

LAREDO COLLEGE

1947



Laredo College

**Laredo College District
August 31, 2018**

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LAREDO COLLEGE DISTRICT

ORGANIZATIONAL DATA

For the Fiscal Year 2018

Board of Trustees

Officers

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

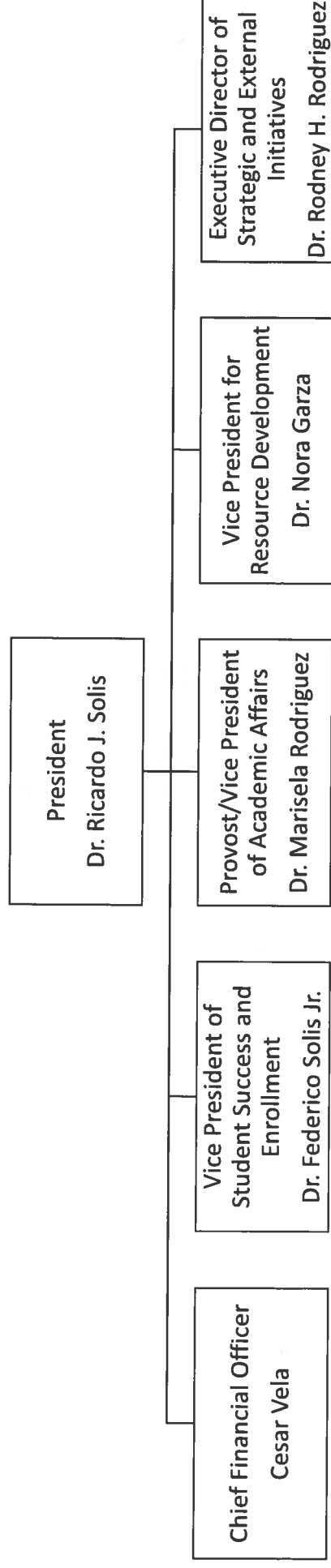
Term Expires

Henry S. Carranza, Ph.D.	Laredo, Texas	November 2022
Michelle De La Peña	Laredo, Texas	November 2020
Jackie Leven Ramos	Laredo, Texas	November 2020
Ernestina C. Vela	Laredo, Texas	November 2020
Lupita Zepeda	Laredo, Texas	November 2024
Vacant	Laredo, Texas	November 2018

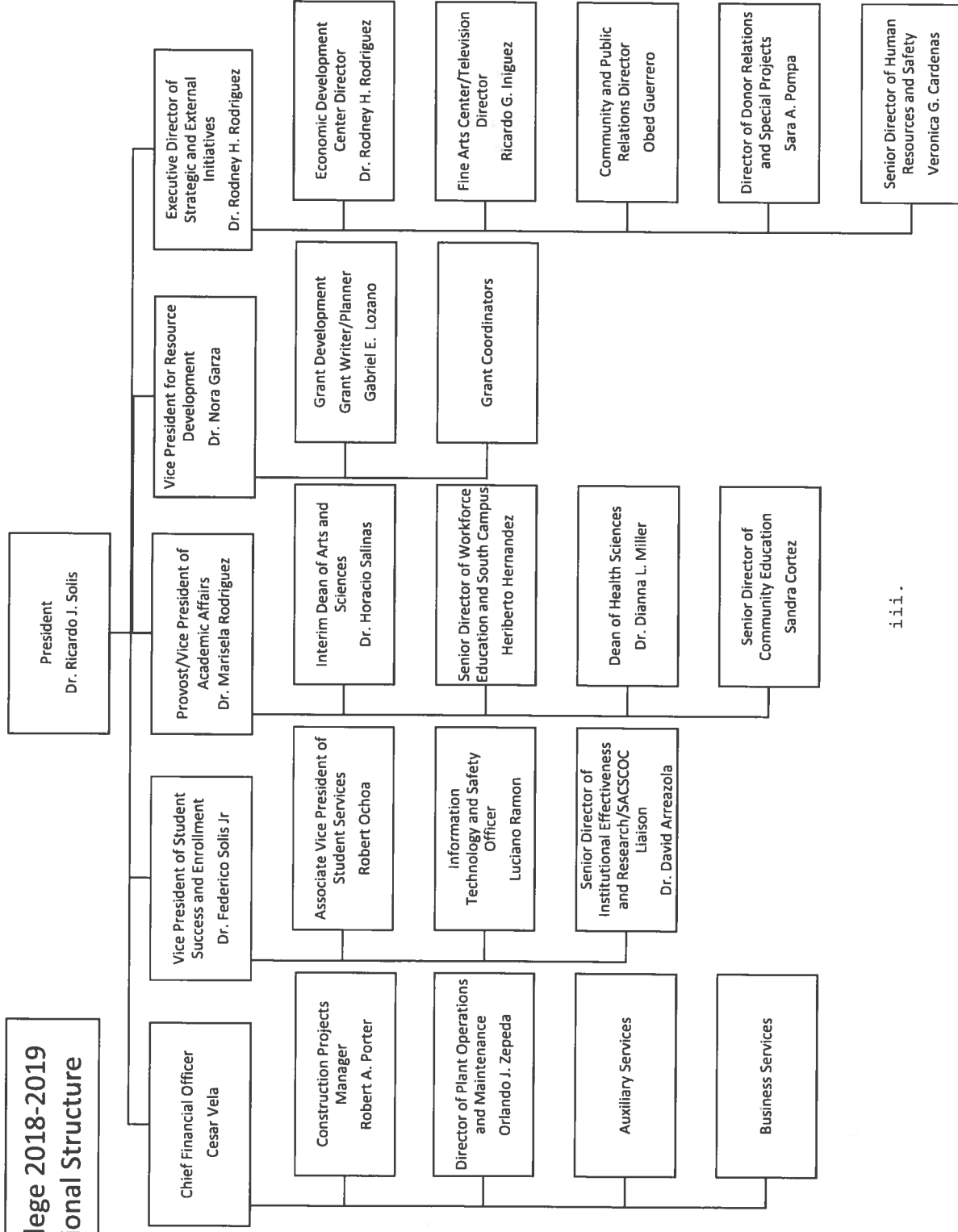
Principal Administrative Officers

Ricardo J. Solis, Ed.D.	President
Maricela Rodriguez, Ed.D.	Senior Vice President of Academic Affairs
Cesar Vela, Jr., CPA	Chief Financial Officer
Federico Solis Jr., Ed.D.	Vice President of Student Success and Enrollment
Nora R. Garza, Ph.D.	Vice President for Resource Development
Rodney Rodriguez, Ph.D.	Executive Director of Strategic and External Initiatives

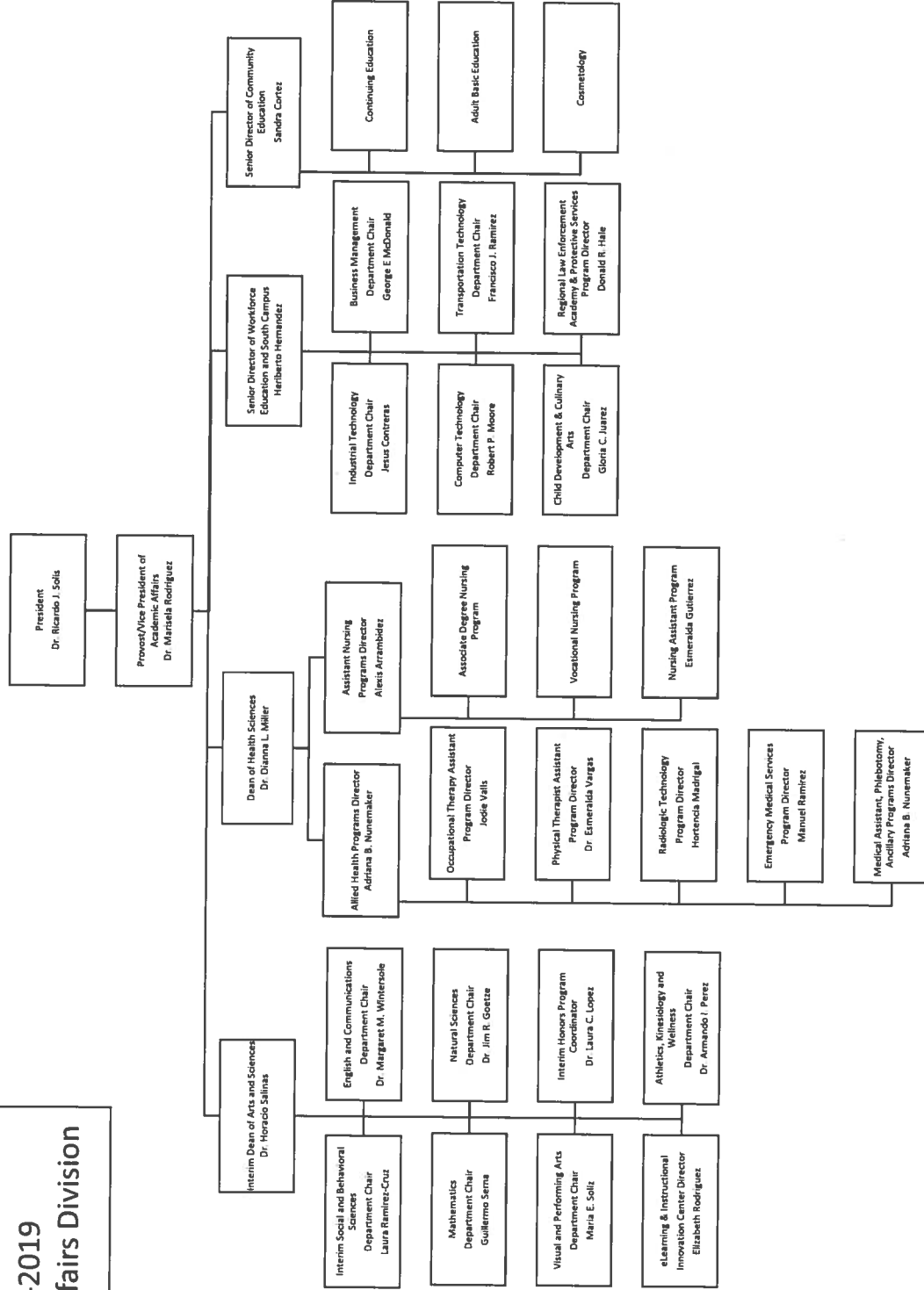
Laredo College 2018-2019
Organizational Structure



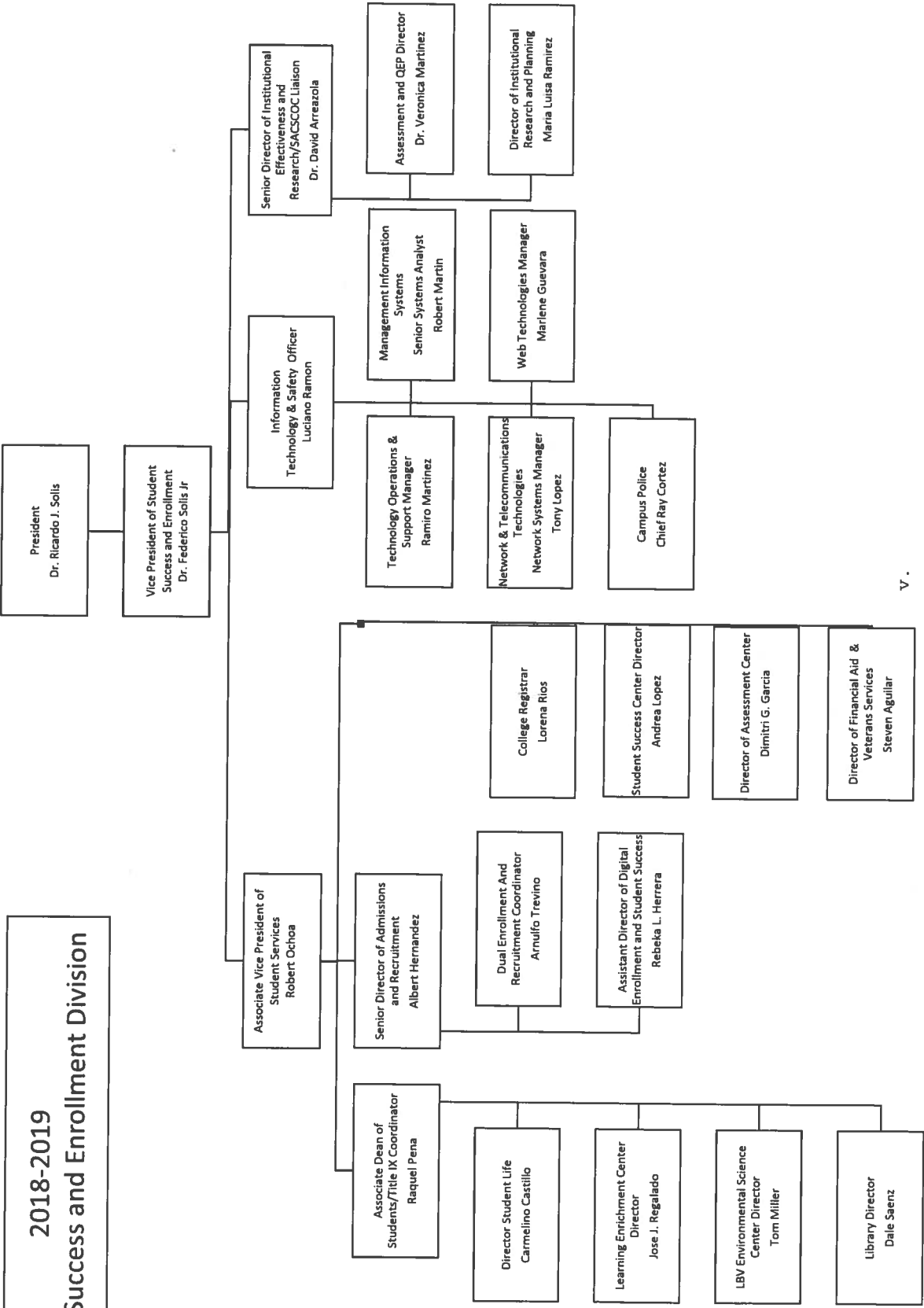
Laredo College 2018-2019 Organizational Structure

