



# Laredo College

2019 | Annual Financial Report

For the Fiscal Year Ended August 31, 2019

Laredo College \* Laredo, Texas

# Laredo College District

August 31, 2019

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## LAREDO COLLEGE DISTRICT

### ORGANIZATIONAL DATA

#### For the Fiscal Year 2019

##### Board of Trustees

##### Officers

Mercurio Martinez, Jr.	President	November 2022
Jackie Leven-Ramos	Vice President	November 2020
Henry S. Carranza, Ph.D.	Secretary	November 2022

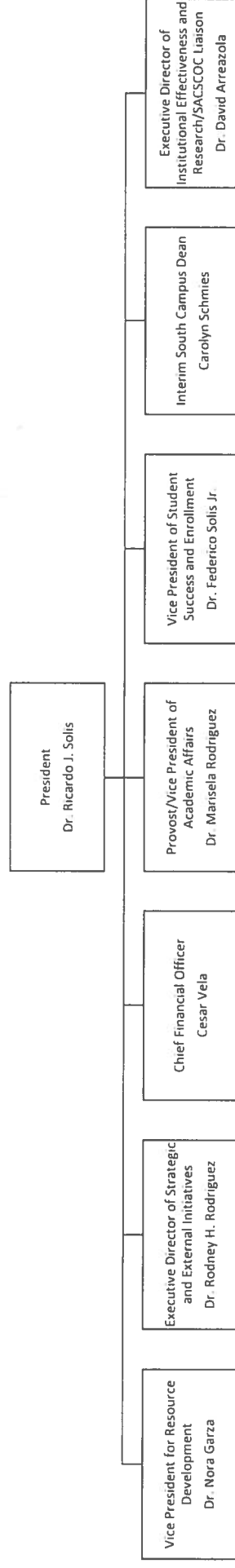
##### Term Expires

Jorge Delgado	Laredo, Texas	November 2024
Cynthia Mares	Laredo, Texas	November 2022
Michelle De La Peña	Laredo, Texas	November 2020
Esteban Rangel	Laredo, Texas	November 2024
Ernestina C. Vela	Laredo, Texas	November 2020
Lupita Zepeda	Laredo, Texas	November 2024

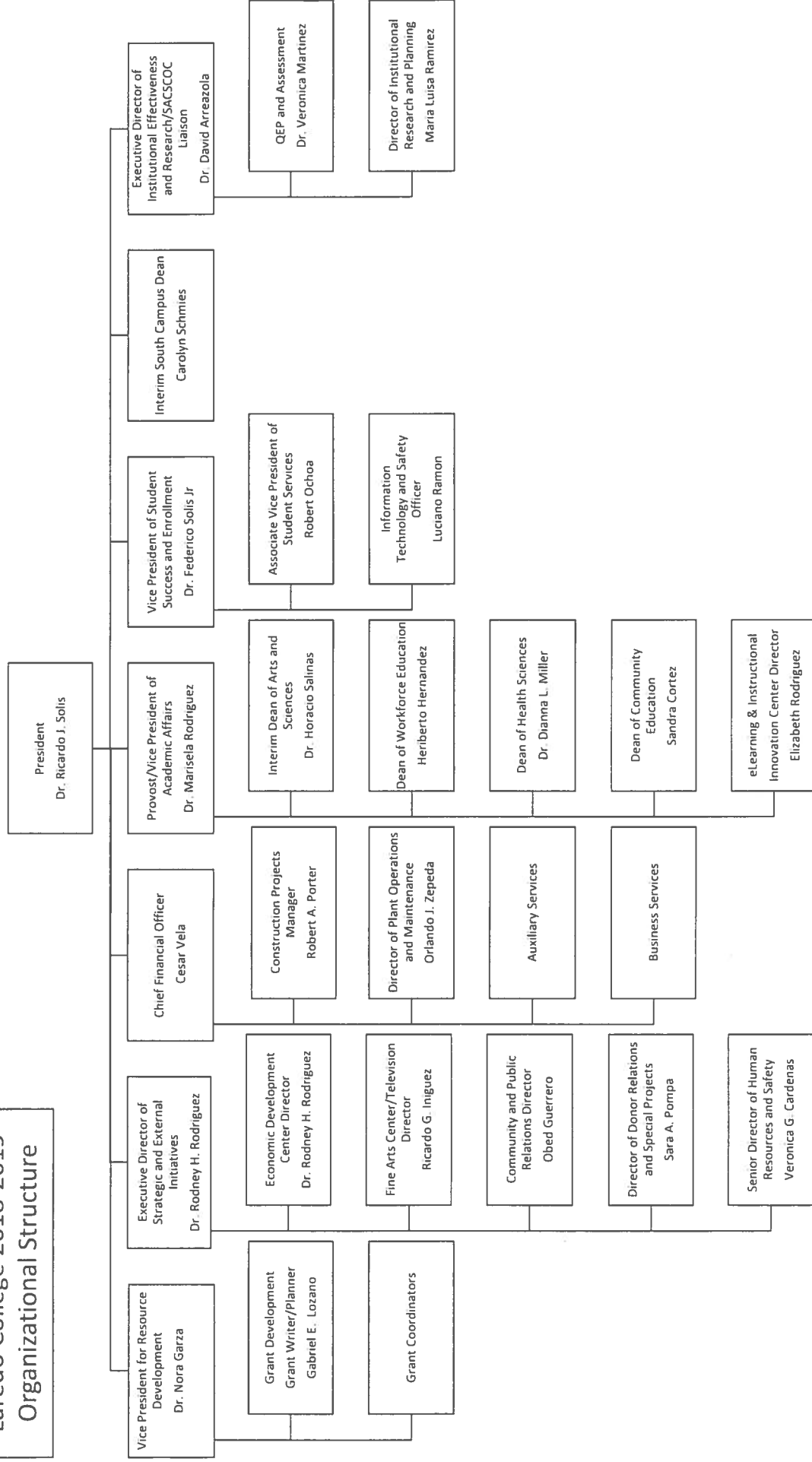
##### Principal Administrative Officers

Ricardo J. Solis, Ed.D.	President
Marisela Rodriguez, Ed.D.	Provost/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
David Arreazola, Ed.D.	Executive Director of Institutional Effectiveness & Research
Rodney Rodriguez, Ph.D.	Executive Director of Strategic and External Initiatives

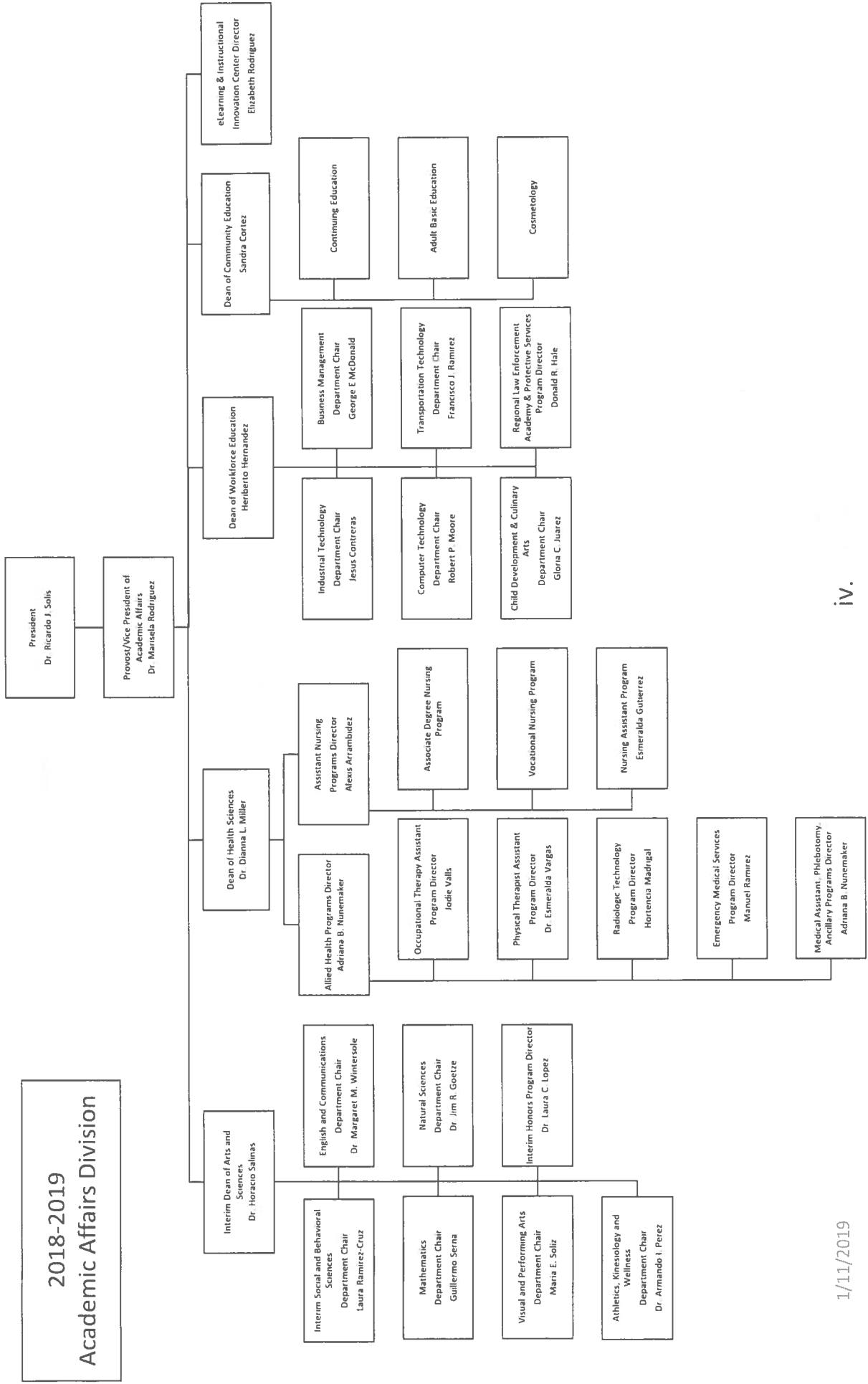
# Laredo College 2018-2019 Organizational Structure

