to Title IV program (R2T4) transactions and files will take place. A spreadsheet will be used to ensure that all R2T4s processed are listed and that all screens relevant to the R2T4 process are checked.
3. A quality control review processes will be conducted by a Financial Aid Administrator, the administrator will perform a second level review on all relevant transactions to ensure calculations are done correctly to minimize errors.
4. Additionally Admissions & Registration will perform a review of their current policy and procedures to identify official and unofficially withdrawn students.
5. We will work with IT and Admissions & Registration to try to setup the Return to Title IV Program (R2T4) module in the Banner system to automate the Return to Title IV Program (R2T4) calculation instead of doing it manually. This will minimize the human error margin.

6. The assigned staff member will be required to log into the **Information for Financial Aid Professionals (IFAP)** Web site and review the modules for R2T4 processing and will also attend the yearly Federal Student Financial Aid Training Conference for additional hands-on Return to Title IV Program (R2T4) training.

**Responsible Official:**

**Name:** Steven Aguilar

**Title:** Director, Financial Aid & Veterans Affairs Services

LAREDO COMMUNITY COLLEGE  
LAREDO, TEXAS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2017

There were no findings reported in the prior year.