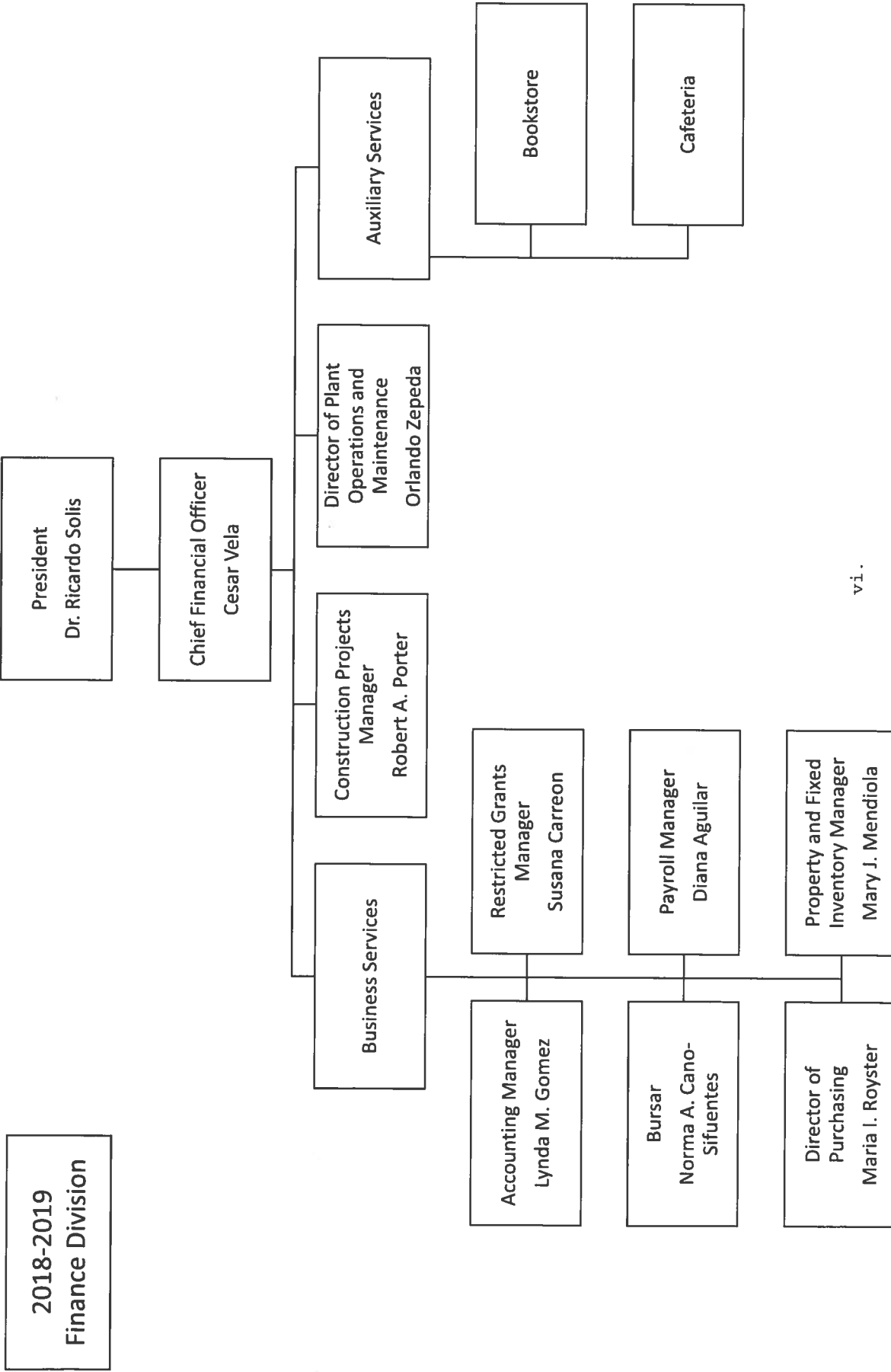


2018-2019 Academic Affairs Division

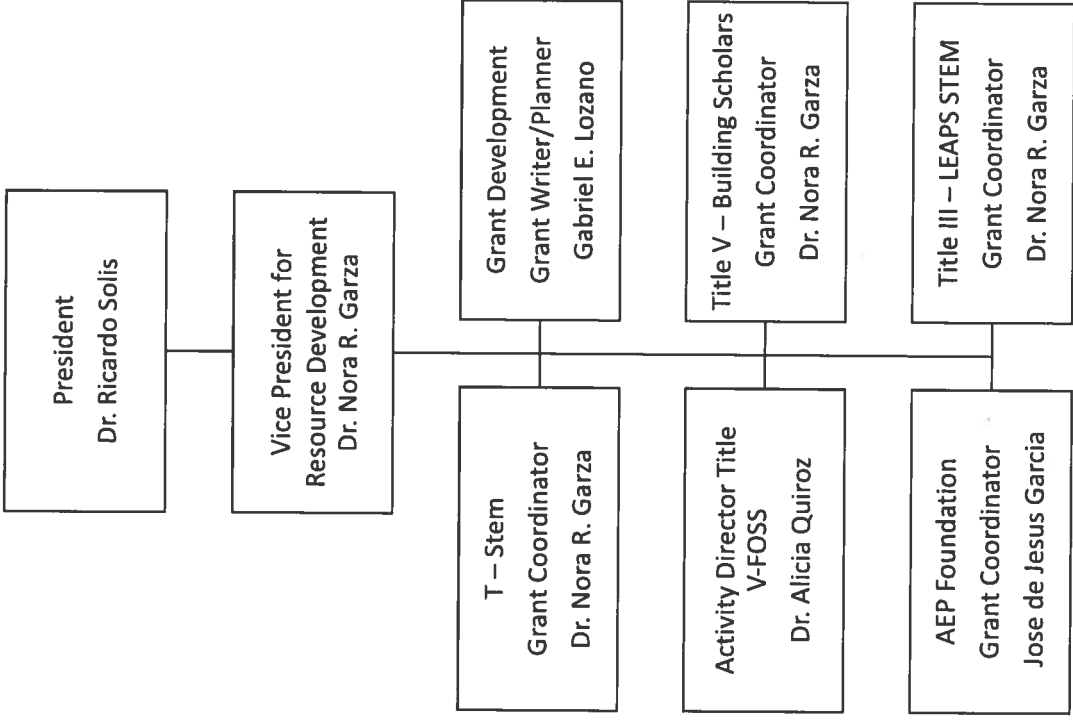


2018-2019 Student Success and Enrollment Division

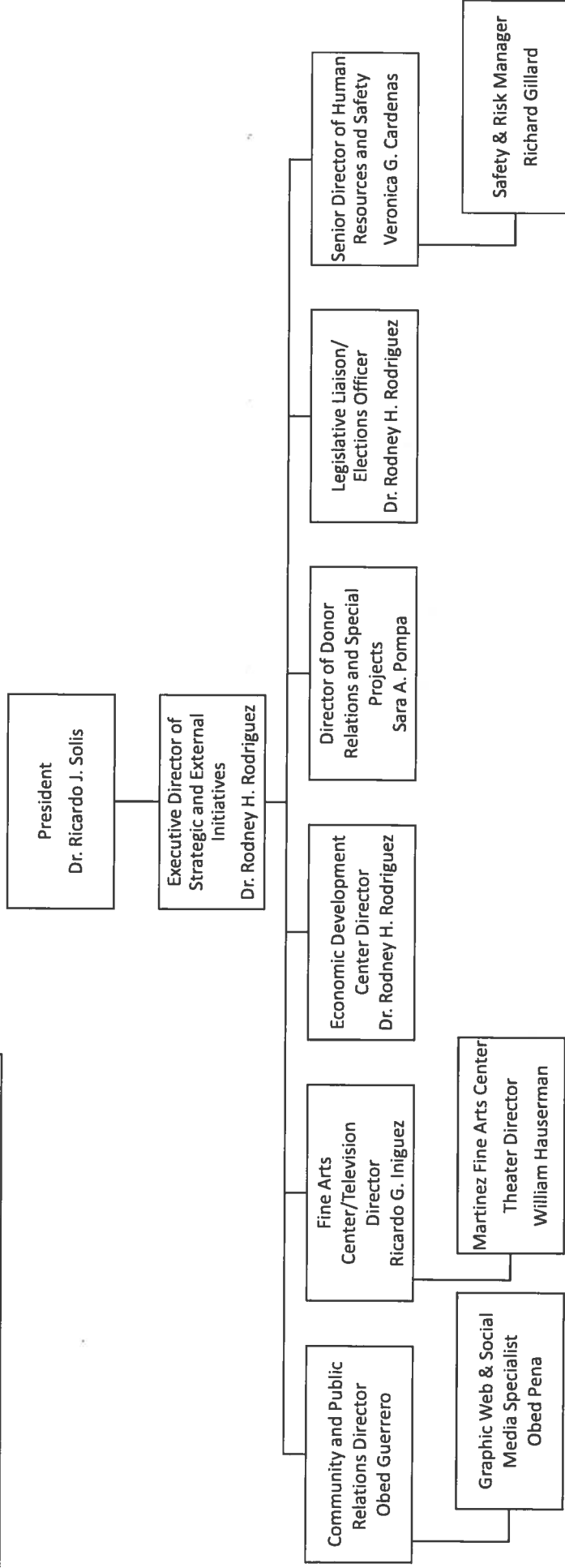




2018-2019
Resource Development Division



2018-2019
Strategic and External Initiatives Division



FINANCIAL SECTION

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Laredo College (the College), as of and for the year ended August 31 2018 and 2017, and the related notes to the financial statements. The financial statements include the financial statements of the LCC Education Foundation, a discretely presented component unit, as of December 31, 2017. These financial statements collectively comprise the 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.

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.

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 and the aggregate discretely presented component unit of the College, as of August 31, 2018 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

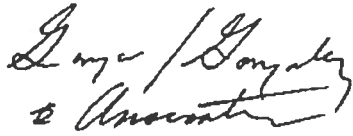
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, 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 12, 2018 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 "Lance / Gonzalez". Below the main signature, there is a smaller, less legible signature that might be "L. Gonzalez".

December 12, 2018

**Laredo College District
Management Discussion and Analysis
Year Ending August 31, 2018**

Overview of the Financial Statements and Financial Analysis

This section of Laredo 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, 2018, and comparative information for the year ended August 31, 2017 and August 31, 2016. 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 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; the Statements of Cash Flows and the financial statements for the discretely presented component unit, the LCC Education Foundation.

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 net position at August 31, 2018 was \$29.9 million compared to \$56.4 million at August 31, 2017. The decrease in net position is attributed to a prior period adjustment/restatement in the amount of \$39.9 million to assume the College's proportionate share of the Net Other Postemployment Benefits (OPEB) liability in accordance to GASB 75 requirements.
- The College's ad-valorem tax revenue for maintenance and operations increased by 4.88% or \$1,560,743 from \$32,004,360 in 2017 to \$33,565,103 in 2018.
- Non-operating revenues increased 9.50% or \$6,679,698 from \$70,288,368 in 2017 to \$76,968,066 in 2018.
- Capital assets, net of accumulated depreciation, at August 31, 2018, had an increase of \$23,554,977 from August 31, 2017.
- During the fiscal year, the College's combined Net Position increased by \$13,384,405 or 28.14%.

Statement of Net Position

The statement of Net Position represents 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.

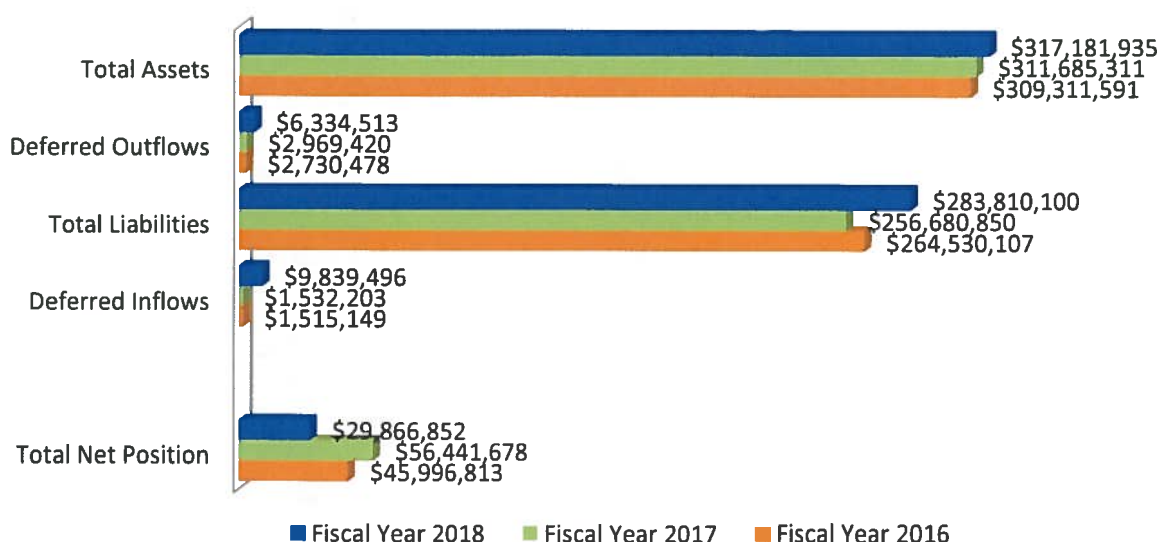
Current liabilities are generally those liabilities which are due within one year, and current assets are those assets which are available to satisfy current liabilities. Noncurrent assets include restricted cash and cash equivalents, capital assets, and other assets not classified as current.

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, deferred charges on other postemployment benefits (OPEB) and deferred charges on refunded debt. 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) and deferred inflows related to other postemployment benefits arising from its participation in the health insurance plan administered by the Employee Retirement System (ERS).

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

	Statement of Net Position		
	2018	2017	2016
Assets:			
Current assets	\$ 131,955,400	\$ 149,856,827	\$ 154,602,196
Capital assets	181,257,595	157,702,618	150,588,793
Other non-current assets	3,968,940	4,125,866	4,120,602
Total assets	317,181,935	311,685,311	309,311,591
Deferred Outflows Related to Pensions	1,513,725	2,388,992	2,094,995
Deferred Outflows Related to OPEB	889,857	-	-
Deferred Charge on Refundings	3,930,931	580,428	635,483
Total Deferred Outflow of Resources	6,334,513	2,969,420	2,730,478
Liabilities:			
Current liabilities	33,069,186	30,800,117	29,361,661
Non-current liabilities	250,740,914	225,880,733	235,168,446
Total liabilities	283,810,100	256,680,850	264,530,107
Deferred Inflows Related to Pensions	2,270,667	1,532,203	1,515,149
Deferred Inflows Related to OPEB	7,568,829	-	-
Net Investment in Capital Assets	24,992,131	18,801,859	15,402,357
Restricted net assets	20,135,656	18,271,990	17,272,360
Unrestricted net assets	(15,260,935)	19,367,829	13,322,096
Total Net Position	\$ 29,866,852	\$ 56,441,678	\$ 45,996,813

Statement of Net Position Comparison - Fiscal Year 2018, 2017 and 2016



Total assets increased \$5.4 million in 2018 or approximately 1.76%. The increase was the result of a \$23.5 million dollar increase to capital assets, partially offset by a \$22.0 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 2017, total assets increased \$2.5 million. The increase was the result of a \$5.5 million increase in cash and cash equivalents and a reduction of \$10 million used for capital and financing activities. The decrease in cash was offset by an increase of \$7.2 million in capital assets due to the capitalization of furniture and equipment for newly remodeled buildings.

During 2018, total liabilities increased by \$27.1 million or 10.57% resulting from an increase in noncurrent liabilities of \$24.9 million and an increase to current liabilities of \$2.3 million or 7.37%. The \$24.9 million increase to noncurrent liabilities was attributable to the recognition of the Other Postemployment Benefits (OPEB) liability in the amount of \$34.2 million, partially offset by a decrease in bonds payable of \$7.6 million and a decrease of net pension liability of \$1.8 million.

In 2017, total liabilities decreased by \$7.8 million or 2.97% resulting from a decrease to noncurrent liabilities of \$9.2 million, partially offset by an increase to current liabilities of \$1.4 million or 3.95%. The \$9.2 million decrease to noncurrent liabilities was attributed 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 was primarily attributed to a \$1.2 million increase in accounts payable for construction.

In 2018, deferred outflow of resources increased by \$3.4 million and deferred inflows of resources increased by \$8.3 million. The increase to deferred outflow of resources resulted from an decrease of \$875 thousand in deferred outflow of resources related to pensions offset by increases in deferred outflows related to the Other Postemployment Benefits (OPEB) and deferred charged on refunding bonds totaling \$4.8 million. The implementation of GASB 75 resulted in an increase of \$7.6 million to deferred inflows of resources related to Other Postemployment Benefits (OPEB). In addition, deferred inflows of resources increased by \$738 thousand for pensions due to the College's participation in TRS. The increase in deferred inflow of resources represents the acquisition of resources (net position) that applies to a future period(s) and therefore, is not recognized by the College as revenue in the current year.

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 \$515 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.

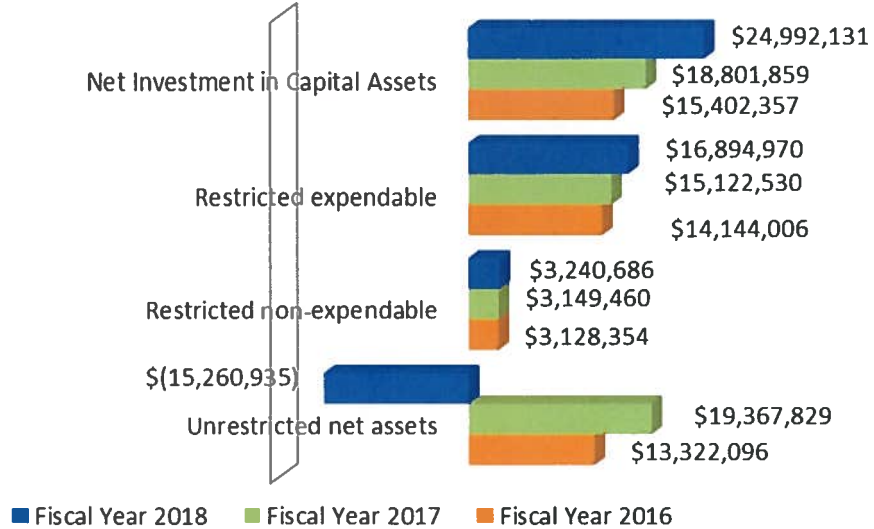
The College's net position at August 31, 2018 was \$29.9 million compared to \$56.4 million at August 31, 2017. The decrease in net position is attributed to a prior period adjustment/restatement in the amount of \$39.9 million to assume the College's proportionate share of the Net Other Postemployment Benefits (OPEB) liability in accordance to GASB 75 requirements. For 2018, the unrestricted net position reflects a negative amount of \$15.3 million due to the adjustment/restatement mentioned above. When evaluating the College's financial strength, it is important to consider unrestricted net assets (as shown net of plant) prior to recent changes in reporting pension benefits. As such, it is reasonable to add back Compensated Absences (CA) and OPEB (Other Post-Employment Benefits) to derive a truer picture of operational resources. As shown below, the College's unrestricted net assets, net of compensated absence and other post-employment benefits, increased over the past 3 years and remains at a robust and healthy \$38,220,698. This balance provides compelling evidence of the College's overall financial strength and stability.