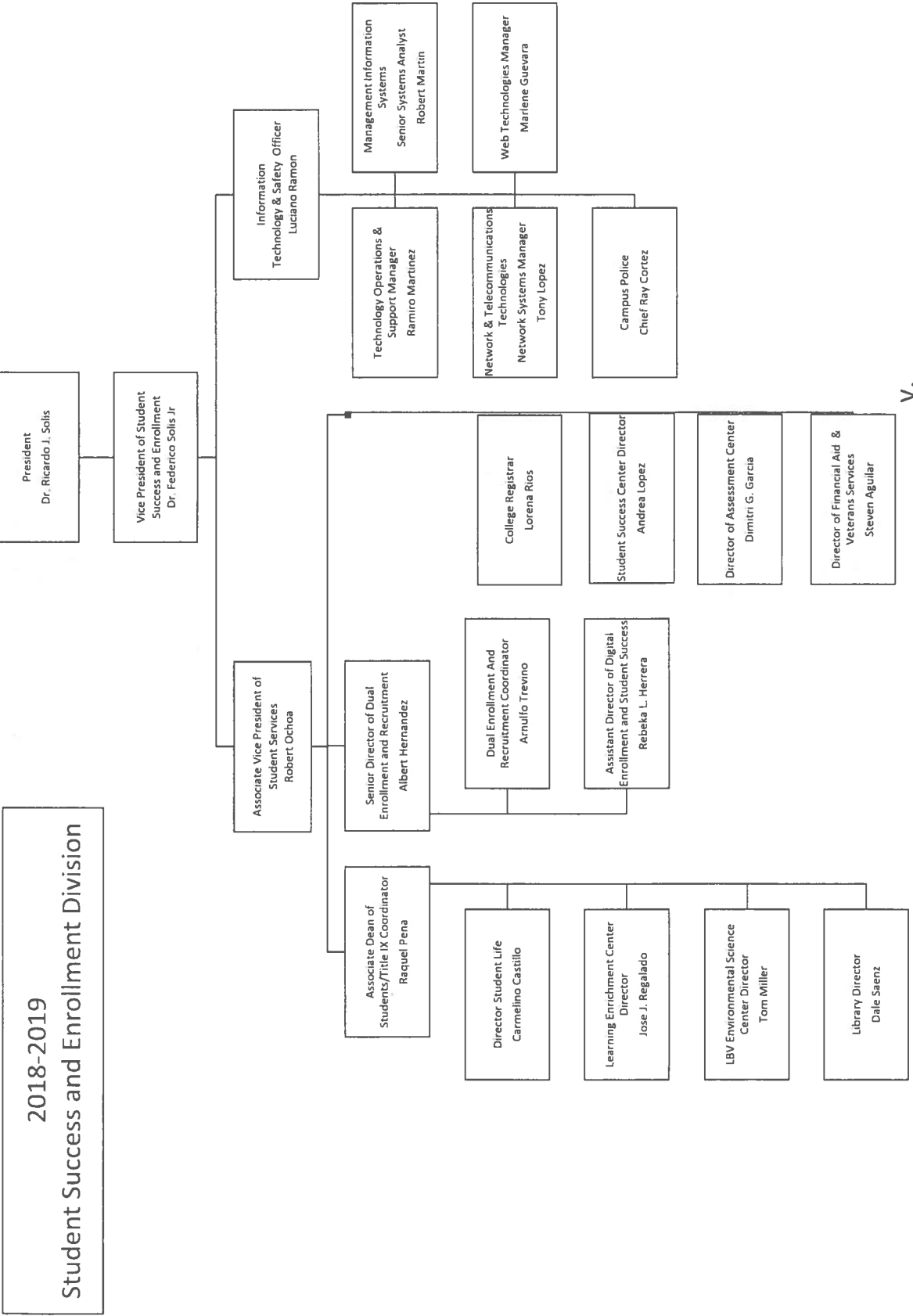


# Laredo College 2018-2019 Organizational Structure

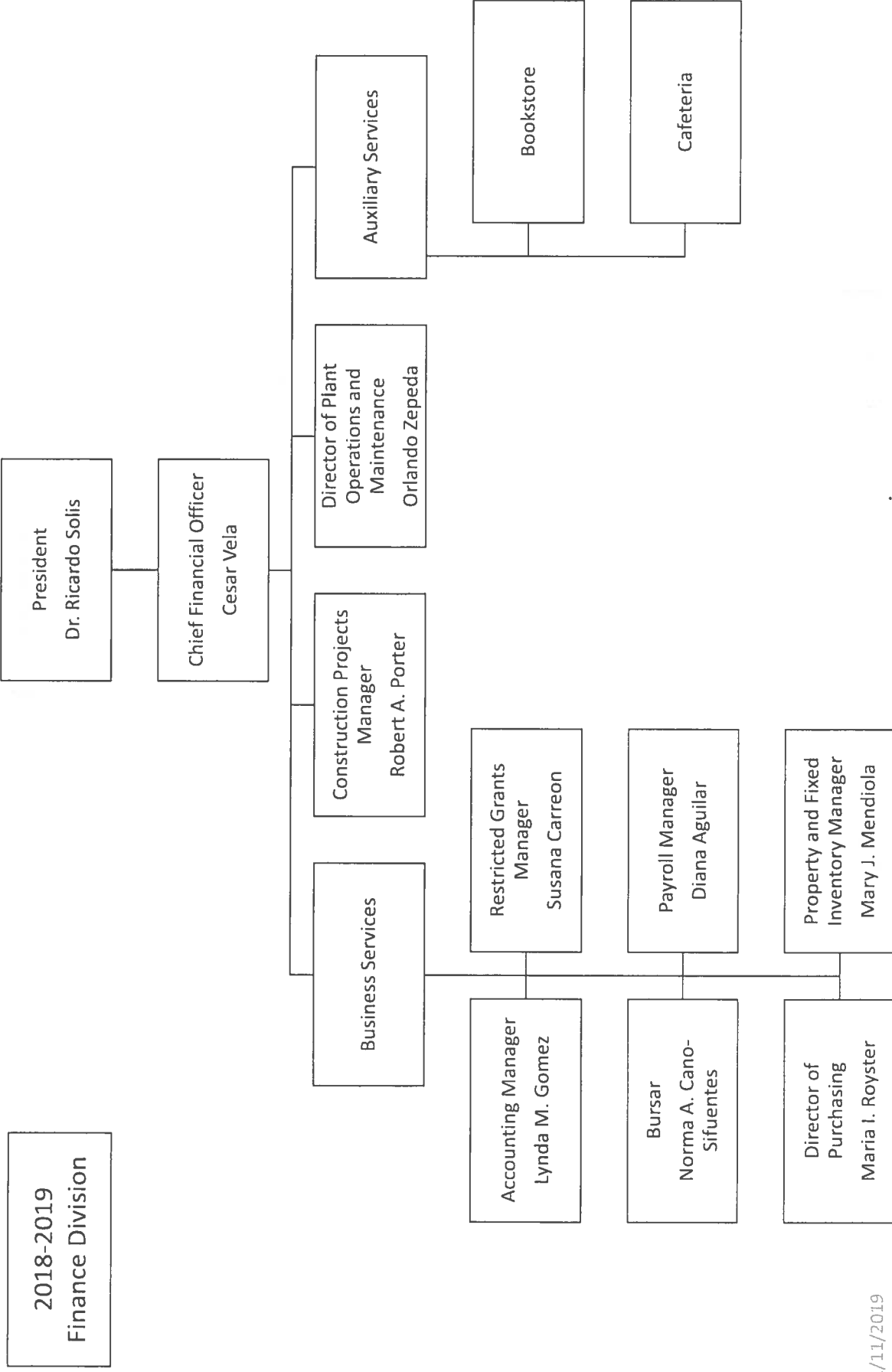


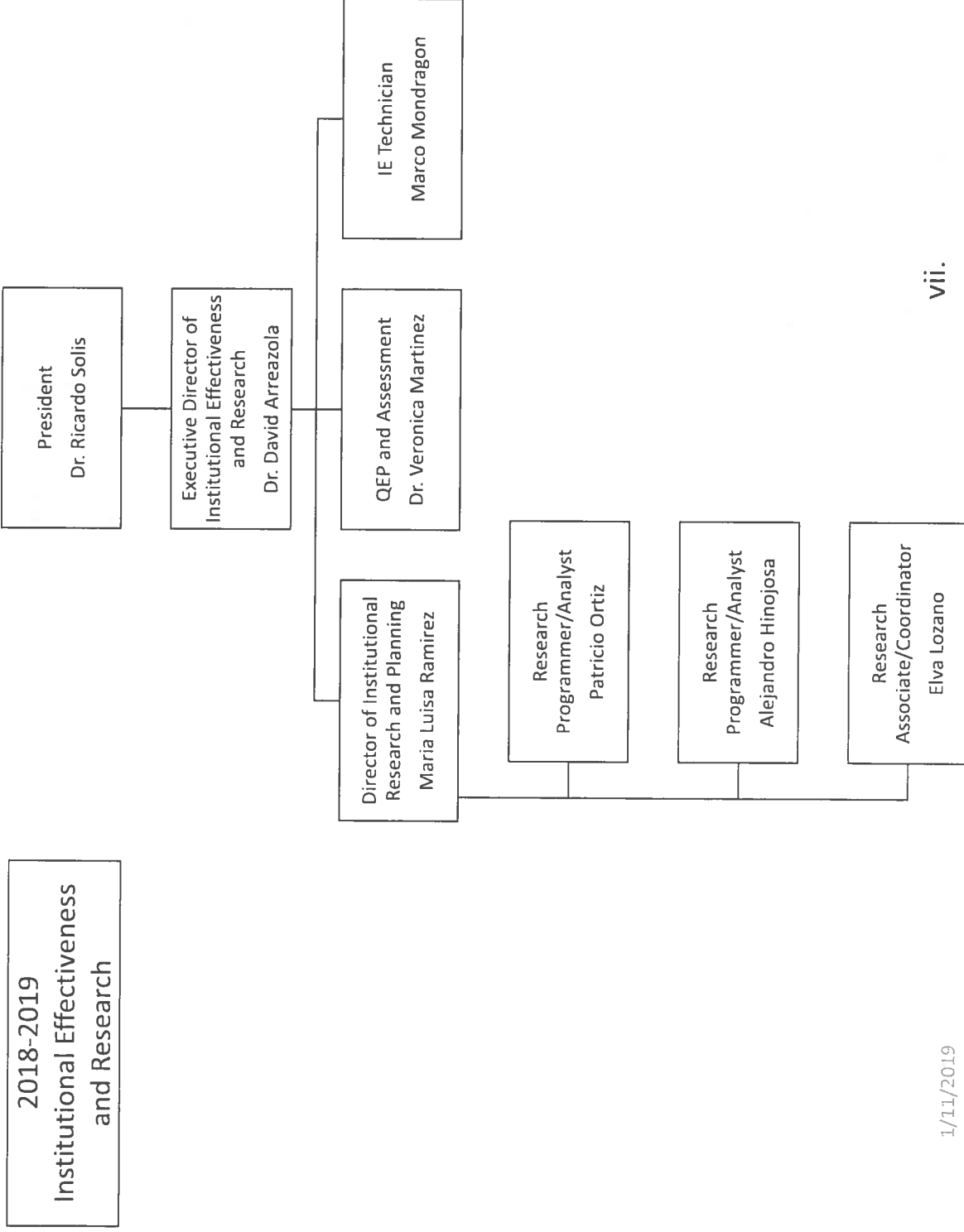
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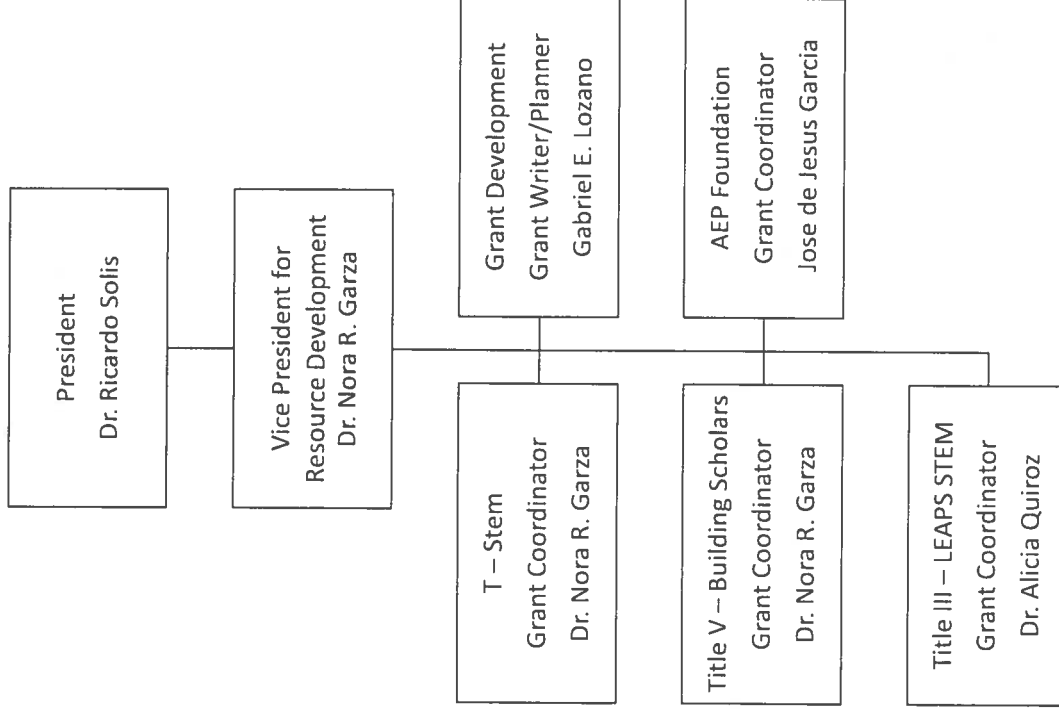




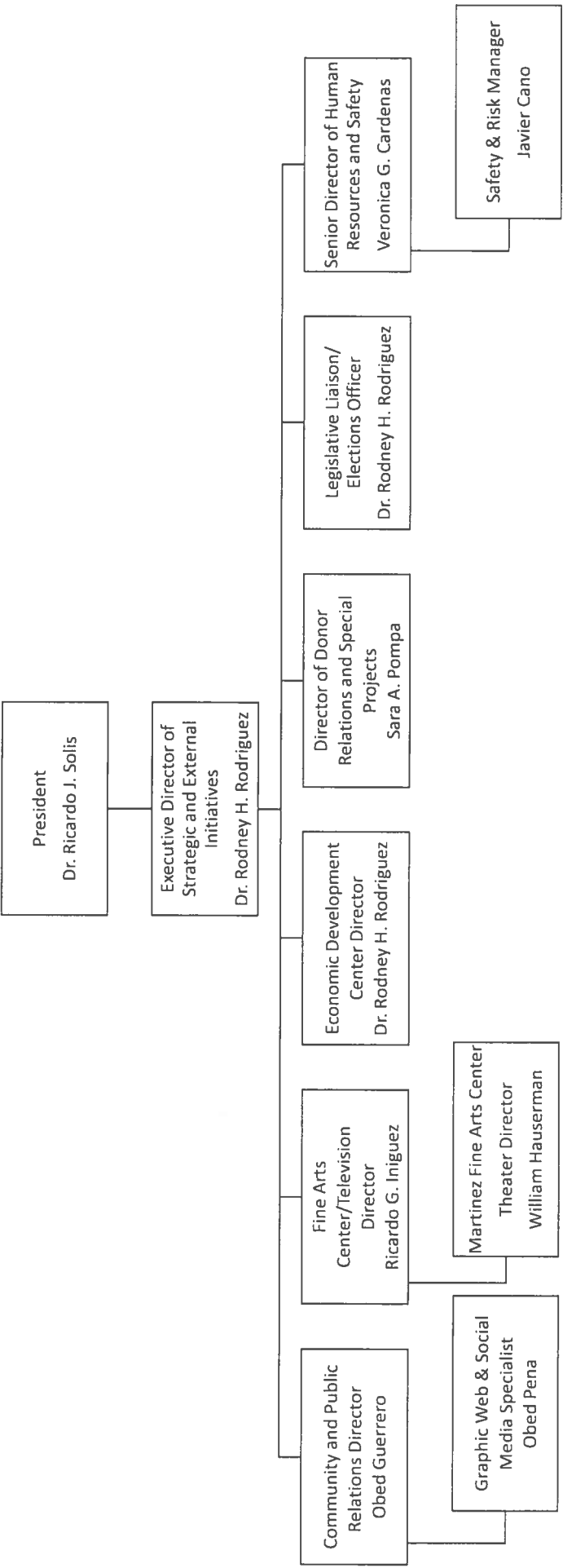


vii.

2018-2019  
Resource Development Division



2018-2019  
Strategic and External Initiatives Division



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## **FINANCIAL SECTION**

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees  
Laredo 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 2019 and 2018, 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, 2018. 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, 2019 and 2018, 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.

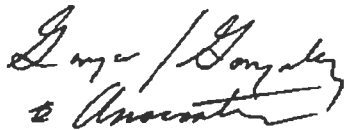


### *Other Information*

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 2, 2019 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 "L. J. / L. J. and Associates". The signature is written in a cursive, flowing style.

December 2, 2019

**Laredo College District  
Management Discussion and Analysis  
Year Ending August 31, 2019**

***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, 2019, and comparative information for the year ended August 31, 2018 and August 31, 2017. 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, 2019 was \$39.4 compared to \$29.9 million at August 31, 2018. The increase attributed to an increase in net investment in capital assets of \$4.4 million and an increase in the debt service reserve of \$2.2 million.
- The College's ad-valorem tax revenue for maintenance and operations increased by 7.12% or \$2,389,182 from \$33,565,103 in 2018 to \$35,954,285 in 2019.
- Non-operating revenues decreased 1.79% or \$1,377,193 from \$76,968,066 in 2018 to \$75,590,873 in 2019.
- Capital assets, net of accumulated depreciation, at August 31, 2019, had an increase of \$22,040,699 from August 31, 2018.
- During the fiscal year, the College's combined Net Position increased by \$9,507,592 or 31.83%.

The financial statements for the District's component unit, the L.C. Education Foundation, Inc., are discretely presented with the financial statements of the District's since the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access, are significant to the District's (Note 1). The separately issued financial statements of the Foundation can be obtained from the Donor Relations & Special Projects Office at Laredo College.

The L.C. Education Foundation, Inc., was incorporated in 2001 to function as a nonprofit foundation. The foundation was created to support and promote for the use and benefit of Laredo College and literary, scientific, education or cultural undertakings.

The following management discussion and analysis is intended to provide readers with an overview of the basic financial statements.

### **Statement of Net Position**

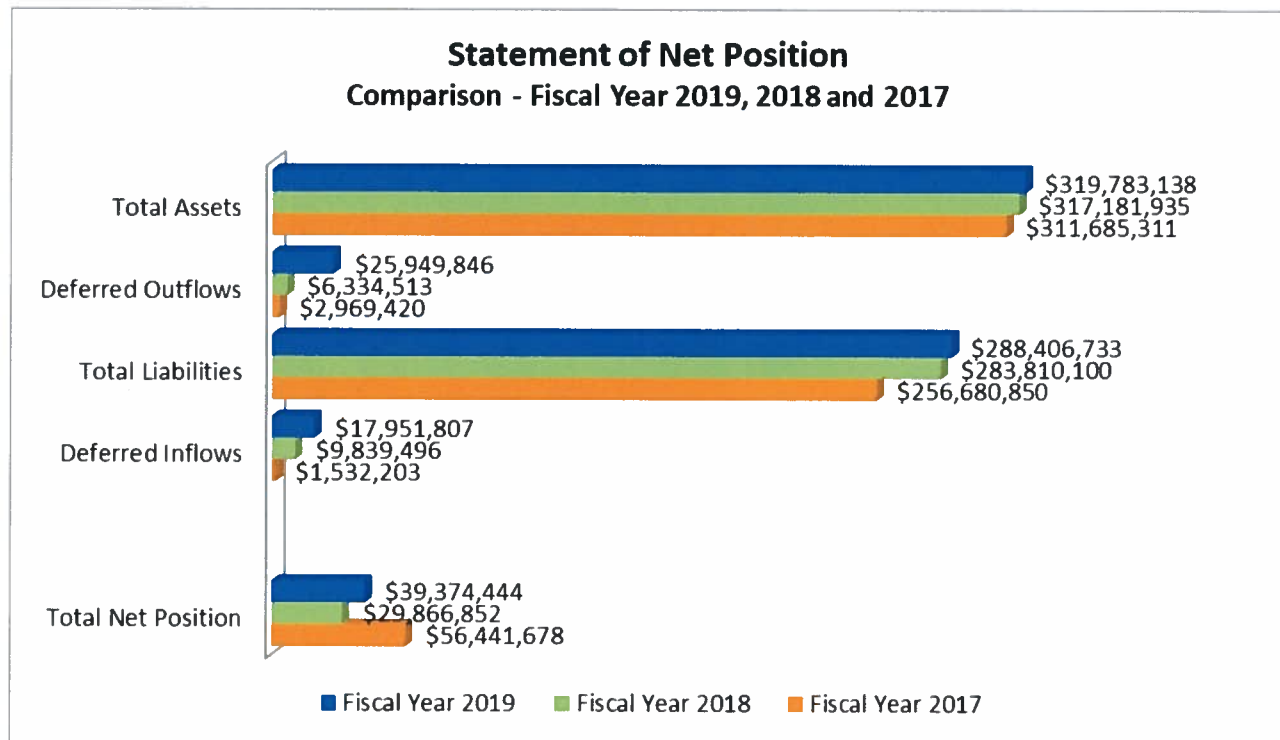
The statement of Net Position represents the College's financial position at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflow of resources of the College. Net position is the difference between assets plus deferred outflows of resources 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:

	<b>Statement of Net Position</b>		
	2019	2018	2017
<b>Assets:</b>			
Current assets	\$ 112,494,099	\$ 131,955,400	\$ 149,856,827
Capital assets	203,298,294	181,257,595	157,702,618
Other non-current assets	3,990,745	3,968,940	4,125,866
<b>Total assets</b>	<b>319,783,138</b>	<b>317,181,935</b>	<b>311,685,311</b>
Deferred Outflows Related to Pensions	6,776,574	1,513,725	2,388,992
Deferred Outflows Related to OPEB	15,315,614	889,857	-
Deferred Charge on Refundings	3,857,658	3,930,931	580,428
<b>Total Deferred Outflow of Resources</b>	<b>25,949,846</b>	<b>6,334,513</b>	<b>2,969,420</b>
<b>Liabilities:</b>			
Current liabilities	32,671,519	33,069,186	30,800,117
Non-current liabilities	255,735,214	250,740,914	225,880,733
<b>Total liabilities</b>	<b>288,406,733</b>	<b>283,810,100</b>	<b>256,680,850</b>
Deferred Inflows Related to Pensions	1,618,199	2,270,667	1,532,203
Deferred Inflows Related to OPEB	16,333,608	7,568,829	-
Net Investment in Capital Assets	29,374,745	24,992,131	18,801,859
Restricted net assets	22,692,583	20,135,656	18,271,990
Unrestricted net assets	(12,692,884)	(15,260,935)	19,367,829
<b>Total Net Position</b>	<b>\$ 39,374,444</b>	<b>\$ 29,866,852</b>	<b>\$ 56,441,678</b>



In 2019, total assets increased \$2.6 million. The increase was the result of a \$22.0 million increase in net capital assets, an increase in cash and cash equivalents of \$3.9 million and a reduction of \$23.8 million in restricted cash and cash equivalents. This is primarily due to the continuation of the acquisition and construction of capital assets as part of Phase III of the College's Facilities Master Plan.

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 2019, total liabilities increased by \$4.6 million or 1.62% resulting from an increase to noncurrent liabilities of \$4.9 million, partially offset by a decrease to current liabilities of \$397 thousand or 1.20%. The \$4.9 million increase to noncurrent liabilities was attributed to a decrease to bonds payable of \$10.8 million and increases in the Net Pension Liability of \$6.5 million and Net Other Postemployment Benefits (OPEB) Liability of \$7.9 million. There was also an increase of \$1.3 million in the capital leases payable.

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 2019, there was a significant increase in the total deferred outflows for resources. There was an approximate \$19.6 million dollars increase of which \$14.4 million is attributed to the deferred outflows of resources related to Other Postemployment Benefits (OPEB) and \$5.2 million related to the deferred outflows related to pensions. The deferred inflows also increased by \$8.1 million.

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.

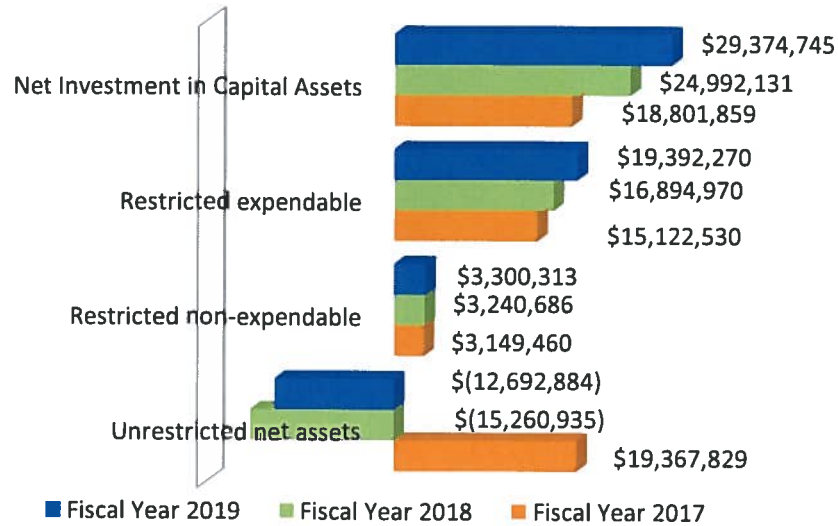
The College's net position at August 31, 2019 was \$39.4 million compared to \$29.9 million at August 31, 2018. The increase in net position is attributed to an increase in net investment in capital assets of \$4.4 million, an increase in debt service of 2.3 million, and in increase in unrestricted net assets in the amount of \$2.6 million. For 2019, the unrestricted net position reflects a negative amount of \$12.6 million due to the College assuming the proportionate share of the net other Postemployment Benefits (OPEB) liability in accordance with GASB 75 requirements. 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 \$42,957,626. This balance provides compelling evidence of the College's overall financial strength and stability.

	2019	2018	2017
Unrestricted Net Assets	\$ (12,692,884)	\$ (15,260,935)	\$ 19,367,829
Compensated Absences Current	896,544	889,251	872,463
Compensated Absences - non current	1,847,281	1,722,554	1,834,823
OPEB Liability GASB 75	42,198,715	34,231,864	-
Deferred Outflows of Resources-Pension/OPEB	(22,092,228)	(2,403,582)	(2,388,992)
Deferred Inflows of Resources-Pension/OPEB	17,951,807	9,839,496	1,532,203
Liability-Pension GASB 68	15,672,845	9,201,450	11,049,613
Unrestricted Net Assets, Net of CA, OPEB and Pension Liability	<u>\$ 43,782,080</u>	<u>\$ 38,220,098</u>	<u>\$ 32,267,939</u>

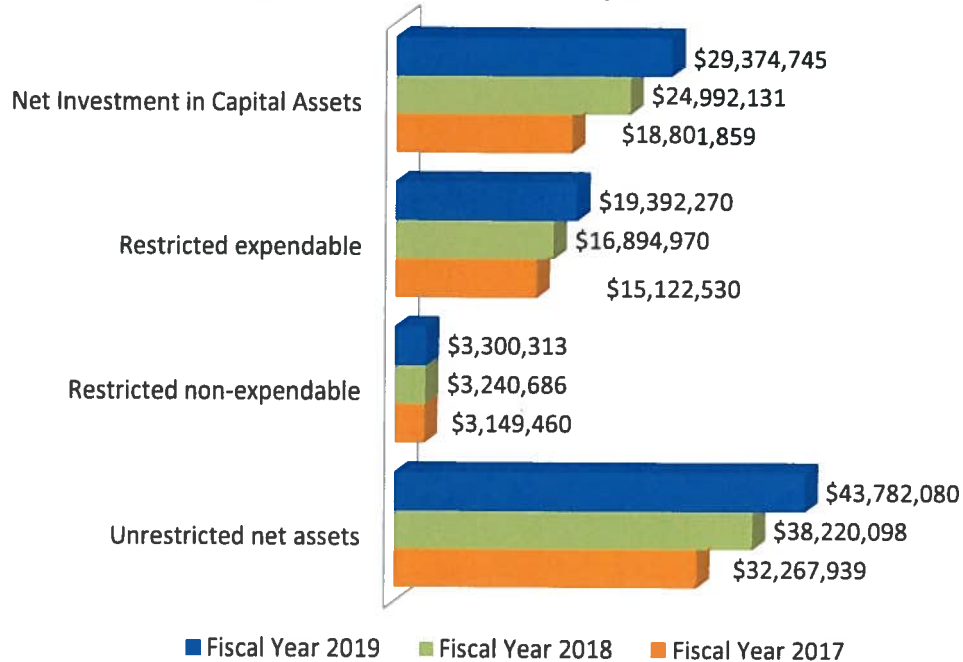
The College's unrestricted net assets, net of compensated absences and other postemployment benefits (OPEB), increased by \$4.7 million or 12.40% as compared to fiscal year 2018.

The College's net position at August 31, 2019 was \$39.4 million compared to \$29.9 million at August 31, 2018. The increase in net position is attributed to excess revenues over expenditures. For 2018, unrestricted net assets, net of compensated absences and other postemployment benefits, increased by \$5.9 million or 18.4% as compared to fiscal year 2017.

### Net Position Comparison - Fiscal Year 2019, 2018 and 2017



### Net Position Net of OPEB and Pension Liability Comparison - Fiscal Year 2019, 2018 and 2017



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

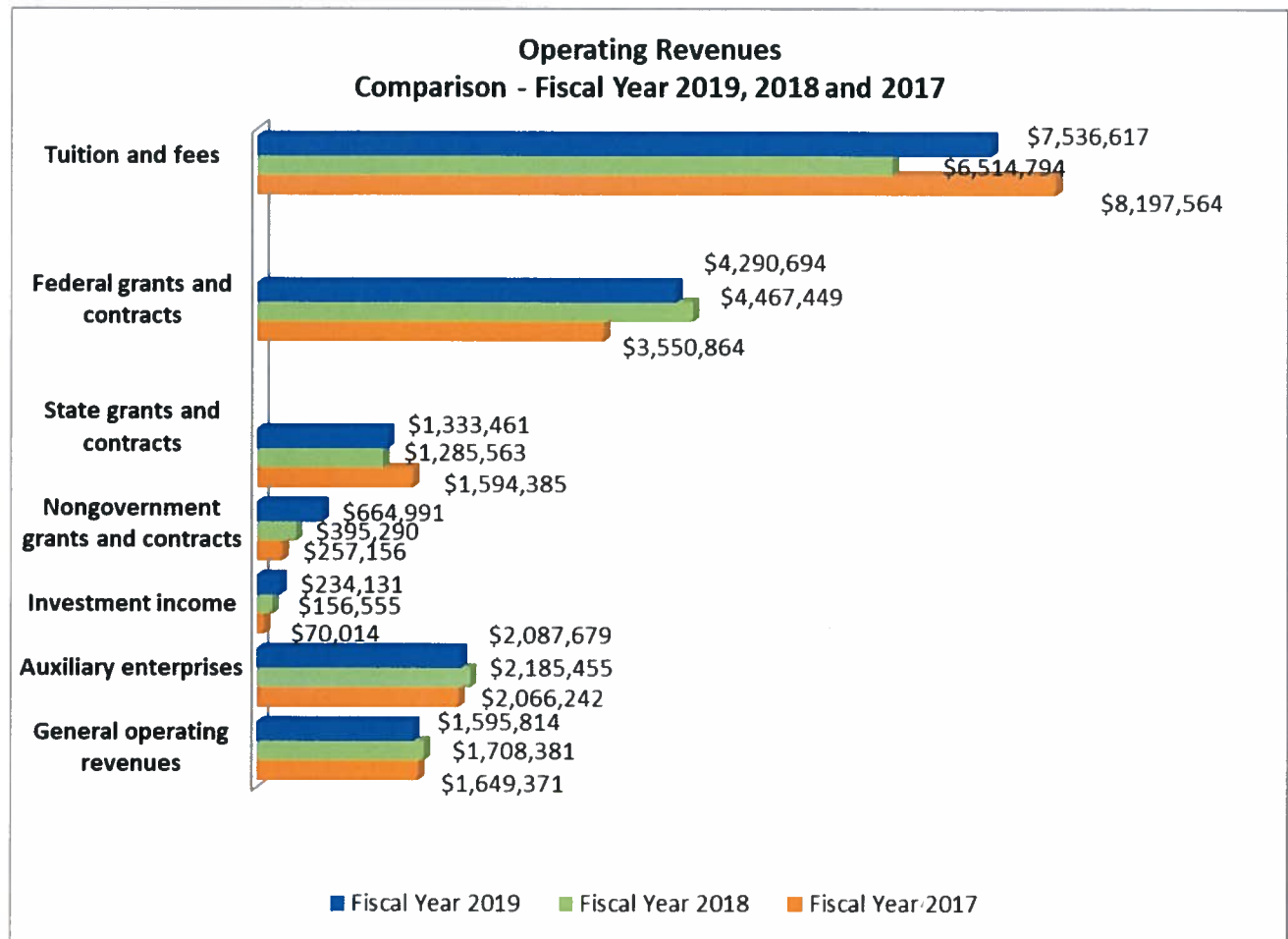
The Statements of Revenues, Expenses and Changes in Net Position present the College's results of operations for the fiscal year. Operating revenues are generated from the service provided to students and other customers of the College. Operating expenses include those costs incurred in the production 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**

	2019	2018	2017
Operating Revenues	\$ 17,743,387	\$ 16,713,487	\$ 17,385,596
Operating Expenses	83,826,668	80,297,148	77,229,099
Operating Loss	(66,083,281)	(63,583,661)	(59,843,503)
Non-operating revenues and expenses	75,590,873	76,968,066	70,288,368
Increase in Net Position	9,507,592	13,384,405	10,444,865
Net Position at beginning of year	29,866,852	56,441,678	45,996,813
Prior Period Adjustment	-	(39,959,231)	-
Restated Net Position at beginning of year	-	16,482,447	45,996,813
<b>Net Position at end of year</b>	<b>\$ 39,374,444</b>	<b>\$ 29,866,852</b>	<b>\$ 56,441,678</b>

	2019		2018		2017	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Operating revenues						
Tuition and fees (net of discounts)	\$ 7,536,617	42.48%	\$ 6,514,794	38.98%	\$ 8,197,564	47.15%
Federal grants and contracts	4,290,694	24.18%	4,467,449	26.73%	3,550,864	20.42%
State grants and contracts	1,333,461	7.52%	1,285,563	7.69%	1,594,385	9.17%
Nongovernment grants and contracts	664,991	3.75%	395,290	2.37%	257,156	1.48%
Investment income (program restricted)	234,131	1.32%	156,555	0.94%	70,014	0.40%
Auxiliary enterprises (net of discounts)	2,087,679	11.77%	2,185,455	13.08%	2,066,242	11.88%
Other operating revenues	1,595,814	8.99%	1,708,381	10.22%	1,649,371	9.49%
<b>Total</b>	<b>\$ 17,743,387</b>	<b>100.00%</b>	<b>\$ 16,713,487</b>	<b>100.00%</b>	<b>\$ 17,385,596</b>	<b>100.00%</b>



For 2019, the statement of revenues, expenses and changes in net position reflects an increase to net position of \$9.5 million. As is normal, operations yielded a loss for the year of \$66.0 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 \$2.5 million or 3.93%, from \$63.6 million in fiscal year 2018, to \$66.0 in fiscal year 2019. Operating revenues increased by \$1 million, and total operating expenses increased by \$3.5 million. Total operating revenues increase by \$1 million, primarily due to the increase in tuition and fee revenue.