	2018	2017	2016
Unrestricted Net Assets	\$(15,260,935.00)	\$ 19,367,829.00	\$ 13,702,021.00
Compensated Absences Current	889,251	872,463	1,188,707
Compensated Absences - non current	1,722,554	1,834,823	1,335,424
OPEB Liability GASB 75	34,231,864	-	-
Deferred Outflows of Resources-Pension	(2,403,582)	(2,388,992)	(2,094,995)
Deferred Inflows of Resources-Pension	9,839,496	1,532,203	1,515,149
Liability-Pension GASB 68	9,201,450	11,049,613	10,552,248
Unrestricted Net Assets, Net of CA, OPEB and Pension Liability	<u>\$ 38,220,098</u>	<u>\$ 32,267,939</u>	<u>\$ 26,198,554</u>

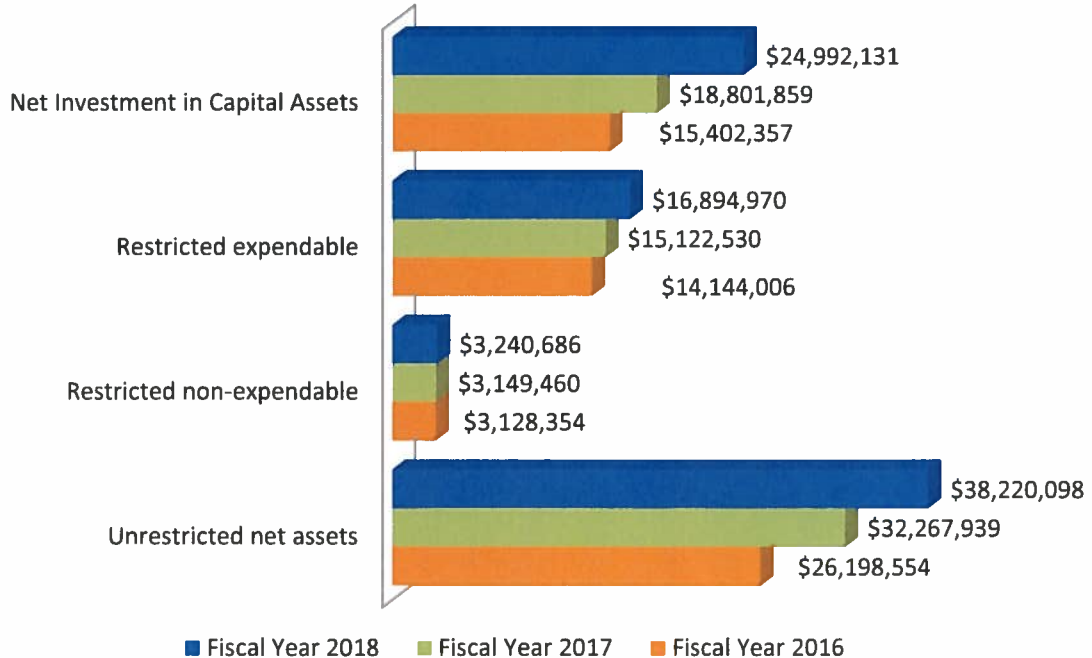
The College's unrestricted net assets, net of compensated absences and other postemployment benefits, increased by \$5.9 million or 18.45% as compared to fiscal year 2017.

The College's net position at August 31, 2017 was \$56.4 million compared to \$46 million at August 31, 2016. The increase in net position is attributed to excess revenues over expenditures. For 2017, unrestricted net assets, net of compensated absences and other postemployment benefits, increased by \$6 million or 23.17% as compared to fiscal year 2016.

Net Position
Comparison - Fiscal Year 2018, 2017 and 2016



Net Position
Net of OPEB and Pension Liability
Comparison - Fiscal Year 2018, 2017 and 2016



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

	2018	2017	2016
Operating Revenues	\$ 16,713,487	\$ 17,385,596	\$ 18,358,813
Operating Expenses	80,297,148	77,229,099	76,605,219
Operating Loss	(63,583,661)	(59,843,503)	(58,246,406)
Non-operating revenues and expenses	76,968,066	70,288,368	65,130,258
Increase in Net Position	13,384,405	10,444,865	6,883,852
Extraordinary Item	-	-	49,071
Increase in Net Position after Extraordinary Item	13,384,405	10,444,865	6,932,923
Net Position at beginning of year	56,441,678	45,996,813	40,675,230
Prior Period Adjustment	(39,959,231)	-	(1,611,340)
Restated Net Position at beginning of year	16,482,447	45,996,813	39,063,890
Net Position at end of year	\$ 29,866,852	\$ 56,441,678	\$ 45,996,813

	2018		2017		2016	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Operating revenues						
Tuition and fees (net of discounts)	\$ 6,514,794	38.98%	\$ 8,197,564	47.15%	\$ 8,752,051	47.67%
Federal grants and contracts	4,467,449	26.73%	3,550,864	20.42%	3,778,234	20.58%
State grants and contracts	1,285,563	7.69%	1,594,385	9.17%	1,788,450	9.74%
Nongovernment grants and contracts	395,290	2.37%	257,156	1.48%	281,735	1.53%
Investment income (program restricted)	156,555	0.94%	70,014	0.40%	57,378	0.31%
Auxiliary enterprises (net of discounts)	2,185,455	13.08%	2,066,242	11.88%	2,007,213	10.93%
Other operating revenues	1,708,381	10.22%	1,649,371	9.49%	1,693,752	9.23%
Total	\$ 16,713,487	100.00%	\$ 17,385,596	100.00%	\$ 18,358,813	100.00%

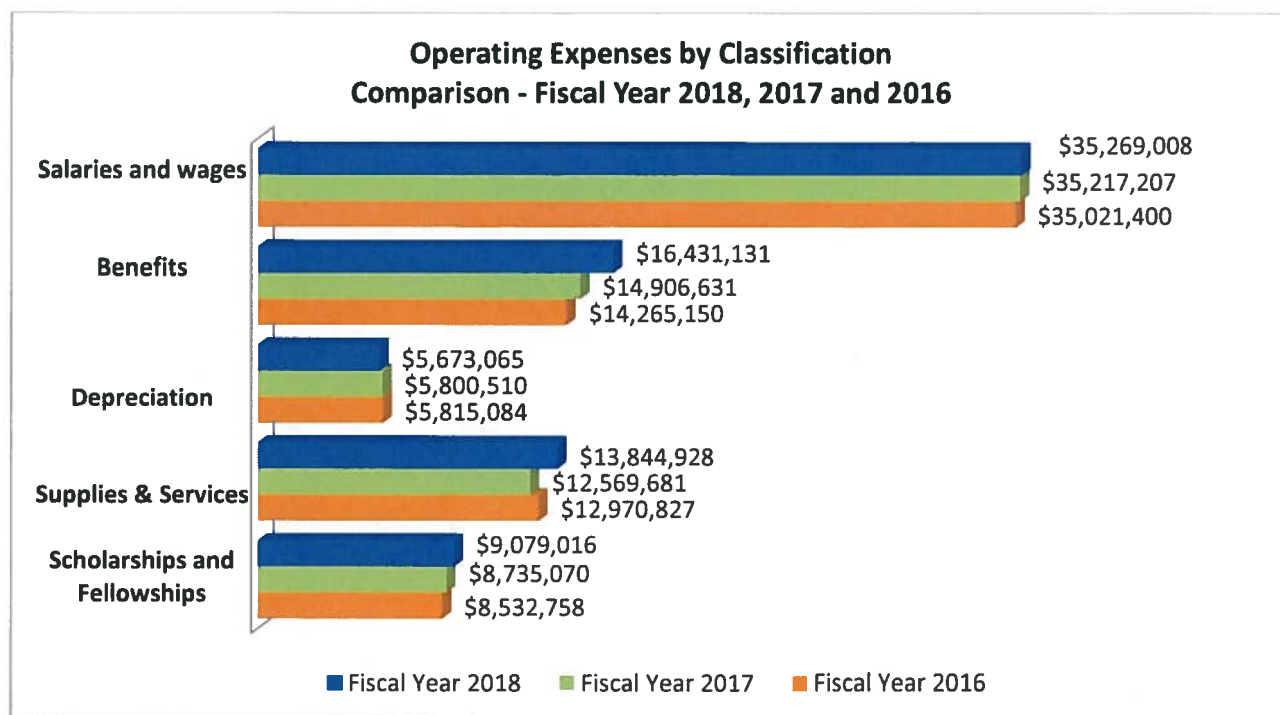
The statement of revenues, expenses and changes in net position reflects an increase to net position of \$13.4 million for fiscal year 2018. As is normal, operations yielded a loss for the year of \$63.5 million. This is commonly referred to as the burden on taxpayers. The operating loss does not include 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 \$4.2 million or 6.98%, from \$59.8 million in fiscal year 2017, to \$63.5 million

in fiscal year 2018. Operating revenues decreased by \$672 thousand, and total operating expenses increased by \$3.5 million. Total operating revenues decreased by \$672 thousand. The decrease is due to decreases in tuition and fee revenue of \$1.7 million and reductions in state grant revenues of \$308 thousand. The decrease in tuition and fee revenue is attributed to an increase in dual enrollment and a decrease in regular student enrollment. Dual enrollment students pay discounted tuition rates and are exempt from paying certain fees. These decreases were partially offset by an increase in federal grant revenue of \$917 thousand. The \$917 thousand increase was mainly due to an increase in grant funding for Title III and Title V grants.

For 2017, the statement of revenues, expenses and changes in net position reflects an increase to net position of \$10.4 million. As is normal, operations yielded a loss for the year of \$59.8 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 \$1.6 million or 2.74%, from \$58.2 million in fiscal year 2016, to \$59.8 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.

Operating Expenses by Function	2018		2017		2016	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	\$ 28,987,839	36.10%	\$ 26,397,974	34.18%	\$26,456,065	34.54%
Research	2,014	0.00%	890	0.00%	-	0.00%
Public service	588,420	0.73%	574,058	0.74%	582,278	0.76%
Academic support	6,266,890	7.80%	6,276,664	8.13%	6,269,920	8.18%
Student services	7,247,854	9.03%	7,342,635	9.51%	7,185,446	9.38%
Institutional support	13,086,288	16.30%	12,797,972	16.57%	12,562,499	16.40%
Operation and maintenance of plant	7,789,773	9.70%	7,626,893	9.88%	7,655,562	9.99%
Scholarships and fellowships	9,079,015	11.31%	8,735,070	11.31%	8,532,758	11.14%
Auxiliary enterprises	1,575,990	1.96%	1,676,433	2.17%	1,545,607	2.02%
Depreciation	5,673,065	7.07%	5,800,510	7.51%	5,815,084	7.59%
Total	\$ 80,297,148	100.00%	\$ 77,229,099	100.00%	\$76,605,219	100.00%

Operating Expenses by Classification	2018		2017		2016	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Salaries and wages	\$ 35,269,008	43.92%	\$ 35,217,207	45.60%	\$35,021,400	45.72%
Benefits	16,431,131	20.46%	14,906,631	19.30%	14,265,150	18.62%
Depreciation	5,673,065	7.07%	5,800,510	7.51%	5,815,084	7.59%
Supplies & Services	13,844,928	17.24%	12,569,681	16.28%	12,970,827	16.93%
Scholarships and fellowships	9,079,016	11.31%	8,735,070	11.31%	8,532,758	11.14%
Total	\$ 80,297,148	100.00%	\$ 77,229,099	100.00%	\$76,605,219	100.00%



In 2018, operating expenses increased by 3.97% or \$3.1 million due to the recognition of \$2.6M in pension expense for other postemployment benefits. The increase corresponds with the implementation of GASB 75.

For 2017 operating expenses increased by 1%, or \$624 thousand compared to 2016. The increase in operating expenses was due to increases in health insurance costs. An analysis of operating expenses by function indicates the most significant year-to-year increase in expenditures to be in student services, institutional support, scholarships and fellowships, by \$157 thousand, \$235 thousand, \$202 thousand respectively.

In 2018, net non-operating revenues (expenses) increased over fiscal year 2017 by 9.50%, or \$6.7 million. The increase in non-operating revenues was due primarily to an increase in ad-valorem tax revenues of \$1.5 million. This increase is attributed to an increase in assessed valuations. In addition, there was an increase in federal grant revenue of \$2.0 million due to an increase in Title IV revenues for federal student aid. In addition, the College had a decrease of \$802 thousand in interest on capital related debt expenses due to interest rate reductions attributed to the refunding of the Series 2010 Combined Fee Revenue Refunding Bonds.

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.

Some highlights of the fiscal year 2018 information presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

- Tuition and fees were discounted by \$18,946,380 and \$15,270,544 in fiscal years 2018 and 2017 respectively, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions. Out of the \$18.9 million 20.13% or \$3.8 million represents exemptions granted for the dual enrollment program.

- Tax collections for maintenance and operations increased 4.88% from \$32,004,360 in 2017 to \$33,565,103 in 2018.
- The tax rates assessed in fiscal years 2017 and 2018 were \$0.343000 and \$0.338000 respectively.
- In fiscal year 2018, operations yielded an increase in net position of 23.71% or \$13.4M from fiscal year 2017 to fiscal year 2018. Increase excludes prior period adjustment for GASB 75 implementation.

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 \$14.8 million and \$5.2 million at August 31, 2018 and 2017, 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 \$14.8 million decrease in cash and cash equivalents in fiscal year 2018 is primarily attributed to the outflow of approximately \$20.4 million due to the purchase and construction of capital assets made from bond proceeds. The \$5.2 million decrease in cash and cash equivalents in fiscal year 2017 is primarily attributed to the outflow of \$6 million due to the purchase of construction of capital assets made from bond proceeds. The outflow was partially offset by a decrease of \$1.6 million in payments to suppliers for goods and services.

Statement of Cash Flows

	2018	2017	2016
Cash provided (used) by			
Operating Activities	\$ (46,111,339)	\$ (46,744,937)	\$ (45,600,409)
Non-capital financing activities	77,531,601	73,199,102	68,309,517
Financing activities	(48,025,141)	(32,798,249)	(27,002,722)
Investing activities	1,844,106	1,097,977	1,132,007
Net increase (decrease) in cash	(14,760,773)	(5,246,107)	(3,161,607)
Cash and cash equivalents - September 1	136,743,407	141,989,514	145,151,121
Cash and cash equivalents - August 31	\$ 121,982,634	\$ 136,743,407	\$ 141,989,514

Capital Assets

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. The College had \$181.3 million and \$157.7 million invested in capital assets net of accumulated depreciation and amortization at August 31, 2018 and 2017. Depreciation and amortization expenses totaled \$5.7 million in fiscal year 2018 and \$5.8 million in fiscal year 2017 (Note 5). A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End

Net Capital Assets at Fiscal Year End

	Fiscal Year			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
Land	\$ 5,444,715	\$ 5,444,715	\$ 5,444,715	\$ -	\$ -
Water Rights	9,920	9,920	9,920	-	-
Construction in Process	40,230,865	15,540,495	7,985,326	24,690,370	7,555,169
Buildings & building improvements	109,035,053	110,550,944	108,067,016	(1,515,891)	2,483,928
Other real estate improvements	15,913,845	17,158,569	18,692,740	(1,244,724)	(1,534,171)
Furniture, machinery & equipment	9,820,651	8,124,544	9,445,043	1,696,107	(1,320,499)
Library books	802,545	873,431	944,033	(70,886)	(70,602)
Total capital assets, net of accumulated depreciation	\$ 181,257,595	\$ 157,702,618	\$ 150,588,793	\$ 23,554,976	\$ 7,113,825

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, 2018 and 2017.

Depreciable Capital Assets and Accumulated Depreciation Percentages

	Fiscal Year 2018			Fiscal Year 2017		
	Capitalized Amount	Accumulated Depreciation	% Depreciated	Capitalized Amount	Accumulated Depreciation	% Depreciated
Buildings & building improvements	\$ 138,435,480	\$ 29,400,427	21.24%	\$ 137,493,186	\$ 26,942,242	19.60%
Other real estate improvements	34,092,678	18,178,833	53.32%	34,092,679	16,934,109	49.67%
Furniture, machinery & equipment	29,751,165	19,930,514	66.99%	26,283,063	18,158,519	69.09%
Library books	3,631,752	2,829,207	77.90%	3,555,229	2,681,798	75.43%
Total	\$ 205,911,075	\$ 70,338,980	34.16%	\$ 201,424,157	\$ 64,716,668	32.13%

Major capital additions and renovations completed or in process during fiscal years 2018 include the following:

Fiscal Year 2018	Project Status	Amount
Campus Signage Program	CIP	\$ 8,080
Cosmetology Project	CIP	103,392
Cyber Security Project	CIP	41,104
De La Garza Import/Export Building	CIP	114,306
Fort McIntosh Campus Mall Improvements	CIP	923,009
G&L Martinez Fine Arts Center	CIP	74,307
LC South HVAC Rep & Upgrades	CIP	79,960
Leo & Joaquin Cigarroa Science Building Renovation	CIP	9,095,035
Maravillo Gym Project	CIP	38,745
Music & Dance P-14 Building	Completed	636,677
P-9 Presidents House Building Project	Completed	305,616
South Campus Health Science Center	CIP	12,877,040
William "Billy" Hall Student Center Area Renovation	CIP	778,403
Yeary Library Renovation	CIP	13,429,155

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

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

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, 2018 and 2017, the College was committed for approximately \$61.7 million and \$89.4 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 College had \$195.9 million and \$204.9 million in outstanding bond and maintenance tax note debt at August 31, 2018 and 2017, respectively, before premiums and discounts. Outstanding debt decreased by \$9.0 million and \$8.4 million in fiscal years 2018 and 2017, respectively. The following table summarizes these amounts by type of debt instrument.