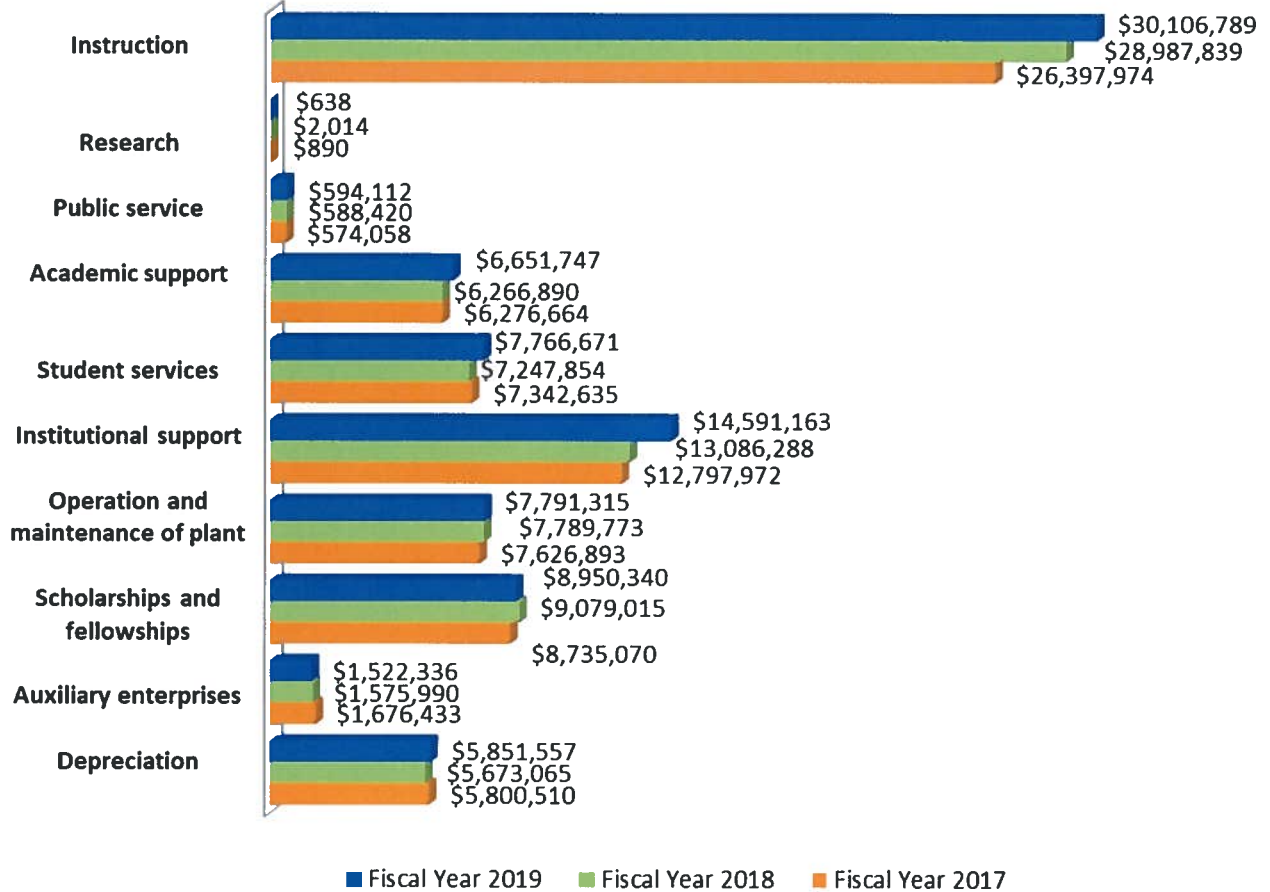
The statement of revenues, expenses and changes in net position reflects an increase to net position of \$13.4 million for fiscal year 2018. As is normal, operations yielded a loss for the year of \$63.5 million. This is commonly referred to as the burden on taxpayers. The operating loss does not include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

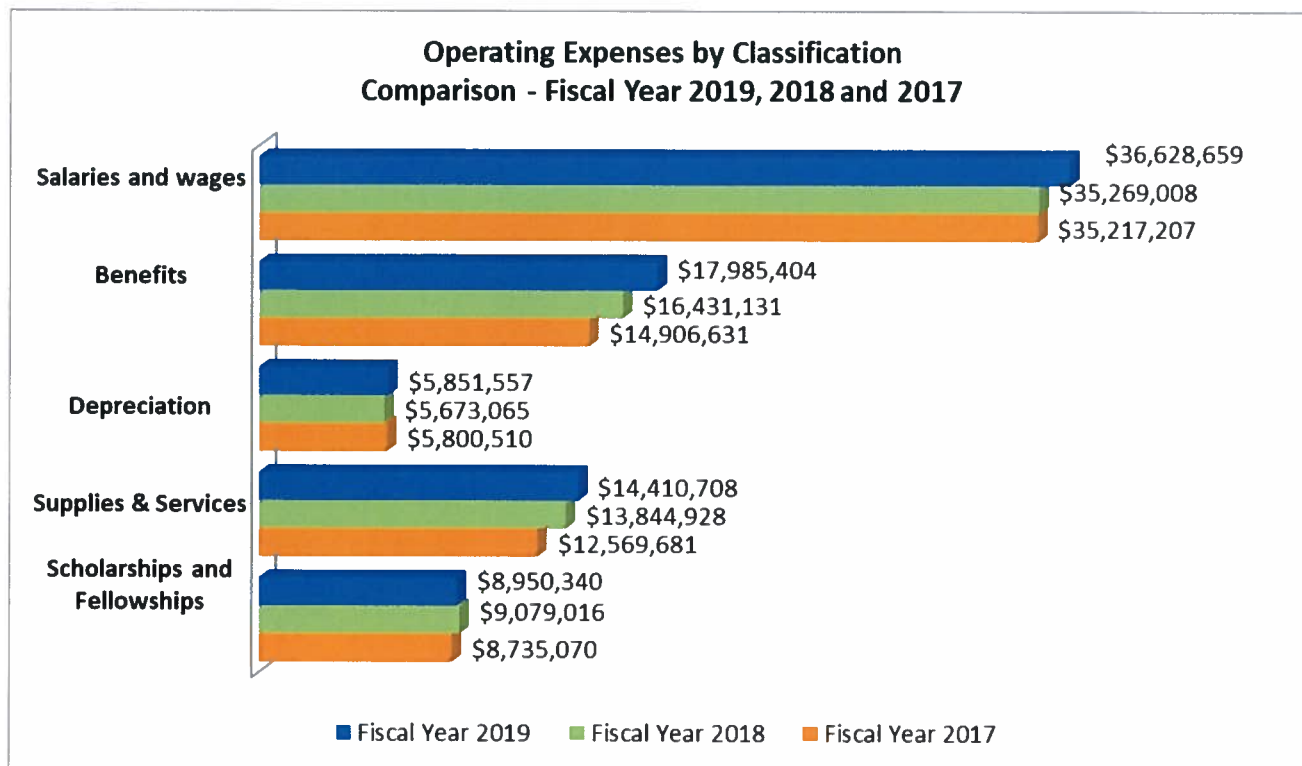


Operating Expenses by Function	2019		2018		2017	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	\$ 30,106,789	35.92%	\$ 28,987,839	36.10%	\$ 26,397,974	34.18%
Research	638	0.00%	2,014	0.00%	890	0.00%
Public service	594,112	0.71%	588,420	0.73%	574,058	0.74%
Academic support	6,651,747	7.94%	6,266,890	7.80%	6,276,664	8.13%
Student services	7,766,671	9.27%	7,247,854	9.03%	7,342,635	9.51%
Institutional support	14,591,163	17.41%	13,086,288	16.30%	12,797,972	16.57%
Operation and maintenance of plant	7,791,315	9.29%	7,789,773	9.70%	7,626,893	9.88%
Scholarships and fellowships	8,950,340	10.68%	9,079,015	11.31%	8,735,070	11.31%
Auxiliary enterprises	1,522,336	1.82%	1,575,990	1.96%	1,676,433	2.17%
Depreciation	5,851,557	6.98%	5,673,065	7.07%	5,800,510	7.51%
<b>Total</b>	<b>\$ 83,826,668</b>	<b>100.00%</b>	<b>\$ 80,297,148</b>	<b>100.00%</b>	<b>\$ 77,229,099</b>	<b>100.00%</b>

Operating Expenses by Classification	2019		2018		2017	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Salaries and wages	\$ 36,628,659	43.70%	\$ 35,269,008	43.92%	\$ 35,217,207	45.60%
Benefits	17,985,404	21.46%	16,431,131	20.46%	14,906,631	19.30%
Depreciation	5,851,557	6.98%	5,673,065	7.07%	5,800,510	7.51%
Supplies & Services	14,410,708	17.19%	13,844,928	17.24%	12,569,681	16.28%
Scholarships and fellowships	8,950,340	10.68%	9,079,016	11.31%	8,735,070	11.31%
<b>Total</b>	<b>\$ 83,826,668</b>	<b>100.00%</b>	<b>\$ 80,297,148</b>	<b>100.00%</b>	<b>\$ 77,229,099</b>	<b>100.00%</b>

**Operating Expenses by Function  
Comparison - Fiscal Year 2019, 2018 and 2017**





For 2019 operating expenses increased by 4%, or \$3.5 million compared to 2018. 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 Instruction and Institutional support, by \$1.1 million and \$1.5 million respectively.

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.

In 2019, net non-operating revenues (expenses) decreased over fiscal year 2018 by 1.79%, or \$1.4 million. The decrease in non-operating revenues was due primarily to a decrease in state appropriation of \$1.1 million. In addition, there was an increase in taxes for maintenance & operations of \$2.4 million which is offset by a decrease in federal grant revenue of \$2.9 million due to a decrease in Federal Pell awards.

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.

Some highlights of the fiscal year 2019 information presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

- Tuition and fees were discounted by \$17,656,816 and \$18,946,380 in fiscal years 2019 and 2018 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 \$17.6 million 27.1% or \$4.8 million represents exemptions granted for the dual enrollment program.

- Tax collections for maintenance and operations increased 7.12% from \$33,565,103 in 2018 to \$35,954,285 in 2019.
- The tax rates assessed in fiscal years 2018 and 2019 were \$0.338051 and \$0.327103 respectively.
- In fiscal year 2019, operations yielded a decrease in net position of 28.97% or \$3.9M from fiscal year 2018 to fiscal year 2019.

### **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 \$19.8 million and \$14.8 million at August 31, 2019 and 2018, 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 \$19.8 million decrease in cash and cash equivalents in fiscal year 2019 is primarily attributed to the outflow of approximately \$22 million for capital asset acquisitions. In 2019 there was also a \$4.7 million increase to suppliers for goods and services as compared to 2018. In addition there was a reduction of \$2.9 million in receipts from Title IV Financial Aid Programs. The \$14.8 million decrease in cash and cash equivalents in fiscal year 2018 is primarily attributed to the outflow of \$20.4 million due to the purchase and construction of capital assets made from bond proceeds.

### **Statement of Cash Flows**

	2019	2018	2017
Cash provided (used) by			
Operating Activities	\$ (53,524,315)	\$ (46,111,339)	\$ (46,744,937)
Non-capital financing activities	75,652,363	77,531,601	73,199,102
Financing activities	(44,367,370)	(48,025,141)	(32,798,249)
Investing activities	2,432,585	1,844,106	1,097,977
Net increase (decrease) in cash	(19,806,737)	(14,760,773)	(5,246,107)
Cash and cash equivalents - September 1	121,982,634	136,743,407	141,989,514
<b>Cash and cash equivalents - August 31</b>	<b>\$ 102,175,897</b>	<b>\$ 121,982,634</b>	<b>\$ 136,743,407</b>

### **Capital Assets**

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. The College had \$203.3 million and \$181.3 million invested in capital assets net of accumulated depreciation and amortization at August 31, 2019 and 2018. Depreciation and amortization expenses totaled \$5.8 million in fiscal year 2019 and \$5.7 million in fiscal year 2018 (Note 5). A summary of net capital assets is presented below:

### Net Capital Assets at Fiscal Year End

	Fiscal Year			Change	
	2019	2018	2017	2018 to 2019	2017 to 2018
Land	\$ 5,444,715	\$ 5,444,715	\$ 5,444,715	\$ -	\$ -
Water Rights	9,920	9,920	9,920	-	-
Construction in Process	62,672,899	40,230,865	15,540,495	22,442,034	24,690,370
Buildings & building improvements	106,596,333	109,035,053	110,550,944	(2,438,720)	(1,515,891)
Other real estate improvements	14,882,941	15,913,845	17,158,569	(1,030,904)	(1,244,724)
Furniture, machinery & equipment	12,946,859	9,820,651	8,124,544	3,126,208	1,696,107
Library books	744,626	802,545	873,431	(57,919)	(70,886)
Total capital assets, net of accumulated depreciation	<u>\$ 203,298,294</u>	<u>\$ 181,257,594</u>	<u>\$ 157,702,618</u>	<u>\$ 22,040,699</u>	<u>\$ 23,554,976</u>

One method of evaluating the continued life of capital assets is to compare the accumulated depreciation to the original cost of the assets as a percentage. The following table lists assets subject to depreciation and the percentage depreciated to August 31, 2019 and 2018.

### Depreciable Capital Assets and Accumulated Depreciation Percentages

	Fiscal Year 2019			Fiscal Year 2018		
	Capitalized Amount	Accumulated Depreciation	% Depreciated	Capitalized Amount	Accumulated Depreciation	% Depreciated
Buildings & building improvements	\$ 138,435,480	\$ 31,839,147	23.00%	\$ 138,435,480	\$ 29,400,427	21.24%
Other real estate improvements	34,208,397	19,325,456	56.49%	34,092,678	18,178,833	53.32%
Furniture, machinery & equipment	31,492,672	18,545,813	58.89%	29,751,165	19,930,514	66.99%
Library books	3,718,771	2,974,145	79.98%	3,631,752	2,829,207	77.90%
Total	<u>\$ 207,855,320</u>	<u>\$ 72,684,560</u>	<u>34.97%</u>	<u>\$ 205,911,075</u>	<u>\$ 70,338,981</u>	<u>34.16%</u>

Major capital additions and renovations completed or in process during fiscal years 2019 include the following:

Fiscal Year 2019	Project Status	Amount
Campus Signage Program	Completed	\$ 147,895
Building P-14 Project	CIP	97,152
Cosmetology Project	CIP	1,144,689
Cyber Security Project	CIP	393,657
De La Garza Building	CIP	358,487
Drone Technology Project	CIP	146,778
Fort McIntosh Campus Mall Improvements	CIP	1,222,385
G & L Martinez Fine Art Center	CIP	106,975
LC South HVAC Rep & Upgrades	CIP	1,429,519
LEAC Fitness Center Project	CIP	331,198
Leo & Joaquin Cigarroa Science Building	CIP	17,124,721
Maravillo Gym Project	CIP	153,148
Oil & Gas Institute - Storage Tank Outdoor Facility	CIP	90,465
South Campus Health Science Building	CIP	25,544,174
William "Billy" Hall Student Center Area Renovatio	CIP	778,403
Yearly Library Building Project	CIP	15,984,039

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
Yearly Library Renovation	CIP	13,429,155

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, 2019 and 2018, the College was committed for approximately

\$36.4 million and \$61.7 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 \$186.9 million and \$195.9 million in outstanding bond and maintenance tax note debt at August 31, 2019 and 2018, respectively, before premiums and discounts. Outstanding debt decreased by \$9.0 million and \$9.0 million in fiscal years 2019 and 2018, respectively. The following table summarizes these amounts by type of debt instrument.

	<b>Bonds and Tax Notes Payable</b>			<b>Change</b>	
	2019	Fiscal Year 2018	2017	2018 to 2019	2017 to 2018
General Obligation Bonds	\$ 104,205,000	\$ 109,250,000	\$ 114,060,000	\$ (5,045,000)	\$ (4,810,000)
Revenue Bonds	51,195,000	53,305,000	55,645,000	(2,110,000)	(2,340,000)
Tax Notes	31,485,000	33,410,000	35,280,000	(1,925,000)	(1,870,000)
Total outstanding debt	<u>\$ 186,885,000</u>	<u>\$ 195,965,000</u>	<u>\$ 204,985,000</u>	<u>\$ (9,080,000)</u>	<u>\$ (9,020,000)</u>

The \$9.0 million reduction in fiscal year 2019 was due to scheduled debt service payments of approximately \$1.9 million and a \$7.2 million reduction in principal.