Bonds and Tax Notes Payable

	Fiscal Year			Change	
	2018	2017	2016	2017 to 2018	2016 to 2017
General Obligation Bonds	\$ 109,250,000	\$ 114,060,000	\$ 118,640,000	\$ (4,810,000)	\$ (4,580,000)
Revenue Bonds	53,305,000	55,645,000	57,615,000	(2,340,000)	(1,970,000)
Tax Notes	33,410,000	35,280,000	37,080,000	(1,870,000)	(1,800,000)
Total outstanding debt	\$ 195,965,000	\$ 204,985,000	\$ 213,335,000	\$ (9,020,000)	\$ (8,350,000)

The \$9.0 million reduction in fiscal year 2018 was due to scheduled debt service payments of approximately \$1.8 million and a \$7.2 million reduction of principal due to the refunding of the Combined Fee Revenue Refunding Bond Series 2010.

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

The general obligation debt of Laredo 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 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

Fitch
Revenue 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 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 that Texas community colleges historically have received allows for community colleges to maintain 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 81.10% 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.

Laredo College and all Texas community colleges continue to face funding challenges in order to meet increasing demands for state education services. Although traditional student enrollment for Laredo College has remained leveled, the college has seen an increase in dual enrollment courses due to reduced tuition agreements with local school districts. It is foreseen that the number of dual enrolled students will increase for fiscal year 2019. The leadership of Laredo 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 College for the foreseeable future remains positive as a result of its strategic leadership, fiscal accountability, conservative budgeting and a stable local economy.

Request for Information

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

Laredo College District
Statements of Net Position
August 31, 2018 and August 31, 2017
Exhibit 1

Assets	FY 2018	FY 2017
Current Assets:		
Cash and cash equivalents	\$ 41,784,310	\$ 34,704,932
Restricted cash and cash equivalents	76,623,212	98,607,418
Property taxes receivable (net of allowances of \$889,731 and \$1,407,131)	1,431,082	1,750,579
Tuition and fees receivable (net of allowances of \$1,557,731 and \$1,299,475)	6,506,393	9,024,932
Federal receivables (net of allowances of \$96,840 and \$102,836)	1,167,485	2,019,617
Other receivables (net of allowances of \$401,000 and \$384,187)	4,154,404	3,371,415
Inventories	7,962	7,279
Prepaid expenses	280,552	370,655
Total Current Assets	<u>\$ 131,955,400</u>	<u>\$ 149,856,827</u>
Noncurrent Assets:		
Endowment cash and cash equivalents	3,575,112	3,431,057
Prepaid bond insurance (net of amortization)	393,828	694,809
Capital assets (net)	181,257,595	157,702,618
Total Noncurrent Assets	<u>\$ 185,226,535</u>	<u>\$ 161,828,484</u>
Total Assets	<u><u>\$ 317,181,935</u></u>	<u><u>\$ 311,685,311</u></u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	1,513,725	2,388,992
Deferred Outflows Related to OPEB	889,857	-
Deferred Charge on Refundings	3,930,931	580,428
Total Deferred Outflow of Resources	<u>6,334,513</u>	<u>2,969,420</u>
Liabilities		
Current Liabilities:		
Accounts payable	5,425,097	3,565,413
Accrued liabilities	355,519	1,256,364
Unearned revenue	12,326,421	12,625,260
Funds held for others	492,772	514,143
Accrued compensable absences - current portion	889,251	872,463
Capital leases payable - current portion	482,863	544,910
Bond interest payable	755,791	811,331
Bonds payable - current portion	10,400,771	9,856,408
Retainage payable	1,940,701	753,825
Total Current Liabilities	<u>\$ 33,069,186</u>	<u>\$ 30,800,117</u>
Noncurrent Liabilities:		
Accrued compensable absences	1,722,554	1,834,823
Capital leases payable	391,633	226,039
Bonds payable	205,193,413	212,770,258
Net Pension Liability	9,201,450	11,049,613
Net OPEB Liability	34,231,864	-
Total Noncurrent Liabilities	<u>\$ 250,740,914</u>	<u>\$ 225,880,733</u>
Total Liabilities	<u><u>\$ 283,810,100</u></u>	<u><u>\$ 256,680,850</u></u>
Deferred Inflows of Resources		
Deferred Inflows of Related to Pensions	2,270,667	1,532,203
Deferred Inflows of Related to OPEB	7,568,829	-
Total Deferred Inflows of Resources	<u>9,839,496</u>	<u>1,532,203</u>
Net Position		
Net investment in capital assets	24,992,131	18,801,859
Restricted for:		
Non-expendable		
Endowment	3,240,686	3,149,460
Expendable		
Student aid	3,816,468	3,376,043
Plant funds	713,704	679,111
Other	164,529	144,543
Debt service reserve	9,302,591	8,490,854
Auxiliary	2,897,678	2,431,979
Unrestricted	(15,260,935)	19,367,829
Total Net Position	<u><u>\$ 29,866,852</u></u>	<u><u>\$ 56,441,678</u></u>

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

Laredo College District
Statement of Financial Position of L.C.C. Education Foundation, Inc.
(A Component Unit of Laredo College District)
December 31, 2017
Exhibit 1A

	<u>2017</u>	<u>2016 (Unaudited)</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 715,442	\$ 690,319
Pledge Receivable	59,600	-
Restricted Assets		
Cash and Cash Equivalents	55,000	55,000
Investment	13,617	13,994
Total Assets	<u>\$ 843,659</u>	<u>\$ 759,313</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Unrestricted	\$ 84,185	\$ 57,444
Temporarily Restricted	690,758	631,158
Permanently Restricted	68,716	70,711
Total Net Assets	<u>\$ 843,659</u>	<u>\$ 759,313</u>
Total Liabilities and Net Assets	<u>\$ 843,659</u>	<u>\$ 759,313</u>

Laredo College District
Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2018 and August 31, 2017
Exhibit 2

Revenues	FY 2018	FY 2017
Operating Revenues		
Tuition and fees (net of discounts of \$18,946,380 and \$15,270,544)	\$ 6,514,794	\$ 8,197,564
Federal grants and contracts	4,467,449	3,550,864
State grants and contracts	1,285,563	1,594,385
Nongovernment grants and contracts	395,290	257,156
Investment income (program restricted)	156,555	70,014
Auxiliary enterprises	2,185,455	2,066,242
Other operating revenues	1,708,381	1,649,371
Total Operating Revenues	<u>\$ 16,713,487</u>	<u>\$ 17,385,596</u>
Expenses		
Operating Expenses		
Instruction	28,987,839	26,397,974
Research	2,014	890
Public service	588,420	574,058
Academic support	6,266,890	6,276,664
Student services	7,247,854	7,342,635
Institutional support	13,086,288	12,797,972
Operation and maintenance of plant	7,789,773	7,626,893
Scholarships and fellowships	9,079,015	8,735,070
Auxiliary enterprises	1,575,990	1,676,433
Depreciation	5,673,065	5,800,510
Total Operating Expenses	<u>\$ 80,297,148</u>	<u>\$ 77,229,099</u>
Operating Income (Loss)	<u>\$ (63,583,661)</u>	<u>\$ (59,843,503)</u>
Non-Operating Revenues (Expenses)		
State appropriations	17,056,885	15,425,614
Professional nursing shortage reduction	36,933	7,412
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	33,565,103	32,004,360
Taxes for general obligation bonds	10,800,902	10,773,109
Federal revenue, non-operating	21,582,869	19,500,050
Investment income	1,844,106	1,097,977
Interest on capital related debt	(8,312,105)	(9,113,721)
Other non-operating revenues (expenses)	169,784	562,126
Additions to permanent endowments	88,500	20,000
Gain/(Loss) on sale of asset	1,540	2,941
Capital gifts	133,549	8,500
Net Other Non-Operating Revenues (Expenses)	<u>\$ 76,968,066</u>	<u>\$ 70,288,368</u>
Income Before Extraordinary Item	13,384,405	10,444,865
Extraordinary Item	-	-
Increase (decrease) in Net Position	13,384,405	10,444,865
Net Position - Beginning	56,441,678	45,996,813
Restatements (prior period adjustment)	(39,959,231)	-
Restated Net Position - September 1, 2018 and September 1, 2017	<u>16,482,447</u>	<u>45,996,813</u>
Net Position - Ending	<u>\$ 29,866,852</u>	<u>\$ 56,441,678</u>

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

Laredo College District
Statement of Activities of L.C.C. Education Foundation, Inc.
(A Component Unit of Laredo College District)
December 31, 2017
Exhibit 2A

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Position at January 1, 2016 (Unaudited)	\$ 52,389	\$ 611,567	\$ 65,532	\$ 729,488
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	288,457	19,591	5,179	313,227
Expenses:				
Program Services	270,000	-	-	270,000
General and Administrative	13,402	-	-	13,402
Total Expenses	283,402	-	-	283,402
Increase in Net Position	5,055	19,591	5,179	29,825
Net Position at December 31, 2016 (Unaudited)	<u>\$ 57,444</u>	<u>\$ 631,158</u>	<u>\$ 70,711</u>	<u>\$ 759,313</u>
Support and Revenue				
Contributions	\$ 102,305	\$ 169,600	\$ -	\$ 271,905
In-Kind Contributions	14,010	-	-	14,010
Investment Income	-	3,139	-	3,139
Gain on Investments	-	-	(377)	(377)
Net Position released from Restrictions	114,757	(113,139)	(1,618)	-
Total Revenue	231,072	59,600	(1,995)	288,677
Expenses:				
Program Services	186,877	-	-	186,877
General and Administrative	17,454	-	-	17,454
Total Expenses	204,331	-	-	204,331
Increase in Net Position	26,741	59,600	(1,995)	84,346
Net Position at December 31, 2017	<u>\$ 84,185</u>	<u>\$ 690,758</u>	<u>\$ 68,716</u>	<u>\$ 843,659</u>

**Laredo College District
Statement of Cash Flows
Years Ended August 31, 2018 and 2017
Exhibit 3**

	FY 2018	FY 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 10,136,960	\$ 10,150,826
Receipts from operating grants and contracts	7,000,434	4,678,338
Payments to suppliers for goods and services	(9,739,538)	(10,044,290)
Payment to or on behalf of employees	(46,295,117)	(44,514,125)
Payments for scholarships and fellowships	(9,079,015)	(8,735,070)
Other Receipts (payments)	1,864,936	1,719,385
Net cash provided (used) by operating activities	<u>(46,111,339)</u>	<u>(46,744,936)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	10,432,144	10,317,400
Receipts from Ad Valorem Taxes	44,685,502	42,773,163
Receipts (payments) from (to) student organizations and other agency transactions	(21,371)	10,451
Receipts from private gifts for endowment purposes	88,500	20,000
Receipts from Title IV Financial Aid Programs	21,582,869	19,500,050
Other Receipts	763,957	578,038
Net cash provided (used) by non-capital financing activities	<u>77,531,601</u>	<u>73,199,102</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from the issuance of capital debt	32,525,504	-
Acquisition and construction of capital assets	(34,080,953)	(13,660,414)
Payments of bond insurance	(300,981)	(40,305)
Proceeds from sale of Equipment	2,705	3,738
Payment of bond issue costs and other fees	(438,420)	-
Payments on capital debt and lease - principal	(35,938,910)	(9,089,319)
Payments on capital debt and leases - interest and fees	(9,794,086)	(10,011,950)
Net cash provided (used) by capital and related financing activities	<u>(48,025,141)</u>	<u>(32,798,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from interest on dividends	1,844,106	1,097,977
Net cash provided (used) by investing activities	<u>1,844,106</u>	<u>1,097,977</u>
Increase (Decrease) in cash and cash equivalents	<u>(14,760,773)</u>	<u>(5,246,107)</u>
Cash and cash equivalents - September 1	<u>136,743,407</u>	<u>141,989,514</u>
Cash and Cash Equivalents - August 31	<u>\$ 121,982,634</u>	<u>\$ 136,743,407</u>

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

**Laredo College District
Statement of Cash Flows
Years Ended August 31, 2018 and 2017
Exhibit 3**

	<u>FY 2018</u>	<u>FY 2017</u>
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities		
Operating Income (loss)	<u>\$ (63,583,661)</u>	<u>\$ (59,843,503)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation and Amortization expense	6,642,478	6,545,343
State On-behalf Payments	6,624,741	5,108,214
Changes in Assets and Liabilities:		
Assets (Increase) decrease		
Receivables	2,587,682	(981,956)
Inventories	(683)	2,926
Prepaid Expenses	90,103	437,030
Deferred outflows	(14,590)	(293,997)
Liabilities Increase (Decrease)		
Accounts Payable	3,046,560	1,340,602
Accrued Liabilities	(900,845)	97,921
Compensated Absences	(95,481)	183,155
Unearned Revenue	(298,839)	144,910
Deferred Inflows	8,307,293	17,054
TRS Pension Liability	(8,516,097)	497,365
Net cash provided (used) by operating activities	<u><u>\$ (46,111,339)</u></u>	<u><u>\$ (46,744,936)</u></u>

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

Laredo College District
Statement of Cash Flows of L.C.C. Education Foundation, Inc.
(A Component Unit of Laredo College District)
December 31, 2017
Exhibit 3A

	<u>2017</u>	<u>2016 (Unaudited)</u>
Change in Net Assets	\$ 84,346	\$ 29,825
Adjustments to Reconcile Change in Net Assets to		
Net Cash used in Operating Activities:		
Increase in Fair Value of Investment	377	(5,179)
Increase in Pledge Receivable	(59,600)	-
Total Adjustments	<u>(59,223)</u>	<u>(5,179)</u>
Net Cash inflows from Operating Activities	<u>25,123</u>	<u>24,646</u>
Cash and Cash Equivalents at Beginning of Year	745,319	720,673
Cash and Cash Equivalents at End of Year	<u>\$ 770,442</u>	<u>\$ 745,319</u>

**Laredo College District
Notes to Financial Statements
August 31, 2018**

Note 1 – Reporting Entity

Laredo 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 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 its sole purpose is:

- To support and promote for the use and benefit of Laredo 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 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 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. (The governing board has designated public funds investment pools comprised of \$3,570,061 at fiscal year 2018 to be short-term investments). Long-term investments have an original maturity greater than one year at the time of purchase. For the years ended 2018 and

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

2017 the College reported zero long term investments.

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 \$10,915,983 and \$11,676,682, federal, state, and local grants of \$1,409,438 and \$948,578 and rental revenue of \$1,000 and \$0 have been reported as unearned revenue at August 31, 2018 and August 31, 2017, 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.

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

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 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

During fiscal year 2018, the College adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the College must assume their proportionate share of the Net OPEB liability of the Employees Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment resulted in a reduction of \$39,959,231 to unrestricted net assets which resulted in a restated beginning net position balance of \$16,482,447.

For Fiscal Year 2017 financial statements were restated as follows:

Statement of Net Position

- Capital assets were reduced by \$120,521 for amortization on capital leases not recognized in 2017.

Statement of Revenues, Expenses and Changes in Net Position

- Operating expense increased by \$120,521 due to an adjustment for amortization expense not recognized for capital lease equipment.

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, 2018</u>	<u>August 31, 2017</u>
Bank Deposits		
Money Market Deposits	\$ 41,764,060	\$ 34,684,682
Restricted Money Market Deposits	76,623,012	98,607,218
Endowment Money Market Deposits	5,051	3,431,057
	<u>118,392,123</u>	<u>136,722,957</u>
Cash and Cash Equivalents		
Cash on Hand	\$ 20,250	\$ 20,250
Restricted Cash on Hand	200	200
Investment Pools (Lone Star)	3,570,061	-
	<u>3,590,511</u>	<u>20,450</u>
Total Cash and Deposits	<u>\$ 121,982,634</u>	<u>\$ 136,743,407</u>

Interest Rate Risk: In accordance with state law and Laredo 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 College had no investments.