The \$9.0 million reduction in outstanding debt in fiscal year 2018 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 80.3% 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 2020. 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, 2019 and August 31, 2018  
Exhibit 1

Assets	FY 2019	FY 2018
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 45,704,921	\$ 41,784,310
Restricted cash and cash equivalents	52,749,408	76,623,212
Property taxes receivable (net of allowances of \$965,427 and \$889,731)	1,423,160	1,431,082
Tuition and fees receivable (net of allowances of \$1,780,701 and \$1,557,731)	7,908,578	6,506,393
Federal receivables (net of allowances of \$101,987 and \$96,840)	1,621,651	1,167,485
Other receivables (net of allowances of \$495,370 and \$401,000)	2,997,408	4,154,404
Inventories	7,370	7,962
Prepaid expenses	81,603	280,552
<b>Total Current Assets</b>	<b>\$ 112,494,099</b>	<b>\$ 131,955,400</b>
<b>Noncurrent Assets:</b>		
Endowment cash and cash equivalents	3,721,568	3,575,112
Prepaid bond insurance (net of amortization)	269,177	393,828
Capital assets (net)	203,298,294	181,257,595
<b>Total Noncurrent Assets</b>	<b>\$ 207,289,039</b>	<b>\$ 185,226,535</b>
<b>Total Assets</b>	<b>\$ 319,783,138</b>	<b>\$ 317,181,935</b>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	6,776,574	1,513,725
Deferred Outflows Related to OPEB	15,315,614	889,857
Deferred Charge on Refundings	3,857,658	3,930,931
<b>Total Deferred Outflow of Resources</b>	<b>25,949,846</b>	<b>6,334,513</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	4,003,006	5,425,097
Accrued liabilities	224,178	355,519
Unearned revenue	12,154,390	12,326,421
Funds held for others	483,693	492,772
Accrued compensable absences - current portion	896,544	889,251
Capital leases payable - current portion	1,034,606	482,863
Bond interest payable	720,371	755,791
Bonds payable - current portion	10,831,943	10,400,771
Retainage payable	2,322,788	1,940,701
<b>Total Current Liabilities</b>	<b>\$ 32,671,519</b>	<b>\$ 33,069,186</b>
<b>Noncurrent Liabilities:</b>		
Accrued compensable absences	1,847,281	1,722,554
Capital leases payable	1,650,313	391,633
Bonds payable	194,366,060	205,193,413
Net Pension Liability	15,672,845	9,201,450
Net OPEB Liability	42,198,715	34,231,864
<b>Total Noncurrent Liabilities</b>	<b>\$ 255,735,214</b>	<b>\$ 250,740,914</b>
<b>Total Liabilities</b>	<b>\$ 288,406,733</b>	<b>\$ 283,810,100</b>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Related to Pensions	1,618,199	2,270,667
Deferred Inflows of Related to OPEB	16,333,608	7,568,829
<b>Total Deferred Inflows of Resources</b>	<b>17,951,807</b>	<b>9,839,496</b>
<b>Net Position</b>		
Net investment in capital assets	29,374,745	24,992,131
<b>Restricted for:</b>		
<b>Non-expendable</b>		
Endowment	3,300,313	3,240,686
<b>Expendable</b>		
Student aid	3,661,942	3,816,468
Plant funds	675,759	713,704
Other	103,777	164,529
Debt service reserve	11,569,440	9,302,591
Auxiliary	3,381,352	2,897,678
<b>Unrestricted</b>	<b>(12,692,884)</b>	<b>(15,260,935)</b>
<b>Total Net Position</b>	<b>\$ 39,374,444</b>	<b>\$ 29,866,852</b>

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

**Laredo College District**  
**Statement of Financial Position of L.C. Education Foundation, Inc.**  
**(A Component Unit of Laredo College District)**  
**December 31, 2018**  
**Exhibit 1A**

	December 31,	
	2018	2017
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents	\$ 315,941	\$ 715,442
Pledge Receivable	-	59,600
Restricted Assets		
Cash and Cash Equivalents	55,000	55,000
Investment	11,799	13,617
<b>Total Assets</b>	<b>\$ 382,740</b>	<b>\$ 843,659</b>
<b>Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets</b>		
Without Donor Restrictions	\$ 78,735	\$ 84,185
With Donor Restrictions	304,005	759,474
<b>Total Net Assets</b>	<b>\$ 382,740</b>	<b>\$ 843,659</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 382,740</b>	<b>\$ 843,659</b>

The notes to financial statements are an integral part of these financial statements.

Laredo College District  
Statement of Revenues, Expenses and Changes in Net Position  
Years Ended August 31, 2019 and August 31, 2018  
Exhibit 2

Revenues	FY 2019	FY 2018
Operating Revenues		
Tuition and fees (net of discounts of \$17,657,416 and \$18,946,380)	\$ 7,536,617	\$ 6,514,794
Federal grants and contracts	4,290,694	4,467,449
State grants and contracts	1,333,461	1,285,563
Nongovernment grants and contracts	664,991	395,290
Investment income (program restricted)	234,131	156,555
Auxiliary enterprises	2,087,679	2,185,455
Other operating revenues	1,595,814	1,708,381
Total Operating Revenues	<u>\$ 17,743,387</u>	<u>\$ 16,713,487</u>
Expenses		
Operating Expenses		
Instruction	30,106,789	28,987,839
Research	638	2,014
Public service	594,112	588,420
Academic support	6,651,747	6,266,890
Student services	7,766,671	7,247,854
Institutional support	14,591,163	13,086,288
Operation and maintenance of plant	7,791,315	7,789,773
Scholarships and fellowships	8,950,340	9,079,015
Auxiliary enterprises	1,522,336	1,575,990
Depreciation	5,851,557	5,673,065
Total Operating Expenses	<u>\$ 83,826,668</u>	<u>\$ 80,297,148</u>
Operating Income (Loss)	<u>\$ (66,083,281)</u>	<u>\$ (63,583,661)</u>
Non-Operating Revenues (Expenses)		
State appropriations	15,976,013	17,056,885
Professional nursing shortage reduction	26,272	36,933
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	35,954,285	33,565,103
Taxes for general obligation bonds	9,985,252	10,800,902
Federal revenue, non-operating	18,645,886	21,582,869
Investment income	2,432,585	1,844,106
Interest on capital related debt	(7,892,812)	(8,312,105)
Other non-operating revenues (expenses)	399,297	169,784
Additions to permanent endowments	56,000	88,500
Gain/(Loss) on sale of asset	-	1,540
Capital gifts	8,095	133,549
Net Other Non-Operating Revenues (Expenses)	<u>\$ 75,590,873</u>	<u>\$ 76,968,066</u>
Income Before Extraordinary Item	9,507,592	13,384,405
Extraordinary Item	-	-
Increase (decrease) in Net Position	9,507,592	13,384,405
Net Position - Beginning	29,866,852	56,441,678
Restatements (prior period adjustment)	-	(39,959,231)
Restated Net Position - September 1, 2018 and September 1, 2017	<u>29,866,852</u>	<u>16,482,447</u>
Net Position - Ending	<u>\$ 39,374,444</u>	<u>\$ 29,866,852</u>

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

**Laredo College District**  
**Statements of Activities of L.C. Education Foundation, Inc.**  
**(A Component Unit of Laredo College District)**  
**December 31, 2018**  
**Exhibit 2A**

	Without Donor Restrictions	With Donor Restriction	Total
Net Position at January 1, 2018	\$ 84,185	\$ 759,474	\$ 843,659
Support and Revenue			
Contributions	-	7,000	7,000
In-Kind Contributions	25,457	-	25,457
Investment Income	-	2,543	2,543
Loss on Investment	-	(1,818)	(1,818)
Net Position released from Restrictions	463,194	(463,194)	-
Total Revenue	488,651	(455,469)	33,182
Expenses:			
Program Services			
Laredo College - Programs and Scholarships	459,552	-	459,552
External Donations	2,250	-	2,250
In-Kind Expense	6,779	-	6,779
Total Program Services	468,581	-	468,581
General and Administrative			
Professional Fees	2,840	-	2,840
Contracted Services	4,000	-	4,000
Bank Fees	2	-	2
In-Kind Expense	18,678	-	18,678
Total General and Administrative Expenses	25,520	-	25,520
Total Expenses	494,101	-	494,101
Increase/(Decrease) in Net Position	(5,450)	(455,469)	(460,919)
Net Position at December 31, 2018	\$ 78,735	\$ 304,005	\$ 382,740

The notes to financial statements are an integral part of these financial statements.

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

	Without Donor Restrictions	With Donor Restriction	Total
Net Position at January 1, 2017	\$ 57,444	\$ 701,869	\$ 759,313
Support and Revenue			
Contributions	102,305	169,600	271,905
In-Kind Contributions	14,010	-	14,010
Investment Income	-	3,139	3,139
Loss on Investment	-	(377)	(377)
Net Position released from Restrictions	114,757	(114,757)	-
Total Revenue	231,072	57,605	288,677
Expenses:			
Program Services			
Laredo College - Programs and Scholarships	169,872	-	169,872
External Donations	13,096	-	13,096
In-Kind Expense	7,005	-	7,005
Total Program Services	189,973	-	189,973
General and Administrative			
Professional Fees	2,750	-	2,750
Contracted Services	4,000	-	4,000
Bank Fees	3	-	3
In-Kind Expense	7,005	-	7,005
Miscellaneous	600	-	600
Total General and Administrative Expenses	14,358	-	14,358
Total Expenses	204,331	-	204,331
Increase/(Decrease) in Net Position	26,741	57,605	84,346
Net Position at December 31, 2017	\$ 84,185	\$ 759,474	\$ 843,659

The notes to financial statements are an integral part of these financial statements.

**Laredo College District**  
**Statement of Cash Flows**  
**Years Ended August 31, 2019 and 2018**  
**Exhibit 3**

	FY 2019	FY 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 9,207,076	\$ 10,136,960
Receipts from operating grants and contracts	5,834,979	7,000,434
Payments to suppliers for goods and services	(14,414,133)	(9,739,538)
Payment to or on behalf of employees	(47,031,843)	(46,295,117)
Payments for scholarships and fellowships	(8,950,339)	(9,079,015)
Other Receipts (payments)	1,829,945	1,864,936
Net cash provided (used) by operating activities	<u>(53,524,315)</u>	<u>(46,111,339)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from State Appropriations	10,431,927	10,432,144
Receipts from Ad Valorem Taxes	45,947,459	44,685,502
Receipts (payments) from (to) student organizations and other agency transactions	(9,079)	(21,371)
Receipts from private gifts for endowment purposes	56,000	88,500
Receipts from Title IV Financial Aid Programs	18,645,886	21,582,869
Other Receipts	580,170	763,957
Net cash provided (used) by non-capital financing activities	<u>75,652,363</u>	<u>77,531,601</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from the issuance of capital debt	-	32,525,504
Acquisition and construction of capital assets	(25,979,037)	(34,080,953)
Payments of bond insurance	(124,651)	(300,981)
Proceeds from sale of Equipment	-	2,705
Payment of bond issue costs and other fees	-	(438,420)
Payments on capital debt and lease - principal	(9,019,270)	(35,938,910)
Payments on capital debt and leases - interest and fees	(9,244,412)	(9,794,086)
Net cash provided (used) by capital and related financing activities	<u>(44,367,370)</u>	<u>(48,025,141)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts from interest on dividends	2,432,585	1,844,106
Net cash provided (used) by investing activities	<u>2,432,585</u>	<u>1,844,106</u>
Increase (Decrease) in cash and cash equivalents	<u>(19,806,737)</u>	<u>(14,760,773)</u>
Cash and cash equivalents - September 1	<u>121,982,634</u>	<u>136,743,407</u>
Cash and Cash Equivalents - August 31	<u><u>\$ 102,175,897</u></u>	<u><u>\$ 121,982,634</u></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, 2019 and 2018  
Exhibit 3

	FY 2019	FY 2018
<b>Reconciliation of net operating income (loss) to net cash provided (used) by operating activities</b>		
Operating Income (loss)	\$ (66,083,282)	\$ (63,583,661)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation and Amortization expense	6,688,593	6,642,478
State On-behalf Payments	5,544,086	6,624,741
Changes in Assets and Liabilities:		
Assets (Increase) decrease		
Receivables	(699,354)	2,587,682
Inventories	592	(683)
Prepaid Expenses	198,949	90,103
Deferred outflows	(20,513,100)	(14,590)
Liabilities Increase (Decrease)		
Accounts Payable	(1,040,004)	3,046,560
Accrued Liabilities	(131,341)	(900,845)
Compensated Absences	132,020	(95,481)
Unearned Revenue	(172,031)	(298,839)
Deferred Inflows	8,112,311	8,307,293
TRS Pension Liability	14,438,246	(8,516,097)
Net cash provided (used) by operating activities	<u>\$ (53,524,315)</u>	<u>\$ (46,111,339)</u>

**Schedule of Non-Cash Investment, Capital, and Financing Activities**

State on-behalf payments	\$ 5,544,086	\$ 6,624,741
Increase (decrease) in fair value of investments	\$ -	\$ -
Gifts of depreciable and non-depreciable assets	\$ 8,095	\$ 133,549
Amortization of premium on bonds	\$ 1,316,180	\$ 1,237,987
Amortization of deferred charges on bond refundings	\$ 897,767	\$ 3,350,503

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

Laredo College District  
Statement of Cash Flows of L.C. Education Foundation, Inc.  
(A Component Unit of Laredo College District)  
December 31, 2018  
Exhibit 3A

	December 31,	
	2018	2017
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (460,919)	\$ 84,346
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Decrease in Fair Value of Investment	1,818	377
Decrease (Increase) in Pledge Receivable	59,600	(59,600)
Net Cash Provided (Used) by Operating Activities	(399,501)	25,123
Increase (Decrease) in Cash and Cash Equivalents	(399,501)	25,123
Cash and Cash Equivalents at Beginning of Year	770,442	745,319
Cash and Cash Equivalents at End of Year	\$ 370,941	\$ 770,442
Non-cash Operating Activities		
In-Kind Contributions	\$ 25,457	\$ 14,010

The notes to financial statements are an integral part of these financial statements.



**Laredo College District  
Notes to Financial Statements  
August 31, 2019**

**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. Education Foundation, Inc. – Discrete Component Unit**

The L.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.

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

### **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.

### **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.

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

### **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 \$3,659,778 and \$3,570,061 at August 31, 2019 and August 31, 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 2019 and 2018 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 \$10,744,427 and \$10,915,983, federal, state, and local grants of \$1,409,963 and \$1,409,438 and rental revenue of \$0 and \$1,000 have been reported as unearned revenue at August 31, 2019 and August 31, 2018, 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 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.

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

### Estimates

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

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

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

### Prior Year Restatements

There were no restatements for fiscal year ending 2019. The college made a prior year restatements in 2018 as applicable to reflect the implementation of GASB Statement No. 75.

#### Restatement to Beginning Net Position

Effective for fiscal year 2018, the College implemented GASB Statement No. 75, Accounting for OPEB. Accordingly, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources related to OPEB for contributions made to the ERS OPEB plan after the measurement date of the beginning net OPEB liability.