Note 5 - Capital Assets

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

	Balance September 1, 2017	Increases	Decreases	Balance August 31, 2018
<u>Not depreciated:</u>				
Land	\$ 5,444,715	\$ -	\$ -	\$ 5,444,715
Water rights	9,920	-	-	9,920
Construction in Process	15,540,495	25,618,742	928,372	40,230,865
Subtotal	<u>\$ 20,995,130</u>	<u>\$ 25,618,742</u>	<u>\$ 928,372</u>	<u>\$ 45,685,500</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	\$137,493,186	\$ 943,639	\$ 1,345	\$138,435,480
Other Real Estate Improvements	34,092,678	-	-	34,092,678
Total Buildings and Other Real Estate Improvements	<u>\$171,585,865</u>	<u>\$ 943,638</u>	<u>\$ 1,345</u>	<u>\$172,528,158</u>
Library books	3,555,229	80,781	4,258	3,631,752
Equipment Purchased with Capital Lease	770,949	1,072,960	969,413	874,496
Furniture, Machinery, and Equipment	25,512,114	8,379,164	5,014,609	28,876,669
Total Buildings and Other Capital Assets	<u>\$201,424,157</u>	<u>\$ 10,476,543</u>	<u>\$ 5,989,625</u>	<u>\$205,911,075</u>
<u>Accumulated Depreciation</u>				
Buildings and Building Improvements	\$ 26,942,242	\$ 2,458,185	\$ -	\$ 29,400,427
Other Real Estate Improvements	16,934,109	1,244,724	-	18,178,833
Total Buildings and Other Real Estate Improvements	<u>\$ 43,876,351</u>	<u>\$ 3,702,908</u>	<u>\$ -</u>	<u>\$ 47,579,260</u>
Library books	2,681,798	151,666	4,257	2,829,207
Furniture, Machinery, and Equipment	18,158,519	1,818,491	46,496	19,930,514
Total Accumulated Depreciation	<u>\$ 64,716,668</u>	<u>\$ 5,673,065</u>	<u>\$ 50,753</u>	<u>\$ 70,338,980</u>
Net Capital Assets	<u>\$157,702,618</u>	<u>\$ 30,422,220</u>	<u>\$ 6,867,244</u>	<u>\$181,257,595</u>

Note 5 - Capital Assets – (continued)

Capital assets activity for the year ended August 31, 2017 is included for comparison purposes.

	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	34,092,678	-	-	34,092,678
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	744,832	770,949
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	\$ 793,365	\$201,424,157
<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	\$150,588,794	\$ 10,348,158	\$ 3,234,333	\$157,702,618

Note 6 – Non-Current Liabilities

Long-Term liability activity for the year August 31, 2018 was as follows:

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Current Portion
<u>Bonds and notes</u>					
General obligation bonds	\$ 114,060,000	\$ -	\$ (4,810,000)	\$ 109,250,000	\$ 5,045,000
Discounts	(581,158)	-	119,591	(461,567)	(36,807)
Premium	18,222,824	3,225,504	(1,357,578)	20,090,751	1,357,578
Revenue bonds	55,645,000	29,300,000	(31,640,000)	53,305,000	2,110,000
Tax Note	35,280,000	-	(1,870,000)	33,410,000	1,925,000
Total bonds	<u>\$ 222,626,666</u>	<u>\$ 32,525,504</u>	<u>\$ (39,557,986)</u>	<u>\$ 215,594,184</u>	<u>\$10,400,771</u>
<u>Other liabilities</u>					
Retainage payable	753,825	1,219,761	(32,885)	1,940,701	1,940,701
Compensated absences	2,707,286	153,217	(248,698)	2,611,805	889,251
Capital leases	770,949	1,072,960	(969,413)	874,496	482,863
Net pension liability	11,049,613	1,820	(1,849,983)	9,201,450	-
Net OPEB liability	-	42,732,168	(8,500,304)	34,231,864	-
Total other liabilities	<u>15,281,673</u>	<u>45,179,926</u>	<u>(11,601,283)</u>	<u>48,860,316</u>	<u>3,312,815</u>
Total long-term liabilities	<u>\$ 237,908,339</u>	<u>\$ 77,705,431</u>	<u>\$ (51,159,270)</u>	<u>\$ 264,454,500</u>	<u>\$13,713,586</u>

Note 6 – Non-Current Liabilities – (continued)

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 liability	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 7 - Debt and Lease Obligations

Debt Service requirements at August 31, 2018 were as follows:

For the Years Ended <u>August 31,</u>	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>
2019	5,045,000	5,347,350	2,110,000	2,231,588	1,925,000	1,540,944
2020	5,305,000	5,095,100	2,190,000	2,152,200	2,020,000	1,445,181
2021	5,510,000	4,829,850	2,340,000	2,059,019	2,105,000	1,364,138
2022	5,755,000	4,581,950	2,425,000	1,976,669	2,210,000	1,259,063
2023	6,035,000	4,303,650	2,505,000	1,894,282	2,315,000	1,148,750
2024-2028	34,900,000	16,789,750	14,270,000	7,942,060	13,395,000	3,941,026
2029-2033	39,775,000	7,326,850	18,225,000	4,369,826	9,440,000	843,287
2034-2036	6,925,000	346,250	9,240,000	652,250	-	-
Total	\$ 109,250,000	\$48,620,750	\$53,305,000	\$23,277,894	\$33,410,000	\$11,542,389

Obligations under capital leases at August 31, 2018 were as follows:

For the years ended August 31,	Total
2019	\$ 501,745
2020	359,557
2021	20,008
2022	20,015
2023	1,589
 Total Minimum Lease Payments	 902,915
Less Amount Representing Interest Costs	(28,419)
Present value of minimum lease payments	<u>\$ 874,496</u>

Note 7 - Debt and Lease Obligations – (continued)

Debt Service requirements at August 31, 2017 are provided for comparison purposes only.

For the Years Ended <u>August 31,</u>	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>
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 years 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 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

Note 8 – Bonds Payable – (continued)

- Interest rate – 2.00% to 4.00%
- Maturity date – August 2018
- Outstanding Principle balance as of August 31, 2018 and 2017 is \$0.00 and \$1,005,000, 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, 2018 and 2018 is \$1,085,000 and \$30,900,000, 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, 2018 and 2017 is \$2,485,000 and \$3,660,000, 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, 2018 and 2017 is \$995,000 and \$1,055,000, 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, 2018 and 2017 is \$34,415,000 and \$34,225,000, 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.
- Source of Revenue – General Use Fees
- Interest rate – 2.00% to 4.25%
- Maturity date – August 2026
- Outstanding Principle balance as of August 31, 2018 and 2017 is \$10,015,000 and \$10,385,000, 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

Note 8 – Bonds Payable – (continued)

- Outstanding Principle balance as of August 31, 2018 and 2017 is \$78,840,000 and \$82,015,000, 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, 2018 and 2018 is \$4,990,000 and \$5,070,000, 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, 2018 and 2017 is \$16,245,000 and 17,880,000, 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, 2018 and 2017 is \$4,430,000 and \$4,625,000, 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, 2018 and 2017 is \$14,165,000 and \$14,165,000, respectively.
- **Combined Fee Revenue Refunding Bond, Series 2017**
- To refund the Revenue Bond, Series 2010.
- Issued 9/15/2018
- \$29,300,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 2.00% to 4.00%
- Maturity date – August 2035
- Outstanding Principle balance as of August 31, 2018 is \$29,300,000.

Note 9 – Advance Refunding of Bonds

On September 15, 2017, Laredo College issued Combined Fee Revenue Refunding Bonds, Series 2017 totaling \$29,300,000 issued for the purposes of refunding \$29,610,000 of the District's series 2010 Combined Fee Revenue 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 \$33,070,331.21 after payments of \$235,346.26 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 present value savings of approximately \$2,845,170.40 or 9.61% and a gross savings value of \$4,543,446.39. The Combined Fee Revenue Bonds, Series 2010 will be paid August 1, 2020.

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 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 would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Note 10 – Employees' Retirement Plan – (continued)

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Current fiscal year employer contributions	\$	959,963
Current fiscal year member contributions	\$	1,861,477
2017 measurement year NECE on-behalf contributions	\$	679,232

The District's contributions to the TRS pension plan in FY 2018 were \$959,963 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 2018 were \$691,997.

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

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Rate	8.00%
Municipal Bond Rate	N/A*
Last year ending August 31 in 2017 to 2116	
Projection period (100 years)	2116
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Ad hoc post-employment benefit changes	None

**If a municipal bond rate was to be used, the rate would be 3.42 percent as of August 2017 (i.e., the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index”.*

Actuarial methods and assumption were updated based 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.

There were no changes of benefit term that affected measurement of the total pension liability during the 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, 2017 are summarized on next page:

Note 10 – Employees’ Retirement Plan – (continued)

Asset Class	<u>Target Allocation*</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Expected Contribution to Long-Term Portfolio Returns**</u>
Global Equity			
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%
Stable Value			
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%
Real Return			
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%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100.0%</u>		<u>8.7%</u>

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

**The Expected Contribution to Long-Term Portfolio 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 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Laredo College's proportionate share of the net pension liability:	\$15,511,827	\$9,201,450	\$3,947,037

Note 10 – Employees' Retirement Plan – (continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2018, the College reported a liability of \$9,201,450 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 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:

Laredo College proportionate share of the collective net pension liability	\$ 9,201,450
State's proportionate share that is associated with Laredo College	<u>\$ 6,640,545</u>
Total	<u>\$15,841,995</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2016 thru August 31, 2017.

At the measurement date of August 31, 2017 the employer's proportion of the collective net pension liability was 0.0287773623% which was an increase (decrease) of (0.0004633041%) from its proportion measured as of August 31, 2016.

For the year ended August 31, 2018, the College recognized pension expense of \$272,082 and revenue of \$506,514 for support provided by the State.

At August 31, 2018, 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 actuarial experiences	\$ 134,621	\$ 496,222
Changes in actuarial assumptions	419,141	239,948
Differences between projected and actual investment earnings	-	670,582
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	863,915
Total as of August 31, 2017 measurement date	\$ 553,762	\$ 2,270,667
Contributions paid to TRS subsequent to the measurement date	959,963	
Total as of fiscal year-end	\$ 1,513,725	\$ 2,270,667

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
2019	\$ (499,334)
2020	\$ 88,018
2021	\$ (544,450)
2022	\$ (671,740)
2023	\$ (62,300)
Thereafter	\$ (27,099)

Note 10 – Employees’ Retirement Plan – (continued)

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.

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 \$958,383 and \$936,071 for the fiscal years ended August 31, 2018, and August 31, 2017, 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 \$35,269,839 and \$35,217,207 for the fiscal years ended August 31, 2018, and 2017, respectively. The total payroll of employees covered by the Teacher Retirement System was \$24,175,007 and \$23,733,980 and the total payroll of employees covered by the Optional Retirement Program was \$8,242,430 and \$8,528,943 for fiscal years 2018 and 2017, 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, 2018 and August 31, 2017 in the amounts of \$2,611,805 and \$2,707,286, 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, 2018 totaled \$3,495,343 for the year. Compare the state’s contribution to that provided for the year ended August 31, 2017, when the contribution for full-time active and retired employees totaled \$3,348,515 for the year. S.B. 1812, 83rd Texas Legislature, Regular Session, 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 – Other Post-Employment Benefits (OPEB)

Plan Description. The District participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees

Note 13 – Other Post-Employment Benefits (OPEB) – (continued)

Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Finacial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877)275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions. 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. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maxium Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2018

Retiree only	\$ 617.30
Retiree & Spouse	970.98
Retiree & Children	854.10
Retiree & Family	1,207.78

Note 13 – Other Post-Employment Benefits (OPEB) – (continued)

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

Premium Contributions by Source	
Group Benefits Program Plan	
For the Year ended August 31, 2018	
	2018
Employers	\$ 879,722
Members (Employees)	-
Nonemployer Contributing Entity (State of Texas)	855,540

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Note 13 – Other Post-Employment Benefits (OPEB) – (continued)

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation date	August 31, 2017
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 Years
Asset valuation method	Not applicable
Discount rate	3.51%
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend date	8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2027 and later years
Inflation assumption rate	2.50%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014.
Disability retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2014 to August 31, 2017 for higher education members.

Investment Policy. The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4% (see FY2017 ERS CAFR, OPEB footnote).

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Note 13 – Other Post-Employment Benefits (OPEB) – (continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the College proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.51%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (2.51%)	Discount Rate (3.51%)	1% Increase in Discount Rate (4.51%)
District's Proportionate share of the net OPEB liability:	\$40,862,843	\$34,231,864	\$29,095,577

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used 8.5% in measuring the net OPEB Liability.

	1% Decrease in Healthcare Cost Trend Rates 7.5% decreasing to 3.5%	Current Healthcare Cost Trend Rates 8.5% decreasing to 4.5%	1% Increase in Healthcare Cost Trend Rates 9.5% decreasing to 5.5%
District's Proportionate share of the net OPEB liability:	\$28,777,702	\$34,231,864	\$41,308,953

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2018, the District reported a liability of \$34,231,864 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District was as follows:

College's proportionate share of the collective net OPEB liability	\$34,231,864
State's proportionate share that is associated with the District	<u>31,102,829</u>
Total	<u>\$65,334,693</u>

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

At the measurement date of August 31, 2017, the employer's proportion of the collective net OPEB liability was 0.10%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for ERS stated that the change in proportion was immaterial and, therefore, disregarded this year.

For the year ended August 31, 2018, the District recognized OPEB expense of \$2,616,106 and revenue of \$1,664,501 for support provided by the State.

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;

Note 13 – Other Post-Employment Benefits (OPEB) – (continued)

- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health
- Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

At August 31, 2018, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$0	\$411,357
Changes in actuarial assumptions	-	7,157,472
Differences between projected and actual investment earnings	10,135	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	-
Total as of August 31, 2017 measurement date	\$10,135	\$7,568,829
Contributions paid to ERS subsequent to the measurement date	879,722	
Total as of fiscal year-end	\$889,857	\$7,568,829

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

Year ended August 31:	OPEB Expense Amount
2019	(\$1,702,158)
2020	(1,702,158)
2021	(1,702,158)
2022	(1,702,158)
2023	(750,064)
Thereafter	-

Note 14 – Commitments and Contingencies

On August 31, 2018, 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, 2018 and 2017, the College was committed for approximately \$61.7 million and \$89.4 million, respectively.

Note 15 - Disaggregation of Receivables and Payable Balances

Receivables

Receivables at August 31, 2018 and August 31, 2017 were as follows:

	<u>August 31, 2018</u>	<u>August 31, 2017</u>
Students Receivable	\$ 4,160,390	\$ 3,125,569
State Grants Receivable	32,920	162,636
Local Grants Receivable	63,693	48,069
Auxiliary Receivable	29,612	42,778
Other Receivables	268,789	376,550
Subtotal	<u>4,555,404</u>	<u>3,755,602</u>
Allowance for Doubtful Accounts	<u>(401,000)</u>	<u>(384,187)</u>
Total Receivables	<u>\$ 4,154,404</u>	<u>\$ 3,371,415</u>

Payables

Payables at August 31, 2018 and August 31, 2017 were as follows:

	<u>August 31, 2018</u>	<u>August 31, 2017</u>
Accounts Payable - Construction	\$ 2,351,385	\$ 1,403,912
Salaries & Benefits Payable	861,225	1,022,474
Students Payable	597,078	732,162
Accrued Liabilities	355,519	233,890
Other Payables	1,615,409	1,429,339
Subtotal	<u>5,780,616</u>	<u>4,821,777</u>
Total Payables	<u>\$ 5,780,616</u>	<u>\$ 4,821,777</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 \$492,772 and \$514,143 at August 31, 2018 and August 31, 2017, respectively.

Note 17 - Contracts and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, State and Local Governments, 8.99). For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and

Note 17 - Contracts and Grant Awards – (continued)

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 2018 and 2017 for which monies have not been received nor funds expended totaled \$3,822,018, and \$4,387,470. Of these amounts, \$3,400,348 and \$3,983,756 were from Federal Contract and Grant Awards; \$421,670 and \$403,714 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, 2018 and 2017, 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 2018 and 2017 and property insurance covering the District's buildings and personal property in a combined amount of \$222,343,872 for fiscal year 2018 and \$193,436,101 for fiscal year 2017, and \$2,000,000 annual aggregate in school professional legal liability for fiscal years 2018 and 2017.

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, 2018	August 31, 2017
Assessed valuation of the District	\$ 16,195,341,461	\$ 14,827,403,023
Less: Exemptions	(2,945,445,964)	(2,366,394,239)
Less: Abatements	-	-
Net Assessed Valuation of the District	\$ 13,249,895,497	\$ 12,461,008,784

	Fiscal Year 2018			Fiscal Year 2017		
	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	\$0.082984	\$0.338000	\$0.255067	\$0.087933	\$0.343000

Taxes levied for the year ended August 31, 2018, and 2017 amounted to \$43,771,852 and \$41,825,733, 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.

Note 19 – Ad Valorem Tax – (continued)

	August 31, 2018			August 31, 2017		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$32,881,358	\$10,470,827	\$43,352,185	\$30,932,519	\$10,444,489	\$41,377,007
Delinquent taxes collected	697,921	191,797	889,719	635,161	183,158	818,319
Penalties & Interest collected	442,648	138,277	580,926	467,460	145,462	612,923
Total Gross Collections	34,021,928	10,800,902	44,822,829	32,035,140	10,773,109	42,808,249
Tax Appraisal & Collection Fees	(686,712)	-	(686,712)	(685,491)	-	(685,491)
Bad Debt Expense	230,345	-	230,345	(151,485)	-	(151,485)
Total Net Collections	\$33,565,561	\$10,800,902	\$44,366,463	\$31,198,164	\$10,773,109	\$41,971,273

Tax collections for the year ended August 31, 2018, and 2017, 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, 2018 and August 31, 2017.

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, 2018 and August 31, 2017 in the following amounts, \$313,474 and \$328,400, respectively. At year end, the reserve for uncollectible accounts was \$2,055,571 and \$1,786,498. At year end, the total amount of uncollectible accounts written off was \$44,401. The property tax reserve was \$889,731 and \$1,407,131. The total reported allowance for doubtful accounts was a \$2,945,302 and \$3,193,629 for August 31, 2018 and August 31, 2017, respectively.

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

	Measurement Year Ended August 31,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0287773623%	0.0292406664%	0.0298519000%	0.0330499000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 9,201,450	\$ 11,049,613	\$ 10,552,249	\$ 8,828,085
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	6,640,545	7,936,580	7,280,335	6,887,063
Total	<u>\$ 15,841,995</u>	<u>\$ 18,986,193</u>	<u>\$ 17,832,584</u>	<u>\$ 15,715,148</u>
District's Covered Payroll	\$ 23,733,980	\$ 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 Payroll	38.77%	47.59%	48.64%	40.67%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: Only four years of data is presented in accordance with GASB #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 COLLEGE
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31,			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 959,963	\$ 943,305	\$ 929,901	\$ 869,222
Contribution in Relation to the Contractually Required Contribution	(959,963)	(943,305)	(929,901)	(869,222)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 24,175,007	\$ 23,733,980	\$ 23,217,845	\$ 21,695,044
Contributions as a percentage of Covered Payroll	3.97%	3.97%	4.01%	4.01%

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules

LAREDO COLLEGE
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Measurement Year Ended August 31, <u>2017</u>
District's Proportion of the Net OPEB Liability (Asset)	0.1004662100%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 34,231,864
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>31,102,829</u>
Total	<u>\$ 65,334,693</u>
District's Covered Employee Payroll	\$ 30,390,207
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	112.64%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.04%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LAREDO COLLEGE
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	Fiscal Year Ended August 31, 2018
Contractually Required Contribution	\$ 879,722
Contribution in Relation to the Contractually Required Contribution	<u>(879,722)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
District's Covered Employee Payroll	\$ 29,938,497
Contributions as a percentage of Covered Employee Payroll	2.94%

Note: Only one year of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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 College
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 and the aggregate discretely presented component unit of the Laredo College (the College), as of and for the year ended August 31, 2018, 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 12, 2018.

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.

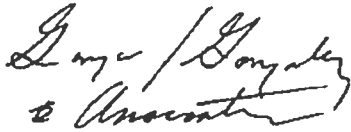
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 12, 2018.

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 12, 2018

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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 College
Laredo, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the Laredo College'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, 2018. 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, 2018.

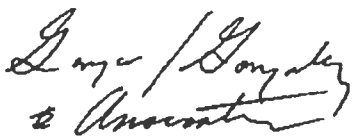
Report on Internal Control Over Compliance

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.

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.



The image shows a handwritten signature in black ink. The signature appears to be "Lopez / Gonzalez" with a stylized flourish underneath that could be interpreted as "to Annotate" or a similar phrase.

December 12, 2018

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SCHEDULES

Schedule of Detailed Operating Revenues
Laredo College District
Year Ended August 31, 2018 (With Memorandum Totals for the Year Ended August 31, 2017)
Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2018	FY 2017
Tuition						
State funded courses						
In-district resident tuition	\$ 7,443,703	\$ -	\$ 7,443,703	\$ -	\$ 7,443,703	\$ 6,717,303
Out-of-state tuition	582,797	-	582,797	-	582,797	621,586
TPEG (set aside)*	480,409	-	480,409	-	480,409	434,997
Out-of-district resident tuition	912,026	-	912,026	-	912,026	1,043,709
State funded continuing education	263,257	-	263,257	-	263,257	272,134
Non-state funded continuing education	74,819	-	74,819	-	74,819	90,330
Total Tuition	\$ 9,757,011	\$ -	\$ 9,757,011	\$ -	\$ 9,757,011	\$ 9,180,059
Fees						
General use fee	\$ 8,736,725	\$ -	\$ 8,736,725	\$ -	\$ 8,736,725	\$ 7,947,879
Installment fee	66,800	-	66,800	-	66,800	72,725
Health services fee	121,655	-	121,655	-	121,655	106,191
Matriculation fee	367,575	-	367,575	-	367,575	321,270
Late registration fee	34,560	-	34,560	-	34,560	33,580
Malpractice fee	19,245	-	19,245	-	19,245	14,215
Graduation fee	300	-	300	-	300	250
Instructional Support Fee	1,747,127	-	1,747,127	-	1,747,127	1,589,947
Technology fee	1,748,011	-	1,748,011	-	1,748,011	1,591,743
Student service fee	1,463,101	-	1,463,101	-	1,463,101	1,277,295
Distance education fee	531,165	-	531,165	-	531,165	472,722
Parking/street maint. Fee	244,083	-	244,083	-	244,083	212,890
Diff. tuition fee (development)	18,960	-	18,960	-	18,960	26,160
Diff. tuition fee (3 peat)	159,786	-	159,786	-	159,786	159,378
Lab fee	251,201	-	251,201	-	251,201	251,711
Assessment fee	80,561	-	80,561	-	80,561	92,841
Installment loan late payment fee	26,030	-	26,030	-	26,030	27,980
Add/drop fee	28,550	-	28,550	-	28,550	28,590
Other fees	58,728	-	58,728	-	58,728	60,682
Total fees	\$ 15,704,163	\$ -	\$ 15,704,163	\$ -	\$ 15,704,163	\$ 14,288,049
Scholarships allowances and discounts						
Scholarship allowances	(394,592)	\$ -	\$ (394,592)	\$ -	\$ (394,592)	\$ (417,181)
Remissions and exemptions	(4,133,271)	-	(4,133,271)	-	(4,133,271)	(2,120,948)
Pell grants	(12,755,790)	-	(12,755,790)	-	(12,755,790)	(10,953,110)
Other federal grants	(754,612)	-	(754,612)	-	(754,612)	(788,846)
Texas grants	(612,835)	-	(612,835)	-	(612,835)	(586,076)
TPEG allowances	(214,455)	-	(214,455)	-	(214,455)	(365,704)
Other state grants	(70,125)	-	(70,125)	-	(70,125)	(24,419)
Other	(10,700)	-	(10,700)	-	(10,700)	(14,260)
Total scholarship allowances	(18,946,380)	\$ -	\$ (18,946,380)	\$ -	\$ (18,946,380)	\$ (15,270,544)
Total net tuition and fees	6,514,794	\$ -	\$ 6,514,794	\$ -	\$ 6,514,794	\$ 8,197,564
Other operating revenues						
Federal grants and contracts	\$ -	\$ 4,467,449	\$ 4,467,449	\$ -	\$ 4,467,449	\$ 3,550,864
State grants and contracts	-	1,285,563	1,285,563	-	1,285,563	1,594,385
Nongovernmental grants and contracts	-	395,290	395,290	-	395,290	257,156
Investment income (program restricted)	-	156,555	156,555	-	156,555	70,014
Other operating revenues	580,716	1,127,665	1,708,381	-	1,708,381	1,649,371
Total other operating revenues	\$ 580,716	\$ 7,432,522	\$ 8,013,238	\$ -	\$ 8,013,238	\$ 7,121,790
Auxiliary enterprises						
Student activities	\$ -	\$ -	\$ -	\$ 1,746,981	\$ 1,746,981	\$ 1,589,539
Cafeteria	-	-	-	9,702	9,702	27,224
Campus housing	-	-	-	-	-	-
Residential	-	-	-	81,502	81,502	100,127
Scholarship allowances and discounts	-	-	-	-	-	-
Bookstore	-	-	-	347,270	347,270	349,352
Total net auxiliary enterprises	\$ -	\$ -	\$ -	\$ 2,185,455	\$ 2,185,455	\$ 2,066,242
Total operating revenues (Exhibit 2)	\$ 7,095,510	\$ 7,432,522	\$ 14,528,032	\$ 2,185,455	\$ 16,713,487	\$ 17,385,596

*In accordance with Education Code 56.033, \$480,409 and \$434,997 of tuition was set aside for Texas Public Education Grants (TPEG).

Laredo College District

Schedule B

Schedule of Operating Expenses by Organization

Year Ended August 31, 2018 (with Memorandum Totals for the Year Ended August 31, 2017)

	Operating Expenses						FY 2017 Total
	Salaries and Wages	Benefits		Other Expenses	FY 2018 Total		
		State	Local				
Unrestricted - Educational Activities							
Instruction	\$ 17,451,837	\$ -	\$ 4,741,873	\$ 1,200,331	\$ 23,394,041	\$ 22,334,878	
Research	-	-	-	-	-	-	
Public Service	196,065	-	51,102	55,758	302,925	259,090	
Academic Support	2,140,141	-	549,340	619,433	3,308,914	3,480,998	
Student Services	3,208,853	-	902,911	1,014,143	5,125,907	5,318,631	
Institutional Support	6,686,332	-	956,313	3,943,575	11,586,220	11,682,765	
Operation and Maintenance of Plant	1,500,143	-	1,033,021	3,591,508	6,124,672	6,000,645	
Scholarships and Fellowships	-	-	-	325,363	325,363	255,427	
Total Unrestricted Educational Activities	31,183,371	-	8,234,560	10,750,111	50,168,042	49,332,434	
Restricted - Educational Activities							
Instruction	953,230	4,104,445	211,398	324,725	5,593,798	4,063,096	
Research	-	-	-	2,014	2,014	890	
Public Service	113,416	68,636	32,617	70,826	285,495	314,968	
Academic Support	1,248,872	755,830	347,792	605,482	2,957,976	2,795,666	
Student Services	924,314	921,794	95,430	180,409	2,121,947	2,024,004	
Institutional Support	-	1,491,210	-	8,858	1,500,068	1,115,207	
Operation and Maintenance of Plant	233,205	-	42,567	1,389,329	1,665,101	1,626,248	
Scholarships and Fellowships	-	-	-	8,753,652	8,753,652	8,479,643	
Total Restricted Educational Activities	3,473,037	7,341,915	729,804	11,335,295	22,880,051	20,419,722	
Total Educational Activities	34,656,408	7,341,915	8,964,364	22,085,406	73,048,093	69,752,156	
Auxiliary Enterprises	612,600	-	124,852	838,538	1,575,990	1,676,433	
Depreciation Expense - Buildings & other real estate	-	-	-	-	3,702,908	3,958,263	
Depreciation Expense - Equipment & furniture	-	-	-	-	1,818,491	1,688,952	
Depreciation Expense - Library Books	-	-	-	-	151,666	153,295	
Total Operating Expenses	\$ 35,269,008	\$ 7,341,915	\$ 9,089,216	\$ 22,923,944	\$ 80,297,148	\$ 77,229,099	

Laredo College District
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2018 (With Memorandum Totals for the Year Ended August 31, 2017)
Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2018 Total	FY 2017 Total
NON-OPERATING REVENUES:					
State Appropriations:					
Education and General State Support	\$ 12,603,159	\$ -	\$ -	\$ 12,603,159	\$ 10,317,400
State Group Insurance	-	958,383	-	958,383	3,348,515
State Retirement Matching	-	3,495,343	-	3,495,343	936,071
Non-Employer Contributing Entity On-Behalf Payments	-	-	-	-	823,628
Professional Nursing Shortage Reduction	-	36,933	-	36,933	7,412
Total State Appropriations	12,603,159	4,490,659	-	17,093,818	15,433,026
Maintenance Ad Valorem Taxes	-	-	-	-	-
Taxes for Maintenance & Operations	33,565,103	-	-	33,565,103	32,004,360
Taxes for General Obligation Bonds	-	10,800,902	-	10,800,902	10,773,109
Federal Revenue, Non Operating	-	21,582,869	-	21,582,869	19,500,050
Investment Income	654,890	1,189,216	-	1,844,106	1,097,977
Additions to Permanent Endowments	-	88,500	-	88,500	20,000
Capital Gifts	-	133,549	-	133,549	8,500
Total Non-Operating Revenues	\$ 46,823,152	\$ 38,285,695	\$ -	\$ 85,108,847	\$ 78,837,022
NON-OPERATING EXPENSES:					
(Gain) / Loss on Assets	(1,540)	-	-	(1,540)	(2,941)
Interest on Capital Related Debt	-	8,312,105	-	8,312,105	9,113,721
Other Non-Operating (Revenues) Expenses	-	(608,204)	-	(608,204)	(562,126)
Total Non-Operating Expenses	\$ (1,540)	\$ 7,703,901	\$ -	\$ 7,702,361	\$ 8,548,654
Net Non-Operating Revenues	\$ 46,824,692	\$ 30,581,794	\$ -	\$ 77,406,486	\$ 70,288,368

Laredo College District
Schedule of Net Position by Source and Availability
Year Ended August 31, 2018 (With Memorandum Totals for the Year Ended August 31, 2017)
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	\$ (17,549,215)	\$ -	\$ -	\$ -	\$ (17,549,215)	\$ (17,549,215)	\$ -
Board designated	2,288,280	-	-	-	2,288,280	-	2,288,280
Restricted							
Auxiliary enterprises	-	2,897,678	-	-	2,897,678	2,897,678	-
Endowment	-	-	3,240,686	-	3,240,686	-	3,240,686
Student Aid	-	3,816,468	-	-	3,816,468	3,816,468	-
Other	-	164,529	-	-	164,529	164,529	-
Plant							
Unexpended	-	713,704	-	-	713,704	-	713,704
Debt service	-	9,302,591	-	-	9,302,591	-	9,302,591
Investment in plant	-	-	-	24,992,131	24,992,131	-	24,992,131
Total Net Position, August 31, 2018	\$ (15,260,935)	\$ 16,894,970	\$ 3,240,686	\$ 24,992,131	\$ 29,866,852	\$ (10,670,540)	\$ 40,537,392
Total Net Position, August 31, 2017	\$ 19,367,829	\$ 15,122,530	\$ 3,149,460	\$ 18,801,859	\$ 56,441,678	\$ 22,416,312	\$ 34,025,366
Net increase (decrease) in Net Position	\$ (34,628,764)	\$ 1,772,440	\$ 91,226	\$ 6,190,272	\$ (26,574,826)	\$ (33,086,852)	\$ 6,512,026

Laredo College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2018
Schedule E

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Direct Awards	Pass-Through Awards	Total	Subrecipient Expenditures
U.S. DEPARTMENT OF EDUCATION					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 651,349	\$	\$ 651,349	\$
Federal College Work-Study Program	84.033	518,333		518,333	
Federal Pell Grant Program	84.063	20,413,187		20,413,187	
Total Student Financial Assistance Cluster		21,582,869		21,582,869	
TRIO Cluster					
Trio Student Support Services	84.042A	273,937		273,937	
Trio Upward Bound	84.047A	440,584		440,584	
Total TRIO Cluster		714,521		714,521	
Title III - Stem Articulation	84.031C	573,910		573,910	
Title III - LEAPS		891,805		891,805	
Title V - FOSS	84.031S	332,966		332,966	181,326
Total		1,798,681		1,798,681	181,326
Pass- Through From					
Texas A&M International University					
Title V - Building Scholars	84.031S	376,220		376,220	
P031S140130 / 260414					
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy	84.002A		49,074	49,074	
2116AEL001					
Adult Education and Literacy	84.002A		685,232	685,232	
2116AELB01					
Adult Education and Literacy	84.002A		110,538	110,538	
2118ALA000					
AEL - Accelerate Texas III	84.002A		205,006	205,006	
2117AEL000			1,049,850	1,049,850	
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Educational Program	84.048		487,425	487,425	
19230					
TOTAL U.S. DEPARTMENT OF EDUCATION		24,537,895	1,537,275	26,009,566	181,326
NATIONAL SCIENCE FOUNDATION					
Direct Programs:					
H S I Conference Grant: PROMISE	47.076	62,365		62,365	
Providing Resources and Opportunities for Minorities					
in Stem Education					
U. S. DEPARTMENT OF AGRICULTURE					
Direct Program:					
Urban Conservation Project - Growing our future	10.902	3,239		3,239	
Combined Community Garden and Seasonal High					
Tunnel					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-Through from:					
Texas Workforce Commission					
TANF	93.558		116,294	116,294	
2116AEL001					
TANF	93.558		127,859	127,859	
2116AELB01					
Pass-Through from:					
Texas Association of Community College	93.558		19,520	19,520	
TSC-CPP					
Pass-Through from:					
South Texas Workforce Development Board	93.596		47,456	47,456	
11211C04					
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			311,129	311,129	
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 24,603,499	\$ 1,848,404	\$ 26,386,299	\$ 181,326