Because audited beginning balances could not be obtained for all the deferred outflows of resources and deferred inflows of resources related to OPEB, the College determined it was impractical to restate its fiscal year 2017 financial statements. As such, the College recorded a restatement to beginning net position in the fiscal year 2018 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75:

Beginning net position	\$ 56,441,678
Cumulative effect of change in accounting principle (GASB 75):	
Beginning Net OPEB liability (measurement date as of August 31, 2017)	(40,899,798)
Deferred outflow for the College contributions to ERS plan during FY17	940,567
Beginning net position, as restated	<u>\$ 16,482,447</u>

In addition, community colleges may consider restating beginning net position on the face of the SRECNP as follows:

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

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

	2018	2017
Increase (decrease) in net position	13,384,405	10,444,865
<b>NET POSITION</b>		
Net Position - Beginning of Year	56,441,678	45,996,813
Cumulative Effect of Change in Accounting Principle (Note 2)	(39,959,231)	N/A
Net Position - Beginning of Year, as restated	16,482,447	N/A
Net Position - End of Year	<u><u>\$ 29,866,852</u></u>	<u><u>\$ 56,441,678</u></u>

### 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

	August 31, 2019	August 31, 2018
Bank Deposits		
Money Market Deposits	\$ 45,681,671	\$ 41,764,060
Restricted Money Market Deposits	52,748,908	76,623,012
Endowment Money Market	61,790	5,051
	<u>98,492,369</u>	<u>118,392,123</u>
Cash and Cash Equivalents		
Cash on Hand	\$ 23,250	\$ 20,250
Restricted Cash on Hand	500	200
Investment Pools (Lone Star)	3,659,778	3,570,061
	<u>3,683,528</u>	<u>3,590,511</u>
<b>Total Cash and Deposits</b>	<u><u>\$ 102,175,897</u></u>	<u><u>\$ 121,982,634</u></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, 2019 was as follows:

	Balance September 1, 2018	Increases	Decreases	Balance August 31, 2019
<u>Not depreciated:</u>				
Land	\$ 5,444,715	\$ -	\$ -	\$ 5,444,715
Water rights	9,920	-	-	9,920
Construction in Process	40,230,865	22,442,034	-	62,672,899
Subtotal	<u>\$ 45,685,500</u>	<u>\$ 22,442,034</u>	<u>\$ -</u>	<u>\$ 68,127,534</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	\$ 138,435,480	\$ -	\$ -	\$ 138,435,480
Other Real Estate Improvements	34,092,678	115,719	-	34,208,397
Total Buildings and Other Real Estate Improvements	<u>\$ 172,528,158</u>	<u>\$ 115,719</u>	<u>\$ -</u>	<u>\$ 172,643,877</u>
Library books	3,631,752	96,559	9,540	3,718,771
Equipment Purchased with Capital Lease	874,496	2,647,460	837,037	2,684,919
Furniture, Machinery, and Equipment	28,876,669	5,104,541	5,173,458	28,807,752
Total Buildings and Other Capital Assets	<u>\$ 205,911,075</u>	<u>\$ 7,964,279</u>	<u>\$ 6,020,034</u>	<u>\$ 207,855,319</u>
<u>Accumulated Depreciation</u>				
Buildings and Building Improvements	\$ 29,400,427	\$ 2,438,720	\$ -	\$ 31,839,147
Other Real Estate Improvements	18,178,833	1,146,623	-	19,325,456
Total Buildings and Other Real Estate Improvements	<u>\$ 47,579,260</u>	<u>\$ 3,585,343</u>	<u>\$ -</u>	<u>\$ 51,164,603</u>
Library books	2,829,207	154,478	9,540	2,974,145
Furniture, Machinery, and Equipment	19,930,514	2,542,103	3,926,804	18,545,813
Total Accumulated Depreciation	<u>\$ 70,338,980</u>	<u>\$ 6,281,923</u>	<u>\$ 3,936,344</u>	<u>\$ 72,684,559</u>
Net Capital Assets	<u>\$ 181,257,595</u>	<u>\$ 24,124,389</u>	<u>\$ 2,083,691</u>	<u>\$ 203,298,294</u>

## Note 5 - Capital Assets – (continued)

Capital assets activity for the year ended August 31, 2018 is included for comparison purposes.

	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 6 – Non-Current Liabilities

Long-Term liability activity for the year August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Current Portion
<u>Bonds and notes</u>					
General obligation bonds	\$ 109,250,000	\$ -	\$ (5,045,000)	\$ 104,205,000	\$ 5,305,000
Discounts	(461,567)	-	37,570	(423,997)	(36,807)
Premium	20,090,751	-	(1,353,750)	18,737,001	1,353,750
Revenue bonds	53,305,000	-	(2,110,000)	51,195,000	2,190,000
Tax Note	33,410,000	-	(1,925,000)	31,485,000	2,020,000
Total bonds	<u>\$ 215,594,184</u>	<u>\$ -</u>	<u>\$ (10,396,180)</u>	<u>\$ 205,198,003</u>	<u>\$ 10,831,943</u>
<u>Other liabilities</u>					
Retainage payable	\$ 1,940,701	\$ 976,051	\$ (593,965)	\$ 2,322,788	\$ 2,322,788
Compensated absences	2,611,805	309,738	(177,719)	2,743,825	896,544
Capital leases	874,496	2,647,460	(837,037)	2,684,919	1,034,606
Net pension liability	9,201,450	7,430,617	(959,222)	15,672,845	-
Net OPEB liability	34,231,864	21,108,767	(13,141,916)	42,198,715	-
Total other liabilities	<u>\$ 48,860,316</u>	<u>\$ 32,472,633</u>	<u>\$ (15,709,859)</u>	<u>\$ 65,623,092</u>	<u>\$ 4,253,938</u>
Total long-term liabilities	<u>\$ 264,454,500</u>	<u>\$ 32,472,633</u>	<u>\$ (26,106,039)</u>	<u>\$ 270,821,095</u>	<u>\$ 15,085,881</u>



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

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 7 - Debt and Lease Obligations

Debt Service requirements at August 31, 2019 were as follows:

For the Years Ended August 31,	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	6,315,000	4,021,900	2,605,000	1,805,732	2,435,000	1,033,188
2025-2029	36,645,000	15,044,750	14,975,000	7,328,091	14,010,000	3,322,444
2030-2034	38,640,000	5,396,200	19,050,000	3,570,513	6,390,000	428,681
2035-2036	-	-	5,105,000	259,800	-	-
Total	<u>\$104,205,000</u>	<u>\$43,273,400</u>	<u>\$51,195,000</u>	<u>\$21,046,306</u>	<u>\$31,485,000</u>	<u>\$10,001,445</u>

Obligations under capital leases at August 31, 2019 were as follows:

For the years ended August 31,	Total
2020	\$1,080,711
2021	741,162
2022	681,366
2023	368,569
Total Minimum Lease Payments	2,871,808
Less Amount Representing Interest Costs	<u>(186,899)</u>
Present value of minimum lease payments	<u>\$2,684,909</u>

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

Debt Service requirements at August 31, 2018 are provided for comparison purposes only.

For the Years Ended <u>August 31,</u>	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>		<b>Maintenance Tax Notes</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	<u>\$109,250,000</u>	<u>\$48,620,750</u>	<u>\$53,305,000</u>	<u>\$23,277,894</u>	<u>\$33,410,000</u>	<u>\$11,542,389</u>

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	<u>(28,419)</u>
Present value of minimum lease payments	<u>\$ 874,496</u>

**Note 8 – Bonds Payable**

General information related to bonds payable is summarized below:

- **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, 2019 and 2018 is \$555,000 and \$1,085,000, respectively.

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

- **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, 2019 and 2018 is \$3,105,000 and \$3,485,000, 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, 2019 and 2018 is \$930,000 and \$995,000, 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, 2019 and 2018 is \$30,555,000 and \$32,415,000, 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, 2019 and 2018 is \$9,630,000 and \$10,015,000, respectively.

- **Limited Tax Bond, Series 2014**

- To fund Facilities Master Plan Phase III. To purchase, acquire, construct and equip facilities.
- Issued 7/17/2014
- \$87,915,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 5.00%
- Maturity date – August 2034
- Outstanding Principle balance as of August 31, 2019 and 2018 is \$75,510,000 and \$78,840,000, 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, 2019 and 2018 is \$4,645,000 and \$4,990,000, respectively.

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

- **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, 2019 and 2018 is \$14,530,000 and 16,245,000, 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, 2019 and 2018 is \$3,960,000 and \$4,430,000, 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, 2019 and 2018 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, 2019 and 2018 is \$29,300,000 and \$29,300,000, respectively.

## **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

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

### **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.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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

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

	<u>Contribution Rates</u>	
	<u>2018</u>	<u>2019</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		\$ 1,028,066
Current fiscal year member contributions		\$ 1,974,507
2018 measurement year NECE on-behalf contributions		\$ 678,132

The District's contributions to the TRS pension plan in FY 2019 were \$1,028,066 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 2019 were \$737,953.

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

- As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Rate	7.25%
Municipal Bond Rate	3.69%*
Last year ending August 31 in 2016 to 2115	
Projection period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.50% to 9.05%
Ad hoc post-employment benefit changes	None

*\*Source of 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 selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018. 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. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement morality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the



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

contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2018, are summarized below:

<b>Asset Class</b>	<b><u>Target Allocation*</u></b>	<b><u>Long-Term Expected Geometric Real Rate of Return</u></b>	<b><u>Expected Contribution to Long-Term Portfolio Returns**</u></b>
<b>Global Equity</b>			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.1%	1.3%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.3%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy and Natural Resources	5.0%	7.4%	0.3%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	3.7%	0.1%
Inflation Expectation			2.3%
Volatility Drag**			1.0%
<b>Total</b>	<u>100.0%</u>		<u>8.7%</u>

\* Target allocations are based on the FY2016 policy model.

\*\*The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

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

### 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 (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Laredo College's proportionate share of the net pension liability:	\$23,654,082	\$15,672,846	\$9,211,561

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

At August 31, 2019, the College reported a liability of \$15,672,846 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	\$ 15,672,846
State's proportionate share that is associated with Laredo College	<u>\$ 11,086,991</u>
Total	<u>\$26,759,837</u>

The net pension liability was measured as of August 31, 2018 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, 2017 thru August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net pension liability was 0.0284741180% which was an increase (decrease) of (0.00030324431%) from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College recognized pension expense of \$1,653,396 and revenue of \$1,097,317 for support provided by the State.

At August 31, 2019, 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	\$ 97,692	\$ 384,550
Changes in actuarial assumptions	5,650,816	176,588
Differences between projected and actual investment earnings	-	297,381
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	759,680
Total as of August 31, 2018 measurement date	\$ 5,748,508	\$ 1,618,199
Contributions paid to TRS subsequent to the measurement date	1,028,066	
Total as of fiscal year-end	\$ 6,776,574	\$ 1,618,199

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

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
2020	\$ 1,036,003
2021	\$ 410,199
2022	\$ 284,382
2023	\$ 888,698
2024	\$ 902,090
Thereafter	\$ 608,937

### 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 \$995,981 and \$958,383 for the fiscal years ended August 31, 2019, and August 31, 2018, 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 \$36,628,658 and \$35,269,007 for the fiscal years ended August 31, 2019, and 2018, respectively. The total payroll of employees covered by the Teacher Retirement System was \$25,645,301 and \$24,175,007 and the total payroll of employees covered by the Optional Retirement Program was \$8,082,114 and \$8,242,430 for fiscal years 2019 and 2018, 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, 2019 and August 31, 2018 in the amounts of \$2,743,825 and \$2,611,805, 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, 2019 totaled \$3,654,650 for the year. Compare the state's contribution to that provided for the year ended August 31, 2018, when the contribution for full-time active and retired employees totaled \$3,495,342 for the year. S.B. 1812, 83<sup>rd</sup> 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

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 18<sup>th</sup> 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.

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

Maximum Monthly Employer Contribution  
Retiree Health and Basic Life Premium  
Fiscal Year 2019

Retiree only	\$ 621.90
Retiree & Spouse	1,334.54
Retiree & Children	1,099.06
Retiree & Family	1,811.70

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, 2019

	2019	2018
Employers	\$ 973,676	\$ 879,722
Members (Employees)	-	-
Nonemployer Contributing Entity (State of Texas)	3,361,322	855,540

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 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, 2018
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 Years
Asset valuation method	Not applicable
Discount rate	3.96%
Projected annual salary increase (includes inflation)	2.50% to 9.50%
Annual healthcare trend rate	7.30% for FY2020, 7.40% for FY2021, 7.00% for FY2022 decreasing 0.5% per year to an ultimate rate of 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 ultimate MP projection scale from the year 2018.
Disability retirees	Tables based on TRS experience with ultimate MP projection scale from the year 2018 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 ultimate MP projection scale from the year 2014.

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 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. 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

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

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.

**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 (3.9%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (2.96%)	Discount Rate (3.96%)	1% Increase in Discount Rate (4.96%)
Proportionate share of the net OPEB liability	\$ 50,099,699	\$ 42,198,715	\$ 36,218,568

**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:	\$35,736,862	\$42,198,715	\$50,534,533

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At August 31, 2019, the District reported a liability of \$42,198,715 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:

District's proportionate share of the collective net OPEB liability	\$42,198,715
State's proportionate share that is associated with the District	34,293,768
Total	<u>\$76,492,483</u>

The net OPEB liability was measured as of August 31, 2018, 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, 2017, thru August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.14238168%, which was an increase (decrease) of 0.04191547% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the District recognized OPEB expense of \$2,102,010 and revenue of (\$203,863) 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:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.

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

- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouses have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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 maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

At August 31, 2019, 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	\$1,546,025
Changes in actuarial assumptions	-	14,787,583
Differences between projected and actual investment earnings	19,983	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	14,321,955	-
Total as of August 31, 2018 measurement date	\$14,341,938	\$16,333,608
Contributions paid to ERS subsequent to the measurement date	973,676	-
Total as of fiscal year-end	\$15,315,614	\$16,333,608

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:



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

Fiscal year ended August 31,	OPEB Expense Amount
2020	\$ (1,040,651)
2021	\$ (1,040,651)
2022	\$ (1,040,651)
2023	\$ 308,665
2024	\$ 821,618
Thereafter	\$ -

**Note 14 – Commitments and Contingencies**

On August 31, 2019, 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, 2019, and 2018, the College was committed for approximately \$36.4 million and \$61.7 million, respectively.

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

Receivables at August 31, 2019 and August 31, 2018 were as follows:

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
Students Receivable	\$ 2,428,707	\$ 4,160,390
State Grants Receivable	209,665	32,920
Local Grants Receivable	35,786	63,693
Auxiliary Receivable	12,115	29,612
Other Receivables	806,504	268,789
Subtotal	<u>3,492,777</u>	<u>4,555,404</u>
Allowance for Doubtful Accounts	<u>(495,370)</u>	<u>(401,000)</u>
<b>Total Receivables</b>	<b><u>\$ 2,997,407</u></b>	<b><u>\$ 4,154,404</u></b>

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

### Payables

Payables at August 31, 2019 and August 31, 2018 were as follows:

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
Accounts Payable - Construction	\$ 1,003,256	\$ 2,351,385
Salaries & Benefits Payable	1,445,992	861,225
Students Payable	663,150	597,078
Accrued Liabilities	224,178	355,519
Other Payables	890,608	1,615,409
Subtotal	<u>4,227,184</u>	<u>5,780,616</u>
 <b>Total Payables</b>	 <u><u>\$ 4,227,184</u></u>	 <u><u>\$ 5,780,616</u></u>

## Note 16 – Funds Held for Others

The College holds funds for certain student organizations and other agencies. These amounts are reflected in the Statement of Net Position as funds held for others in the amount of \$483,693 and \$492,772 at August 31, 2019 and August 31, 2018, 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 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 2019 and 2018 for which monies have not been received nor funds expended totaled \$3,866,193 and \$3,822,018. Of these amounts, \$3,497,183 and \$3,400,348 were from Federal Contract and Grant Awards; \$369,010 and \$421,670 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, 2019 and 2018, 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 2019 and 2018 and property insurance covering the District's buildings and personal property in a combined amount of \$200,875,703 for fiscal year 2019 and \$222,343,872 for fiscal year 2018. The College District also had \$6,000,000 in annual aggregate in school professional legal liability for fiscal year 2019 and \$2,000,000 for fiscal year 2018. Additional coverages under the general liability insurance include insurance for data compromise response, data defense and liability, and network security. In fiscal year 2019, the District also added insurance with a limit liability of \$5,000,000 to include coverage in security and privacy, network interruption service, event management insurance, and cyber extortion insurance.