Continued on Following Page

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts revenue - per Schedule A	4,467,449
Add: Indirect/Administrative Costs Recoveries	154,655
Add: Non Operating Federal Revenue per Schedule C	<u>21,582,869</u>
Total Federal Revenues per Schedule A and C	<u>26,204,973</u>
Reconciling Items:	
Add : Funds passed Through to others	181,326
Add : Direct Student Loans	-
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	<u><u>26,386,299</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 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

181,326

Total amount passed-through by the College

181,326

**Laredo College District
Schedule of Expenditures of State Awards
Year Ended August 31, 2018
Schedule F**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Direct Programs:		
Texas College Work-Study	9137932M	\$ 55,059
Texas Educational Opportunity Grant Initial		368,372
Texas Educational Opportunity Grant Renewal		640,426
Student Mentorship (G - Force)	18885	12,583
T-STEM (Science, Technology, Engineering, and Math)	16901/19069	65,474
Nursing Shortage Reduction Program (Regular)		3,681
Nursing Shortage Reduction Program (Under 70)		33,252
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		\$ 1,178,847
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		
Direct Programs:		
Law Enforcement Officers Standards and Education Fund		1,231
TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		1,231
TEXAS WORKFORCE COMMISSION		
Direct Programs:		
Adult Education and Literacy	2116AEL001	16,306
Adult Education and Literacy	2116AELB01	113,466
Pass- Through From		
South Texas College		13,048
STC - in Partnership with Healthcare Consortium		
TEXAS WORKFORCE COMMISSION		142,820
TOTAL STATE FINANCIAL ASSISTANCE		\$ 1,322,898

Note 1 : State Awards Reconciliation

State Grants and Contracts Revenue - per Schedule A	\$ 1,285,563
Add: Indirect/Administrative Cost Recoveries	402
Add: Non-Operating State Revenue	36,933
Total State Revenues per Schedule of Expenditures of State Awards	\$ 1,322,898

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 agency approved indirect recovery rate it has elected not to use the 10% de minimis rate as permitted in the UG, section 200.414.

STATISTICAL SUPPLEMENT SECTION

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

	For the Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	24,992,131	18,801,859	15,402,357	16,142,551	12,987,174	\$12,311,996	\$13,260,689	\$8,389,756	\$9,985,526	\$4,039,427
Restricted - expendable	16,894,970	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
Restricted - nonexpendable	3,240,686	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
Unrestricted	(15,260,935)	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
Total primary government net position	\$29,866,852	\$56,441,678	\$45,996,813	\$40,675,230	\$46,366,768	\$43,991,259	\$44,222,832	\$39,550,085	\$36,410,728	\$33,896,590

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

	For the Year Ended August 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tuition and Fees (Net of Discounts)	\$6,514,794	\$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
Federal Grants and Contracts	4,467,449	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
State Grants and Contracts	1,285,563	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
Non-Governmental Grants and Contracts	395,290	257,156	281,735	291,863	360,058	656,645	613,591	357,059	325,511	646,167
Investment income (program restricted)	156,555	70,014	57,378	90,111	85,241	126,948	64,869	189,493	110,609	203,930
Auxiliary enterprises	2,185,455	2,066,242	2,007,213	2,056,616	2,096,611	1,263,433	1,400,876	753,299	780,881	719,814
Other Operating Revenues	1,708,381	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
Total Operating Revenues	16,713,487	17,385,596	18,358,813	20,523,088	19,747,939	18,649,602	18,727,066	17,846,964	16,999,328	16,811,567
State Appropriations	17,056,885	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
Professional Nursing Shortage Reduction	36,933	7,412	39,280	115,157	55,331	31,293	45,102	100,815	35,221	39,725
Ad Valorem Taxes	44,366,005	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
Gifts	133,549	8,500	18,759	-	-	6,493	11,557	46,615	46,897	83,099
Investment income	1,844,106	1,097,977	1,132,007	1,098,704	385,196	697,328	681,283	797,231	659,749	1,036,805
Federal Revenue, Non-Operating	21,582,869	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
Additions to permanent endowments	88,500	20,000	2,000	86,946	70,000	53,412	104,000	40,737	50,100	360,000
Other non-operating revenues	171,324	565,067	323,054	61,861	-	34,478	-	-	-	-
Total Non-Operating Revenues	85,280,171	79,402,089	74,850,650	70,243,114	64,840,789	64,648,800	67,592,753	68,577,010	64,755,400	58,187,307
Total Revenues	\$ 101,993,658	\$ 96,787,685	\$ 93,209,463	\$ 90,766,202	\$ 84,588,728	\$ 83,298,402	\$ 86,319,819	\$ 86,423,974	\$ 81,754,728	\$ 74,998,874

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

For the Year Ended August 31,										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction	\$28,987,839	\$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
Research	2,014	890	-	-	298	10,764	-	-	-	-
Public service	588,420	574,058	582,278	484,963	395,271	422,519	383,272	480,333	602,108	540,355
Academic support	6,266,890	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
Student services	7,247,854	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
Institutional support	13,086,288	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
Operation and maintenance of plant	7,789,773	7,626,893	7,655,562	7,421,707	6,624,825	7,182,773	6,885,874	7,243,557	6,764,251	6,119,791
Scholarships and fellowships	9,079,015	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
Auxiliary enterprises	1,575,990	1,676,433	1,545,607	1,550,030	1,045,445	764,232	762,208	374,941	527,041	496,904
Depreciation	5,673,065	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
Total Operating Expenses	80,297,148	77,229,099	76,605,219	75,794,825	73,404,249	76,187,010	74,996,845	78,053,895	75,021,438	66,176,210
Interest on capital related debt	8,312,105	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
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	8,312,105	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
Total Expenses	\$88,609,253	\$86,342,820	\$86,325,611	\$86,455,483	\$81,325,006	\$83,554,682	\$81,647,072	\$83,284,618	\$79,240,590	\$69,796,072

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

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)										Increase from Prior Year In- District	Increase from Prior Year Out- of-District
	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			
2017-18	\$ 50.00	\$ 100.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 50.00	\$ 90.00	\$ 1,650.00	\$ 2,250.00	0%	0%	
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%	

Academic Year (Fall)	Non - Resident Fees per Semester Credit Hour (SCH)											Increase from Prior Year Out of State	Increase from Prior Year International
	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				
	\$	\$	\$	\$	\$	\$	\$	\$	\$				
2017-18	152.00	152.00	10.00	10.00	10.00	50.00	90.00	2,874.00	2,874.00	0%	0%		
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%		

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

Laredo College District
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)
2018-19	17,374,656	274,332	2,996,922	14,103,402	81.17%	\$ 0.25507	\$ 0.07204	0.32710
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	13,984,951	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

Direct Rate

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Laredo College District
Statistical Supplement 6a
General Appropriations Act Before Contact Hour Adjustments¹
(unaudited)

Appropriations Funding Elements	2018	2017	2016	2015	2014*
State Appropriation Contact Hour Funding (CH)	\$ 8,393,867	\$ 8,566,358	\$ 8,566,358	\$ 9,285,484	\$ 9,285,484
State Appropriation Student Success Points (SSP)	1,018,214	1,093,569	1,093,570	1,163,916	1,163,916
State Appropriation Core Operations (CO)	500,000	500,000	500,000	500,000	500,000
State Appropriation Non-Formula Items	-	165,570	165,570	165,570	165,570
Total	\$ 9,912,081	\$ 10,325,497	\$ 10,325,498	\$ 11,114,970	\$ 11,114,970

¹General Appropriations Act, SB 1, 85th Texas Legislature, Article III-192 - Informational Listing of Appropriated Funds.

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

Fiscal Year	State Appropriation (Unrestricted) From Sch C	FTSE ¹	State Appropriation per FTSE
2017	\$10,317,400	5,274	\$1,956
2016	\$10,301,912	5,128	\$2,009
2015	\$11,114,970	5,211	\$2,133
2014	\$11,114,970	5,385	\$2,064
2013	\$10,859,888	2,109	\$5,149
2012	\$11,048,379	6,224	\$1,775
2011	\$11,912,070	6,418	\$1,856
2010	\$12,021,176	6,242	\$1,926
2009	\$12,850,788	5,643	\$2,277
2008	\$12,850,788	5,300	\$2,425

¹Fiscal Year (FY) FTSE is equal to The sum of State Funded (Fall SCH + Spring SCH + Summer SCH for the Current FY/30SCH) plus State Funded Continuing Education (Fall CH + Spring CH + Summer CH for the Current FY/900 CH).

*FY2014 Year Formula Funding Changed Methodology

Source: THECB Accountability System

**Laredo College District
Statistical Supplement 6c
State Appropriation per Funded Contact Hour
Contact Hour (CH) portion only of State Appropriation
(unaudited)**

Fiscal Year	CH - State Appropriation (Unrestricted) ¹	Academic		Technical		Continuing Education		Total Funded		CH - State	
		Contact Hours	Contact Hours	Contact Hours	Contact Hours	Contact Hours	Contact Hours	Contact Hours	Contact Hours	Appropriation per Funded Contact Hour	Appropriation per Funded Contact Hour
2017	\$8,566,358	122,816	33,162	66,902	222,880					\$38.43	
2016	\$8,566,358	119,630	32,072	64,578	216,280					\$39.61	
2015	\$9,285,484	118,158	34,960	96,646	249,764					\$37.18	
2014*	\$9,285,484	127,025	32,077	73,146	232,248					\$39.98	

CH = State Funded Academic, Technical and Continuing Education Contact Hours for Fall, Spring and Summer of the Current FY - Source: THECB Accountability System.

¹State Funded Contact Hour Appropriations as it appears in Schedule 6a.

*FY2014 Year Formula Funding Changed Methodology

Laredo College District
Statistical Supplement 6d
State Appropriation per Student Success Point - Annualized
(unaudited)

Fiscal Year	Year Average		
	SSP - State Appropriation (Unrestricted) ¹	Student Success Points ²	Appropriation per Success Points
2017	\$1,093,569	\$13,770	\$79.42
2016	\$1,093,570	\$13,334	\$82.01
2015	\$1,163,916	\$12,189	\$95.49
2014*	\$1,163,916	\$12,133	\$95.93

¹State Funded Success Point Appropriations as it appears in Schedule 6a.

²As Source from the Coordinating Board Biennium 10-Pay Schedule.

*FY2014 Year Formula Funding Changed Methodology

Laredo College District
Statistical Supplement 6e
Student Success Points (SSP)
Last Five Fiscal Years
(unaudited)

Success Points Elements¹	2017	2016	2015	2014*	2013
Math Readiness	701	699	377	483	530
Read Readiness	261	262	166	251	286
Write Readiness	200	212	145	213	285
Students Who Pass FCL Math Course	1,818	1,753	1,422	1,624	1,752
Students Who Pass FCL Read Course	1,150	1,041	885	897	983
Students Who Pass FCL Write Course	1,150	1,041	885	897	983
Students Who Complete 15 SCH	2,395	2,124	2,281	2,199	2,319
Students Who Complete 30 SCH	1,522	1,525	1,486	1,467	1,643
Student Transfers to a 4-Yr Inst	1,518	1,576	1,500	1,392	1,282
Degrees, CCCs, or Certs (Undup)	2,072	2,178	2,142	1,758	2,014
Degrees or Certs in Critical Fields	983	923	900	952	896
Annual Success Points - Total	13,770	13,334	12,189	12,133	12,971

¹These are annual SSP, not 3 year rolling average.

*FY2014 Year Formula Funding Changed Methodology

Source: THECB - Accountability System.

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

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
Taxpayer	Type of Business	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
AEP Texas Central Company	Utility	\$ 195,856	\$ 144,050	\$ 120,985	\$ 116,064	\$ 93,214	\$ 85,868	\$ 70,752	\$ 53,471	\$ 58,799	\$ 68,457
Laredo Texas Hospital Co. LP	Medical	96,147	96,438	96,991	96,293	96,578	104,484	106,398	103,827	102,046	104,560
Laredo WLE LP	Utility	40,693	40,805	64,955	83,568	86,668	97,224	89,916	97,604	102,764	-
Mail Dei Norte LLC	Retail	58,141	56,446	57,316	55,890	55,567	52,068	52,068	51,752	52,647	52,630
The GEO Group Inc	Commercial Business	56,723	53,182	53,182	52,609	52,609	52,160	50,531	49,979	53,005	52,769
AEP Electric Transmission of Texas LLC	Utility	40,938	43,404	44,864	48,063	35,802	42,868	41,458	40,635	40,721	36,509
Laredo Regional Medical Ctr. LP	Medical	48,907	43,794	43,558	43,106	41,678	40,213	39,869	41,405	42,263	44,354
Farias Development LTD	Development	53,362	44,134	42,166	40,924	38,464	36,413	29,908	25,979	28,035	-
Card Border LLC ETAL	Retail	37,470	36,583	37,231	-	-	-	-	-	-	-
International Bank of Commerce	Bank	35,977	34,534	36,834	34,633	33,969	34,247	35,148	39,034	34,635	35,790
Killam Ind. Dev. Partnership Ltd.	Development	41,412	36,487	33,380	35,890	33,737	29,575	29,443	30,143	31,116	34,158
H E Butt Grocery Company	Grocery	29,326	29,742	33,218	31,669	30,105	30,025	30,493	28,284	28,808	29,168
WRI Trautmann LP.	Commercial Real Estate	29,943	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	24,152	29,438	27,358	28,394	24,608	-	-	-	-
Killam Development LTD	Development	33,334	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	21,150	21,726	22,752	22,026	22,064	21,369	21,041	21,043	20,957	-
Union Pacific Railroad Company	Railroad	24,607	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	19,449	20,303	20,886	19,122	18,188	17,983	-	-	-	-
WRI Independence Plaza LLC	Commercial Real Estate	20,769	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	27,106	17,642	17,861	-	-	-	-	-	-	-
Laredo Levcal LLC	Commercial Business	19,168	19,168	16,109	16,109	16,109	16,109	-	20,541	20,541	24,498
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	63,630	-	-	-	-	-	-	-	20,494	31,871
Siemens Gamesa Renewable Energy Inc	Utility	-	-	-	-	-	-	-	-	-	-
Super Transport International LTD	Logistics	28,875	45,586	-	-	-	-	-	-	-	-
J Aron & Company	Financial	21,492	45,586	-	-	-	-	-	-	-	-
Wal-Mart Stores Texas LLC	Grocery	-	-	-	22,813	-	-	-	-	-	-
Prolamsa Inc	Retail	-	-	-	15,651	-	-	-	-	-	-
BRE Select Hotel TX LP	Lodging	-	-	-	-	44,130	-	-	-	-	-
Halliburton Energy Services	Oil Services & Drilling	-	-	-	15,285	17,460	16,256	-	-	-	-
		-	-	-	-	73,423	73,423	68,455	37,397	-	-
Totals		\$ 1,068,627	\$ 1,059,293	\$ 964,939	\$ 948,893	\$ 890,831	\$ 897,978	\$ 734,051	\$ 689,703	\$ 694,799	\$ 574,741
Total Taxable Assessed Value		\$ 14,103,402	\$ 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 College District
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	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2018	\$ 41,954	\$ -	\$ 41,954	\$ 43,352	103.33%	\$ 890	-	\$ 44,242	105.45%
2017	40,257	-	40,257	41,377	102.78%	818	-	42,195	104.81%
2016	38,324	-	38,324	37,865	98.80%	703	-	38,568	100.64%
2015	33,255	-	33,255	32,715	98.38%	716	-	33,431	100.53%
2014	27,788	-	27,788	27,464	98.83%	742	-	28,206	101.50%
2013	27,183	-	27,183	26,872	98.86%	796	-	27,668	101.78%
2012	27,235	-	27,235	26,593	97.64%	813	-	27,406	100.63%
2011	25,302	-	25,302	24,629	97.34%	833	-	25,462	100.63%
2010	24,014	-	24,014	23,327	97.14%	1,025	-	24,352	101.41%
2009	23,187	-	23,187	22,263	96.02%	788	-	23,051	99.41%

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

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

Revised 06-07-19

For the Year Ended August 31, (amounts expressed in thousands)										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Bonded Debt										
General Obligation Bonds	\$ 109,250	\$ 114,060	\$ 178,665	\$ 192,448	\$ 202,834	\$ 63,824	\$ 67,271	\$ 70,720	\$ 74,174	\$ 77,525
Less: Funds Restricted for Debt Service	(5,784)	(4,438)	(3,120)	(2,132)	(2,150)	(1,402)	(1,399)	(1,074)	(736)	(280)
Net General Bonded Debt	\$ 103,466	\$ 109,622	\$ 175,545	\$ 190,316	\$ 200,684	\$ 62,422	\$ 65,872	\$ 69,646	\$ 73,438	\$ 77,245
Other Debt										
Revenue Bonds	\$ 53,305	\$ 55,645	\$ 89,951	\$ 95,336	\$ 100,436	\$ 105,166	\$ 109,891	\$ 93,623	\$ 97,353	\$ 36,682
Contractual Obligations	-	-	-	576	1,152	1,726	2,303	2,881	3,455	4,034
Notes	33,410	35,280	51,890	55,358	58,827	61,455	64,049	2,126	2,236	-
Capital Lease Obligations	874	770	1,368	1,703	906	1,493	773	1,296	1,278	785
Total Outstanding Debt	\$ 191,055	\$ 201,317	\$ 318,754	\$ 343,289	\$ 362,005	\$ 232,262	\$ 242,888	\$ 169,572	\$ 177,760	\$ 118,746

General Bonded Debt Ratios										
Per Capita	\$ 376.52	\$ 404.22	\$ 650.84	\$ 713.67	\$ 764.53	\$ 243.36	\$ 261.78	\$ 288.46	\$ 309.94	\$ 331.31
Per FTSE	16,951	18,904	29,946	31,364	31,500	8,479	8,938	10,271	12,069	12,874
As a percentage of Taxable Assessed Value	0.73%	0.83%	1.41%	1.61%	1.77%	0.59%	0.62%	0.65%	0.69%	0.74%

Total Outstanding Debt Ratios										
Per Capita	\$ 695.27	\$ 742.34	\$ 1,181.79	\$ 1,287.30	\$ 1,379.09	\$ 905.52	\$ 965.25	\$ 702.34	\$ 750.23	\$ 509.31
Per FTSE	31,300	34,716	54,376	56,574	56,821	31,549	32,956	25,007	29,213	19,791
As a percentage of Taxable Assessed Value	1.35%	1.52%	2.56%	2.90%	3.19%	2.19%	2.29%	1.59%	1.68%	1.13%

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

Fiscal Year Ended August 31,	General Obligation Bonds									
	Taxable Assessed Value	Statutory Tax Levy Limited for		Less: Funds Restricted for Repayment of		Total Net General Obligation Debt	Current Year Debt Services Requirements		Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
		Debt Service	Obligation Bonds	General	Obligation Bonds		Debt Services	Requirements		
2018	\$ 14,103,402	\$ 70,517	\$ -	-	-	\$ 70,517	10,401	\$	60,116	14.75%
2017	13,249,895	66,249	-	-	-	66,249	9,856		56,393	14.88%
2016	12,461,009	62,305	-	-	-	62,305	9,496		52,809	15.24%
2015	11,837,736	59,189	-	-	-	59,189	8,240		50,949	13.92%
2014	11,359,617	56,798	-	-	-	56,798	5,028		51,770	8.85%
2013	10,980,953	54,905	-	-	-	54,905	4,197		50,708	7.64%
2012	10,608,924	53,045	-	-	-	53,045	4,069		48,976	7.67%
2011	10,614,922	53,075	-	-	-	53,075	3,452		49,623	6.50%
2010	10,663,551	53,318	-	-	-	53,318	3,157		50,161	5.92%
2009	10,569,683	52,848	-	-	-	52,848	2,850		49,998	5.39%

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

**Laredo College District
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)			
	Tuition	Technology Fee	Instructional Support Fee	Interest Income	General Use Fees	Total	Principal	Interest	Total	Coverage Ratio
2018	\$ 1,406	\$ 1,748	\$ 1,747	\$ 582	\$ 8,737	\$ 14,220	\$ 2,030	\$ 2,161	\$ 4,191	3.39
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

Laredo College District
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
2017	274,794	\$ 8,246,035	30,008	4.2%
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%

Source:

U.S. Bureau of Labor Statistics Data

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

Notes:

(a) Amounts from 2008 and 2009 are preliminary for the District Population and the District Income.

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

Current Fiscal Year

Employer	Number of Employees	Percentage of Total Employment
United Independent School District	7,174	6.25%
Laredo Independent School District	4,346	3.79%
H.E.B. Grocery	1,900	1.66%
Wal-Mart	2,125	1.85%
City of Laredo	2,535	2.21%
US CBP - Customs Field Officers	1,950	1.70%
Laredo Sector Border Patrol	1,400	1.22%
McDonald's Restaurant	1,520	1.33%
Laredo Medical Center	1,450	1.26%
Webb County	1,500	1.31%
Total	25,900	22.58%

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	5.82%
Laredo Independent School District	3,990-4,500	5.82%
City of Laredo	2,238-2,465	5.82%
U. S. Customs & Border Protection	1,730-1950	5.82%
McDonald's Restaurant	1,425-1,633	5.82%
Laredo Medical Center	1,377-1,500	5.82%
H.E.B. Grocery	1,245-1,800	5.82%
Webb County	1,400-1,600	5.82%
Wal-Mart (3 locations)	1,144-1,234	5.82%
The Laredo National Bank	1,129-1275	5.82%
Total	20,554-24,239	23.35%

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

		Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Faculty	Full-Time	186	181	177	183	189	200	196	197	198	198
	Part-Time	104	180	162	154	154	160	119	122	126	112
	Total	290	361	339	337	343	360	315	319	324	310
Percent	Full-Time	64.1%	50.1%	52.2%	54.3%	55.1%	55.6%	62.2%	61.8%	61.1%	63.9%
	Part-Time	35.9%	49.9%	47.8%	45.7%	44.9%	44.4%	37.8%	38.2%	38.9%	36.1%
Staff and Administrators	Full-Time	415	429	427	434	445	449	447	450	445	430
	Part-Time	119	127	123	154	142	153	129	133	123	97
	Total	534	556	550	588	587	602	576	583	568	527
Percent	Full-Time	77.7%	77.2%	77.6%	73.8%	75.8%	74.6%	77.6%	77.2%	78.3%	81.6%
	Part-Time	22.3%	22.8%	22.4%	26.2%	24.2%	25.4%	22.4%	22.8%	21.7%	18.4%
Total	Full-Time	601	610	604	617	634	649	643	647	643	628
	Part-Time	223	307	285	308	296	313	248	255	249	209
	Total	824	917	889	925	930	962	891	902	892	837
Percent	Full-Time	72.9%	66.5%	67.9%	66.7%	68.2%	67.5%	72.2%	71.7%	72.1%	75.0%
	Part-Time	27.1%	33.5%	32.1%	33.3%	31.8%	32.5%	27.8%	28.3%	27.9%	25.0%
FTSE per Full-Time Faculty		32.8	32.0	33.1	33.2	33.7	34.3	37.6	37.4	34.2	30.7
FTSE per Full-Time Staff Member		14.7	13.5	13.7	14.0	14.3	15.3	16.5	16.4	15.2	14.2
Average Annual Faculty Salary		\$59,400	\$59,103	\$59,022	\$53,982	\$55,395	\$55,401	\$55,435	\$55,782	\$55,120	\$55,375

Laredo College District
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Student Classification	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	7,378	80.41%	6,602	71.95%	6,129	66.79%	5,559	63.54%	5,859	70.53%
Sophomore	1,816	19.79%	1,887	20.56%	1,884	20.53%	1,980	22.63%	2,189	26.35%
Unclassified	215	2.34%	231	2.52%	314	3.42%	363	4.15%	348	4.19%
Associate	417	4.54%	399	4.35%	360	3.92%	328	3.75%	250	3.01%
Baccalaureate or Above **	55	0.60%	57	0.62%	62	0.68%	77	0.88%	80	0.96%
Total	9,881	107.68%	9,176	100.00%	8,749	95.35%	8,307	94.95%	8,726	105.04%

Semester Hour Load	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	85	0.93%	94	1.02%	159	1.73%	91	1.04%	75	0.90%
3-5 semester hours	3,281	35.76%	2,775	30.24%	2,495	27.19%	1,715	19.60%	1,836	22.10%
6-8 Semester hours	2,073	22.59%	2,082	22.69%	1,857	20.24%	1,827	20.88%	1,849	22.26%
9-11 semester hours	1,603	17.47%	1,633	17.80%	1,501	16.36%	1,650	18.86%	1,738	20.92%
12-14 semester hours	2,472	26.94%	2,189	23.86%	2,358	25.70%	2,640	30.17%	2,809	33.81%
15-17 semester hours	360	3.92%	389	4.24%	372	4.05%	367	4.19%	394	4.74%
18 & over	7	0.08%	14	0.15%	7	0.08%	17	0.19%	25	0.30%
Total	9,881	107.68%	9,176	100.00%	8,749	95.35%	8,307	94.95%	8,726	105.04%

Average course load 8.0

Tuition Status	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	8,850	96.45%	8,129	88.59%	7,629	83.14%	7,217	82.49%	7,467	89.89%
Texas Resident (Out-of-District)	647	7.05%	649	7.07%	621	6.77%	633	7.24%	685	8.25%
Non-Resident Tuition	173	1.89%	202	2.20%	216	2.35%	225	2.57%	281	3.38%
Tuition Exempt	83	0.90%	73	0.80%	97	1.06%	59	0.67%	106	1.28%
Foreign	128	1.39%	123	1.34%	186	2.03%	173	1.98%	187	2.25%
Total	9,881	107.68%	9,176	100.00%	8,749	95.35%	8,307	94.95%	8,726	105.04%

Notes:

* Previously earned an Associate Degree

** Previously earned a Baccalaureate or above degree

Laredo College District
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,469	55.35%	5,112	55.71%	4,843	55.35%	4,619	55.60%	4,902	56.18%
Male	4,412	44.65%	4,064	44.29%	3,906	44.65%	3,688	44.40%	3,824	43.82%
Total	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%	8,726	100.00%

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	126	1.28%	104	1.13%	134	1.53%	136	1.64%	147	1.68%
Hispanic	9,608	97.24%	8,886	96.84%	8,416	96.19%	7,938	95.56%	8,356	95.76%
African American	15	0.15%	9	0.10%	16	0.18%	15	0.18%	13	0.15%
Asian	24	0.24%	22	0.24%	21	0.24%	21	0.25%	17	0.19%
Foreign	65	0.66%	112	1.22%	145	1.66%	184	2.21%	137	1.57%
Native American	4	0.04%	2	0.02%	5	0.06%	3	0.04%	5	0.06%
Native Hawaiian	1	0.01%	2	0.02%	1	0.01%	-	0.00%	2	0.02%
Multiracial	-	0.00%	-	0.00%	2	0.02%	-	0.00%	2	0.02%
Unknown	38	0.38%	39	0.43%	9	0.10%	10	0.12%	47	0.54%
Total	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%	8,726	100.00%

	Fall 2017		Fall 2016		Fall 2015		Fall 2014		Fall 2013	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	2,465	24.95%	1,947	21.22%	1,364	15.59%	680	8.19%	662	7.59%
18-20	4,039	40.88%	3,828	41.72%	3,867	44.20%	3,867	46.55%	4,036	46.25%
21-25	2,152	21.78%	2,132	23.23%	2,176	24.87%	2,298	27.66%	2,387	27.36%
26-30	551	5.58%	585	6.38%	571	6.53%	599	7.21%	695	7.96%
31-40	412	4.17%	432	4.71%	472	5.39%	531	6.39%	572	6.56%
41 & Over	262	2.65%	252	2.75%	299	3.42%	332	4.00%	374	4.29%
Total	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%	8,726	100.00%
Average Age	21		21		23		23		23	

Laredo College District
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2016-17 Fall Students as of Fall 2016
(Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 Lamar University	2	-	-	2	0.11%
2 Midwestern State University	3	-	1	4	0.22%
3 Sam Houston State University	10	-	1	11	0.60%
4 Stephen F. Austin State University	1	-	-	1	0.05%
5 Texas A&M International University	1,083	87	61	1,231	67.67%
6 Texas A&M University - Corpus Christi	6	1	-	7	0.38%
7 Texas A&M University - Kingsville	53	2	-	55	3.02%
8 Texas A&M University - San Antonio	7	1	-	8	0.44%
9 Texas A&M University System Health Science Center	-	1	-	1	0.05%
10 Texas A&M University	110	1	1	112	6.16%
11 Texas State University	76	2	5	83	4.56%
12 Texas Tech University	15	-	-	15	0.82%
13 Texas Woman's University	-	-	1	1	0.05%
14 The University of Texas - Arlington	7	2	-	9	0.49%
15 The University of Texas - Austin	95	3	2	100	5.50%
16 The University of Texas - Dallas	-	-	-	-	0.00%
17 The University of Texas - El Paso	2	-	-	2	0.11%
18 The University of Texas - Rio Grande Valley	22	-	-	22	1.21%
19 The University of Texas - San Antonio	121	2	6	129	7.09%
20 The University of Texas Health Science Center at San Antonio	2	-	-	2	0.11%
21 The University of Texas of the Permian Basin	1	-	1	2	0.11%
22 University of Houston - Downtown	1	-	-	1	0.05%
23 University of Houston	8	2	-	10	0.55%
24 University of North Texas	9	-	-	9	0.49%
25 Prairie View A&M University	1	-	-	1	0.05%
26 Tarleton State University	1	-	-	1	0.05%
Totals	1,636	104	79	1,819	100.00%

Source: Texas Higher Education Coordinating Board

**Laredo College District
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2018 to 2014**

	Fiscal Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Academic buildings	22	22	33	33	33
Square footage (in thousands)	691,136	691,136	560,079	560,079	560,079
Libraries	2	2	2	2	2
Square footage (in thousands)	27,494	27,494	47,886	47,886	47,886
Number of Volumes (in thousands)	110,446	152,386	151,233	127,603	155,410
Administrative and support buildings	20	20	12	12	12
Square footage (in thousands)	168,582	168,582	49,951	49,951	49,951
Dormitories	1	1	2	2	2
Square footage (in thousands)	6,226	6,226	3,119	3,119	3,119
Number of Beds	12	12	12	12	12
Apartments	18	18	14	14	14
Square footage (in thousands)	27,884	27,884	20,594	20,594	20,594
Number of Beds	58	58	39	39	39
Dining Facilities	4	4	2	2	2
Square footage (in thousands)	54,754	54,754	22,842	22,842	22,842
Average daily customers	N/A	420	N/A	N/A	N/A
Athletic Facilities	23	23	14	14	14
Square footage (in thousands)	114,167	114,167	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	3	2	2	2
Softball Field	1	1	1	1	1
Swimming Pool Complex	1	1	1	1	1
Tennis Courts	13	13	5	5	5
Plant Facilities	16	16	8	8	8
Square footage (in thousands)	62,911	62,911	126,791	126,791	126,791
Other Buildings	16	16	19	19	19
Square footage (in thousands)	41,474	41,474	32,770	32,770	32,770
Other Buildings	4	4	-	-	-
Square footage (in thousands)	22,611	22,611	-	-	-
Transportation	110	105	38	37	35
Cars	12	13	13	14	12
Light Trucks/Vans	13	12	25	23	23
Tractors/Trailers	13	10	-	-	-
Utility Vehicles	44	43	-	-	-
Motorized Implements	27	27	-	-	-
Passenger Bus	1	-	-	-	-
Transportation - Repair Shop	26	26	-	-	-
Cars	14	14	-	-	-
Light Trucks/Vans	4	4	-	-	-
Tractors/Trailers	8	8	-	-	-

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

Fiscal Year	Contact Hours		
	Academic	Voc Tech	Total
2017-18	2,432,096	952,016	3,384,112
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

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LAREDO COLLEGE DISTRICT
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

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

<i>Federal and State Awards</i>			
	Internal control over major programs: Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

<i>Identification of Major Programs</i>			
	CFDA Numbers(s)	Name of Federal Program or Cluster	
	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?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

LAREDO COLLEGE DISTRICT
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS (Continued)

	Name of State Program or Cluster		
	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

None.

LAREDO COLLEGE DISTRICT
Laredo, Texas

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended August 31, 2018

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.

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 Depart 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.

2018 Status: Resolved in the current year.