The District did not maintain or operate a self-insured insurance plan for fiscal years 2019 and 2018.

## 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.

**Note 19 – Ad Valorem Tax (continued)**

	August 31, 2019	August 31, 2018
Assessed valuation of the District	\$ 17,374,656,069	\$ 16,195,341,461
Less: Exemptions	(3,271,254,179)	(2,945,445,964)
Less: Abatements	-	-
<b>Net Assessed Valuation of the District</b>	<b>\$ 14,103,401,890</b>	<b>\$ 13,249,895,497</b>

	Fiscal Year 2019			Fiscal Year 2018		
	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	\$ 0.072036	\$ 0.327103	\$ 0.255067	\$ 0.082984	\$ 0.338051

Taxes levied for the year ended August 31, 2019, and 2018 amounted to \$45,124,171 and \$43,771,852, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	August 31, 2019			August 31, 2018		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$34,915,857	\$ 9,686,035	\$44,601,892	\$32,881,358	\$10,470,827	\$43,352,185
Delinquent taxes collected	688,480	182,571	871,051	697,921	191,797	889,719
Penalties & Interest collected	409,040	116,646	525,686	442,648	138,277	580,926
Total Gross Collections	36,013,376	9,985,252	45,998,628	34,021,928	10,800,902	44,822,829
Tax Appraisal & Collection Fees	(637,850)	-	(637,850)	(686,712)	-	(686,712)
Bad Debt Expense	(75,696)	-	(75,696)	230,345	-	230,345
<b>Total Net Collections</b>	<b>\$35,299,830</b>	<b>\$ 9,985,252</b>	<b>\$45,285,082</b>	<b>\$33,565,561</b>	<b>\$ 10,800,902</b>	<b>\$44,366,463</b>

Tax collections for the year ended August 31, 2019, and 2018, were 98% and 99%, 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),

## **Note 20 – Income Taxes (continued)**

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, 2019 and August 31, 2018.

## **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, 2019 and August 31, 2018 in the following amounts, \$322,488 and \$313,474, respectively. At year end, the reserve for uncollectible accounts was \$2,378,058 and \$2,055,571. The total amount of uncollectible accounts written-off was \$0 and \$44,401 at August 31, 2019 and August 31, 2018. The property tax reserve was \$965,427 and \$889,731. The total reported allowance for doubtful accounts was a \$3,343,485 and \$2,945,302 for August 31, 2019 and August 31, 2018, respectively.

## **Note 22 – L.C. Education Foundation, Inc.**

The following note is from the audited financial statements of the L.C. Education Foundation, Inc., for the years ended December 31, 2018 and 2017:

### Summary of Significant Accounting Policies

For the purposes of the statements of cash flows, the foundation considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held in the form of certificates of deposit are reported as restricted assets since the foundation holds those funds as an endowment.

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, 2019

	Measurement Year Ended August 31,			
	2018	2017	2016	2015
District's Proportion of the Net Pension Liability (Asset)	0.0284741180%	0.0287773623%	0.0292406664%	0.0298519000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 15,672,846	\$ 9,201,450	\$ 11,049,613	\$ 10,552,249
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	11,086,991	6,640,545	7,936,580	7,280,335
Total	<u>\$ 26,759,837</u>	<u>\$ 15,841,995</u>	<u>\$ 18,986,193</u>	<u>\$ 17,832,584</u>
District's Covered Payroll	\$ 24,175,007	\$ 23,733,980	\$ 23,217,845	\$ 21,695,044
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	64.83%	38.77%	47.59%	48.64%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.74%	82.17%	78.00%	78.43%
				83.25%

Note: Only five 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, 2019

	Fiscal Year Ended August 31,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,028,066	\$ 959,963	\$ 943,305	\$ 929,901	\$ 869,222
Contribution in Relation to the Contractually Required Contribution	(1,028,066)	(959,963)	(943,305)	(929,901)	(869,222)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 25,645,301	\$ 24,175,007	\$ 23,733,980	\$ 23,217,845	\$ 21,695,044
Contributions as a percentage of Covered Payroll	4.01%	3.97%	3.97%	4.01%	4.01%

Note: Only five 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 PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
EMPLOYEES RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2019

	Measurement Year Ended August 31,	
	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.1423816800%	0.1004662100%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 42,198,715	\$ 34,231,864
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	34,293,768	31,102,829
Total	<u>\$ 76,492,483</u>	<u>\$ 65,334,693</u>
District's Covered Employee Payroll	\$ 29,938,497	\$ 30,390,207
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	64.83%	38.77%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	1.27%	2.04%

Note: Only two 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, 2019

	Fiscal Year Ended August 31,	
	2019	2018
Contractually Required Contribution	\$ 973,676	\$ 879,722
Contribution in Relation to the Contractually Required Contribution	(973,676)	(879,722)
Contribution Deficiency (Excess)	\$ -	\$ -
District's Covered Employee Payroll	\$ 31,244,326	\$ 29,938,497
Contributions as a percentage of Covered Employee Payroll	3.12%	2.94%

Note: Only two 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 District  
Notes to Required Supplementary Information  
August 31, 2019**

**Changes to Benefit Terms**

The only benefit revisions that have been adopted since the prior evaluation is an increase in out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in fiscal year 2019 Assumed per Capita Health Benefit Costs.

**Demographic Assumptions**

The following assumptions have been changed since the previous Other Postemployment Benefits (OPEB) valuation:

- Demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the Trustees from the Teachers Retirement System of Texas.
- Assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and Expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Actuarial assumption changes are described in ERS's Comprehensive Annual Financial Report which can be found at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2018-CAFR.pdf>

## **SCHEDULES**

Schedule of Detailed Operating Revenues  
Laredo College District  
Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)  
Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2019	FY 2018
<b>Tuition</b>						
State funded courses						
In-district resident tuition	\$ 7,420,825	\$ -	\$ 7,420,825	\$ -	\$ 7,420,825	\$ 7,443,703
Out-of-state tuition	526,748	-	526,748	-	526,748	582,797
TPEG (set aside)*	376,628	-	376,628	-	376,628	480,409
Out-of-district resident tuition	818,006	-	818,006	-	818,006	912,026
State funded continuing education	311,383	-	311,383	-	311,383	263,257
Non-state funded continuing education	194,003	-	194,003	-	194,003	74,819
<b>Total Tuition</b>	<b>\$ 9,647,593</b>	<b>\$ -</b>	<b>\$ 9,647,593</b>	<b>\$ -</b>	<b>\$ 9,647,593</b>	<b>\$ 9,757,011</b>
<b>Fees</b>						
General use fee	\$ 8,587,738	\$ -	\$ 8,587,738	\$ -	\$ 8,587,738	\$ 8,736,725
Installment fee	85,550	-	85,550	-	85,550	86,800
Health services fee	122,660	-	122,660	-	122,660	121,655
Matriculation fee	371,655	-	371,655	-	371,655	367,575
Late registration fee	28,990	-	28,990	-	28,990	34,560
Malpractice fee	19,555	-	19,555	-	19,555	19,245
Graduation fee	267	-	267	-	267	300
Instructional Support Fee	1,717,962	-	1,717,962	-	1,717,962	1,747,127
Technology fee	1,720,064	-	1,720,064	-	1,720,064	1,748,011
Student service fee	1,477,512	-	1,477,512	-	1,477,512	1,463,101
Distance education fee	587,748	-	587,748	-	587,748	531,165
Parking/street maint. Fee	246,266	-	246,266	-	246,266	244,083
Diff. tuition fee (development)	46,740	-	46,740	-	46,740	18,960
Diff. tuition fee (3 peat)	139,461	-	139,461	-	139,461	159,786
Lab fee	238,281	-	238,281	-	238,281	251,201
Assessment fee	53,273	-	53,273	-	53,273	80,561
Installment loan late payment fee	31,380	-	31,380	-	31,380	26,030
Add/drop fee	26,030	-	26,030	-	26,030	28,550
Other fees	45,308	-	45,308	-	45,308	58,728
<b>Total fees</b>	<b>\$ 15,546,440</b>	<b>\$ -</b>	<b>\$ 15,546,440</b>	<b>\$ -</b>	<b>\$ 15,546,440</b>	<b>\$ 15,704,163</b>
<b>Scholarships allowances and discounts</b>						
Scholarship allowances	(398,027)	\$ -	\$ (398,027)	\$ (600)	\$ (398,627)	\$ (394,592)
Remissions and exemptions	(5,114,507)	-	(5,114,507)	-	(5,114,507)	(4,133,271)
Pell grants	(10,390,621)	(600)	(10,391,221)	-	(10,391,221)	(12,755,790)
Other federal grants	(700,428)	-	(700,428)	-	(700,428)	(754,612)
TEOG grants	(526,654)	-	(526,654)	-	(526,654)	(612,835)
TPEG allowances	(378,209)	-	(378,209)	-	(378,209)	(214,455)
Other state grants	(30,878)	-	(30,878)	-	(30,878)	(70,125)
Other	(116,892)	-	(116,892)	-	(116,892)	(10,700)
<b>Total scholarship allowances</b>	<b>(17,656,216)</b>	<b>\$ (600)</b>	<b>\$ (17,656,816)</b>	<b>\$ (600)</b>	<b>\$ (17,657,416)</b>	<b>\$ (18,946,380)</b>
<b>Total net tuition and fees</b>	<b>7,537,817</b>	<b>\$ (600)</b>	<b>\$ 7,537,217</b>	<b>\$ (600)</b>	<b>\$ 7,536,617</b>	<b>\$ 6,514,794</b>
<b>Other operating revenues</b>						
Federal grants and contracts	\$ -	\$ 4,290,694	\$ 4,290,694	\$ -	\$ 4,290,694	\$ 4,467,449
State grants and contracts	-	1,333,461	1,333,461	-	1,333,461	1,285,563
Nongovernmental grants and contracts	-	664,991	664,991	-	664,991	395,290
Investment income (program restricted)	-	234,131	234,131	-	234,131	156,555
Other operating revenues	392,729	1,203,085	1,595,814	-	1,595,814	1,708,381
<b>Total other operating revenues</b>	<b>\$ 392,729</b>	<b>\$ 7,726,362</b>	<b>\$ 8,119,091</b>	<b>\$ -</b>	<b>\$ 8,119,091</b>	<b>\$ 8,013,238</b>
<b>Auxiliary enterprises</b>						
Student activities	\$ -	\$ -	\$ -	\$ 1,717,702	\$ 1,717,702	\$ 1,746,981
Cafeteria	-	-	-	-	-	9,702
Campus housing	-	-	-	-	-	-
Residential	-	-	-	75,803	75,803	81,502
Bookstore	-	-	-	294,174	294,174	347,270
<b>Total net auxiliary enterprises</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,087,679</b>	<b>\$ 2,087,679</b>	<b>\$ 2,185,455</b>
<b>Total operating revenues (Exhibit 2)</b>	<b>\$ 7,930,546</b>	<b>\$ 7,725,762</b>	<b>\$ 15,656,308</b>	<b>\$ 2,087,079</b>	<b>\$ 17,743,387</b>	<b>\$ 16,713,487</b>

\*In accordance with Education Code 56 033, \$376,628 and \$480,409 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, 2019 (with Memorandum Totals for the Year Ended August 31, 2018)

	Operating Expenses					FY 2019		FY 2018	
	Salaries and Wages	Benefits		Other Expenses	Total	Total	Total	Total	Total
		State	Local						
Unrestricted - Educational Activities									
Instruction	\$ 17,855,888	\$ -	\$ 5,052,343	\$ 1,183,311	\$ 24,091,542	\$	\$ 23,394,041		
Research	-	-	-	-	-				
Public Service	189,418	-	60,540	15,857	265,815		302,925		
Academic Support	2,440,612	-	690,809	475,603	3,607,024		3,308,914		
Student Services	3,287,506	-	984,764	1,034,558	5,306,828		5,125,907		
Institutional Support	7,124,348	-	1,118,211	4,619,664	12,862,223		11,586,220		
Operation and Maintenance of Plant	1,549,351	-	873,920	3,543,718	5,966,989		6,124,672		
Scholarships and Fellowships	-	-	-	363,672	363,672		325,363		
Total Unrestricted Educational Activities	32,447,123	-	8,780,587	11,236,383	52,464,093		50,168,042		
Restricted - Educational Activities									
Instruction	974,793	4,626,721	210,753	202,980	6,015,247		5,593,798		
Research	-	-	-	638	638		2,014		
Public Service	131,968	78,965	16,602	100,762	328,297		285,495		
Academic Support	1,185,889	891,036	313,741	654,057	3,044,723		2,957,976		
Student Services	1,022,019	1,058,855	96,431	282,538	2,459,843		2,121,947		
Institutional Support	-	1,750,461	-	(21,521)	1,728,940		1,500,068		
Operation and Maintenance of Plant	238,790	-	45,057	1,540,479	1,824,326		1,665,101		
Scholarships and Fellowships	-	-	-	8,586,668	8,586,668		8,753,652		
Total Restricted Educational Activities	3,553,459	8,406,038	682,584	11,346,601	23,988,682		22,880,051		
Total Educational Activities	36,000,582	8,406,038	9,463,171	22,582,984	76,452,775		73,048,093		
Auxiliary Enterprises	628,077	-	116,195	778,064	1,522,336		1,575,990		
Depreciation Expense - Buildings & other real estate	-	-	-	-	3,585,344		3,702,908		
Depreciation Expense - Equipment & furniture	-	-	-	-	2,111,735		1,818,491		
Depreciation Expense - Library Books	-	-	-	-	154,478		151,666		
Total Operating Expenses	\$ 36,628,659	\$ 8,406,038	\$ 9,579,366	\$ 23,361,048	\$ 83,826,668		\$ 80,297,148		

Laredo College District  
Schedule of Non-Operating Revenues and Expenses  
Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)  
Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2019 Total	FY 2018 Total
<b>NON-OPERATING REVENUES:</b>					
State Appropriations:					
Education and General State Support	\$ 10,431,927	\$ 893,454	\$ -	\$ 11,325,381	\$ 12,603,159
State Group Insurance	-	3,654,650	-	3,654,650	3,495,343
State Retirement Matching	-	995,982	-	995,982	958,383
Non-Employer Contributing Entity On-Behalf Payments	-	-	-	-	-
Professional Nursing Shortage Reduction	-	26,272	-	26,272	36,933
<b>Total State Appropriations</b>	<b>10,431,927</b>	<b>5,570,358</b>	<b>-</b>	<b>16,002,285</b>	<b>17,093,818</b>
Maintenance Ad Valorem Taxes	-	-	-	-	-
Taxes for Maintenance & Operations	35,954,285	-	-	35,954,285	33,565,103
Taxes for General Obligation Bonds	-	9,985,252	-	9,985,252	10,800,902
Federal Revenue, Non Operating	-	18,645,886	-	18,645,886	21,582,869
Investment Income	1,137,049	1,295,536	-	2,432,585	1,844,106
Additions to Permanent Endowments	-	56,000	-	56,000	88,500
Capital Gifts	-	8,095	-	8,095	133,549
<b>Total Non-Operating Revenues</b>	<b>\$ 47,523,261</b>	<b>\$ 35,561,127</b>	<b>\$ -</b>	<b>\$ 83,084,388</b>	<b>\$ 85,108,847</b>
<b>NON-OPERATING EXPENSES:</b>					
(Gain) / Loss on Assets	-	-	-	-	(1,540)
Interest on Capital Related Debt	-	7,892,812	-	7,892,812	8,312,105
Other Non-Operating (Revenues) Expenses	-	(399,297)	-	(399,297)	(169,784)
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ 7,493,515</b>	<b>\$ -</b>	<b>\$ 7,493,515</b>	<b>\$ 8,140,781</b>
<b>Net Non-Operating Revenues</b>	<b>\$ 47,523,261</b>	<b>\$ 28,067,612</b>	<b>\$ -</b>	<b>\$ 75,590,873</b>	<b>\$ 76,968,066</b>

Laredo College District  
Schedule of Net Position by Source and Availability  
Year Ended August 31, 2019 (With Memorandum Totals for the Year Ended August 31, 2018)  
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	\$ (14,596,101)	\$ -	\$ -	\$ -	\$ (14,596,101)	\$ (14,596,101)	\$ -
Board designated	1,903,217	-	-	-	1,903,217	-	1,903,217
Restricted							
Auxiliary enterprises	-	3,381,352	-	-	3,381,352	3,381,352	-
Endowment	-	-	3,300,313	-	3,300,313	-	3,300,313
Student Aid	-	3,661,942	-	-	3,661,942	3,661,942	-
Other	-	103,777	-	-	103,777	103,777	-
Plant							
Unexpended	-	675,759	-	-	675,759	-	675,759
Debt service	-	11,569,440	-	-	11,569,440	-	11,569,440
Investment in plant	-	-	-	29,374,745	29,374,745	-	29,374,745
<b>Total Net Position, August 31, 2019</b>	<b>\$ (12,692,884)</b>	<b>\$ 19,392,270</b>	<b>\$ 3,300,313</b>	<b>\$ 29,374,745</b>	<b>\$ 39,374,444</b>	<b>\$ (7,449,030)</b>	<b>\$ 46,823,474</b>
<b>Total Net Position, August 31, 2018</b>	<b>\$ (15,260,935)</b>	<b>\$ 16,894,970</b>	<b>\$ 3,240,686</b>	<b>\$ 24,992,131</b>	<b>\$ 29,866,852</b>	<b>\$ (10,670,540)</b>	<b>\$ 40,537,392</b>
<b>Net increase (decrease) in Net Position</b>	<b>\$ 2,568,051</b>	<b>\$ 2,497,300</b>	<b>\$ 59,627</b>	<b>\$ 4,382,614</b>	<b>\$ 9,507,592</b>	<b>\$ 3,221,510</b>	<b>\$ 6,286,082</b>

Laredo College District  
Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2019  
Schedule E

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Direct Awards	Pass-Through Awards	Total	Subrecipient Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84 007	\$ 651,349	\$	\$ 651,349	\$
Federal College Work-Study Program	84 033	542,999		542,999	
Federal Pell Grant Program	84 063	17,520,527		17,520,527	
Total Student Financial Assistance Cluster		18,714,875		18,714,875	
TRIO Cluster					
Trio Student Support Services	84 042A	305,217		305,217	
Trio Upward Bound	84 047A	522,149		522,149	
Total TRIO Cluster		827,366		827,366	
Title III - LEAPS	84 031C	1,373,687		1,373,687	
Title V - FOSS	84 031S	47,091		47,091	14,029
Total		1,420,778		1,420,778	
Pass-Through From:					
Texas A&M International University					
Title V - Building Scholars	84 031S	280,599		280,599	
P031SI40130 / 260414					
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy	84 002A		877,905	877,905	
2118ALA000					
AEL - Accelerate Texas III	84 002A		135,588	135,588	
2117AEL000					
AEL - Accelerate Texas IV	84 002A		84,431	84,431	
2119AEL000			1,097,924	1,097,924	
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Educational Program	84 048		560,346	560,346	
19230					
Pass-Through From:					
Region One Education Service Center					
Region One ESC GEAR UP Ready, Set College	84 334A		12,000	12,000	
P0334A110180-17 / 230619					
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>21,243,618</b>	<b>1,670,270</b>	<b>22,913,888</b>	<b>14,029</b>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>					
Direct Program:					
Urban Conservation Project - Growing our future	10 902	4,367		4,367	
Combined Community Garden and Seasonal High					
Tunnel					
<b>U. S. DEPARTMENT OF JUSTICE</b>					
Direct Program:					
Bulletproof Vest Partnership Program	16 607	16,385		16,385	
<b>NATIONAL SCIENCE FOUNDATION</b>					
Direct Programs:					
H S I Conference Grant: PROMISE	47 076	21,473		21,473	
Providing Resources and Opportunities for Minorities					
in Stem Education					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Pass-Through from:					
Texas Workforce Commission					
TANF	93 558		133,772	133,772	
2118ALA000					
Pass-Through from:					
South Texas Workforce Development Board	93 596		42,316	42,316	
11211C04					
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>176,088</b>	<b>176,088</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>	<b>S</b>	<b>21,285,843</b>	<b>S 1,846,358</b>	<b>S 23,132,200</b>	<b>S 14,029</b>

Continued on Following Page

**Note 1: Federal Assistance Reconciliation**

Other Operating Revenues - Federal Grants and Contracts revenue - per Schedule A	\$	4,290,694
Add: Indirect/Administrative Costs Recoveries		172,591
Add: Non Operating Federal Revenue per Schedule C		18,645,886
Add: Institutional Grant Matching		<u>9,000</u>
Total Federal Revenues per Schedule A and C		<u>23,118,171</u>
Reconciling Items		
Add: Funds passed Through to others		14,029
Add: Direct Student Loans		-
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	\$	<u><u>23,132,200</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

\$ 14,029

Total amount passed-through by the College

\$ 14,029



**Laredo College District**  
**Schedule of Expenditures of State Awards**  
**Year Ended August 31, 2019**  
**Schedule F**

Grantor Agency/Program Title	Grant Contract Number	Expenditures
<b>TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		
Direct Programs:		
Texas College Work-Study		\$ 53,351
Texas Educational Opportunity Grant Initial		357,918
Texas Educational Opportunity Grant Renewal		534,710
Student Mentorship (G - Force)	18885	30,174
Nursing Shortage Reduction Program (Under 70)		26,273
<b>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		<b>\$ 1,002,426</b>
<b>TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>		
Direct Programs:		
Law Enforcement Officers Standards and Education Fund		3,302
<b>TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>		<b>3,302</b>
<b>TEXAS WORKFORCE COMMISSION</b>		
Direct Programs:		
Adult Education and Literacy	2118ALA000	134,286
Jobs in Education For Texans Grant Program	2119JET001	181,526
Laredo College in Partnership with Uni Trade Forwarding, L.C.	2119SDF001	9,200
Pass- Through From		
South Texas College	2318SDF000/264718	42,739
STC - in Partnership with Healthcare Consortium		
<b>TEXAS WORKFORCE COMMISSION</b>		<b>367,751</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<b>\$ 1,373,479</b>

**Note 1 : State Awards Reconciliation**

State Grants and Contracts Revenue - per Schedule A	\$ 1,333,461
Add: Indirect/Administrative Cost Recoveries	4,669
Add: Non-Operating State Revenue	26,273
Add: Institutional Grant Matching	9,076
<b>Total State Revenues per Schedule of Expenditures of State Awards</b>	<b>\$ 1,373,479</b>

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

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The college has followed all applicable guidelines issued by the various entities in the preparation of the schedule. Since the College has 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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net investment in capital assets	29,374,745	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
Restricted - expendable	19,392,270	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
Restricted - nonexpendable	3,300,313	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
Unrestricted	(12,692,884)	(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
Total primary government net position	\$ 39,374,444	\$ 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

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

For the Year Ended August 31,										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and Fees (Net of Discounts)	\$ 7,536,617	\$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
Federal Grants and Contracts	4,290,694	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
State Grants and Contracts	1,333,461	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
Non-Governmental Grants and Contracts	664,991	395,290	257,156	281,735	291,863	360,058	656,645	613,591	357,059	325,511
Investment Income (program restricted)	234,131	156,555	70,014	57,378	90,111	85,241	126,948	64,869	189,493	110,609
Auxiliary enterprises	2,087,679	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
Other Operating Revenues	1,595,814	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
<b>Total Operating Revenues</b>	<b>17,743,387</b>	<b>16,713,487</b>	<b>17,385,596</b>	<b>18,358,813</b>	<b>20,523,088</b>	<b>19,747,939</b>	<b>18,649,602</b>	<b>18,727,066</b>	<b>17,846,964</b>	<b>16,995,328</b>
State Appropriations	15,976,013	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
Professional Nursing Shortage Reduction	26,272	36,933	7,412	39,280	115,157	55,331	31,293	45,102	100,815	35,221
Ad Valorem Taxes	45,939,537	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
Gifts	8,095	133,549	8,500	18,759	-	-	6,493	11,557	46,615	46,897
Investment income	2,432,585	1,844,106	1,097,977	1,132,007	1,098,704	385,196	697,328	681,283	797,231	659,749
Federal Revenue, Non-Operating	18,645,886	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
Additions to permanent endowments	56,000	88,500	20,000	2,000	86,946	70,000	53,412	104,000	40,737	50,100
Other non-operating revenues	399,297	171,324	565,067	323,054	61,861	-	34,478	-	-	-
<b>Total Non-Operating Revenues</b>	<b>83,483,685</b>	<b>85,280,171</b>	<b>79,402,089</b>	<b>74,850,650</b>	<b>70,243,114</b>	<b>64,840,789</b>	<b>64,648,800</b>	<b>67,592,753</b>	<b>68,577,010</b>	<b>64,755,400</b>
<b>Total Revenues</b>	<b>\$ 101,227,072</b>	<b>\$ 101,993,658</b>	<b>\$ 96,787,685</b>	<b>\$ 93,209,463</b>	<b>\$ 90,766,202</b>	<b>\$ 84,588,728</b>	<b>\$ 83,298,402</b>	<b>\$ 86,319,819</b>	<b>\$ 86,423,974</b>	<b>\$ 81,754,728</b>

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

For the Year Ended August 31,										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	\$30,106,789	\$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
Research	638	2,014	890	-	-	298	10,764	-	-	-
Public service	594,112	588,420	574,058	582,278	484,963	395,271	422,519	383,272	480,333	602,108
Academic support	6,651,747	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
Student services	7,766,671	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
Institutional support	14,591,163	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
Operation and maintenance of plant	7,791,315	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
Scholarships and fellowships	8,950,340	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
Auxiliary enterprises	1,522,336	1,575,990	1,676,433	1,545,607	1,550,030	1,045,445	764,232	762,208	374,941	527,041
Depreciation	5,851,557	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
<b>Total Operating Expenses</b>	<b>83,826,668</b>	<b>80,297,148</b>	<b>77,229,099</b>	<b>76,605,219</b>	<b>75,794,825</b>	<b>73,404,249</b>	<b>76,187,010</b>	<b>74,996,845</b>	<b>78,053,895</b>	<b>75,021,438</b>
Interest on capital related debt	7,892,812	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
Loss on disposal of fixed assets	-	-	-	-	-	17,230	-	1,889	-	-
Other non-operating expenses	-	-	-	-	-	712,220	-	19,434	5,850	332,728
<b>Total Non-Operating Expenses</b>	<b>7,892,812</b>	<b>8,312,105</b>	<b>9,113,721</b>	<b>9,720,392</b>	<b>10,660,658</b>	<b>7,920,757</b>	<b>7,367,672</b>	<b>6,650,227</b>	<b>5,230,723</b>	<b>4,219,152</b>
<b>Total Expenses</b>	<b>\$91,719,480</b>	<b>\$88,609,253</b>	<b>\$86,342,820</b>	<b>\$86,325,611</b>	<b>\$86,455,483</b>	<b>\$81,325,006</b>	<b>\$83,554,682</b>	<b>\$81,647,072</b>	<b>\$83,284,618</b>	<b>\$79,240,590</b>

**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			
2018-19	\$ 50.00	\$ 100.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 50.00	\$ 90.00	\$ 1,650.00	\$ 2,250.00	0%	0%	
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	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				
	\$	\$	\$	\$	\$	\$	\$	\$	\$				
2018-19	152.00	152.00	10.00	10.00	10.00	50.00	90.00	2,874.00	2,874.00	0%	0%		
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	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)
2019-20	18,227,177	268,324	3,218,827	14,740,026	80.87%	\$ 0.25507	\$ 0.07358	0.32864
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	13,984,961	220,951	1,926,275	11,837,735	84.65%	0.24527	0.08498	0.33024
2014-15	13,378,064	217,743	1,800,704	11,359,617	84.91%	0.23441	0.06275	0.29716
2013-14	12,937,362	220,907	1,735,502	10,980,953	84.88%	0.22265	0.03257	0.25522
2012-13	12,545,956	215,638	1,721,394	10,608,924	84.56%	0.22354	0.03422	0.25776
2011-12	12,416,538	167,192	1,634,423	10,614,923	85.49%	0.21899	0.03955	0.25854
2010-11	12,395,164	204,327	1,527,286	10,663,551	86.03%	0.19885	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

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 Adjustments<sup>1</sup>**  
(unaudited)

Appropriations Funding Elements	For the Year Ended August 31					
	2019	2018	2017	2016	2015	2014*
State Appropriation Contact Hour Funding (CH)	\$ 8,523,094	\$ 8,523,095	\$ 8,542,772	\$ 8,540,094	\$ 9,285,446	\$ 9,285,446
State Appropriation Student Success Points (SSP)	1,076,577	1,076,577	1,093,569	1,095,235	1,163,737	1,163,737
State Appropriation Core Operations (CO)	683,662	683,662	515,489	500,761	500,174	500,174
State Appropriation Non-Formula Items	148,594	148,594	165,570	165,822	165,613	165,613
<b>Total</b>	<b>\$ 10,431,927</b>	<b>\$ 10,431,928</b>	<b>\$ 10,317,400</b>	<b>\$ 10,301,912</b>	<b>\$ 11,114,970</b>	<b>\$ 11,114,970</b>

Note: The requirements for Schedule 6 were changed by THECB in fiscal year 2018.

<sup>1</sup>General 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 <sup>1</sup>	State Appropriation per FTSE
2018	\$10,431,928	5,804	\$1,797
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

<sup>1</sup>Fiscal 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) <sup>1</sup>	Continuing Education			Total Funded Contact Hours	CH - State Appropriation per Funded Contact Hour
		Academic Contact Hours	Technical Contact Hours	Continuing Education Contact Hours		
2018	\$8,523,095	136,370	35,708	61,335	233,413	\$36.52
2017	\$5,242,772	122,816	33,162	66,902	222,880	\$23.52
2016	\$8,540,094	119,630	32,072	64,578	216,280	\$39.49
2015	\$9,285,446	118,158	34,960	96,646	249,764	\$37.18
2014*	\$9,285,446	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.

<sup>1</sup>State 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	SSP - State Appropriation (Unrestricted) <sup>1</sup>	Year Average	
		Student Success Points	Appropriation per Success Points
2018	\$1,076,577	13,498	\$79.76
2017	\$1,093,569	13,770	\$79.42
2016	\$1,095,235	13,334	\$82.14
2015	\$1,163,737	12,189	\$95.47
2014*	\$1,163,737	12,133	\$95.92
2013	\$3,023,605	12,971	\$233.11
2012	\$3,100,397	12,962	\$239.19
2011	\$4,088,304	13,269	\$308.11

<sup>1</sup>State Funded Success Point Appropriations as it appears in Schedule 6a.

\*FY2014 Year Formula Funding Changed Methodology

Source: THECB Biennium 10-Pay Schedule.

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

Success Points Elements <sup>1</sup>	For the Year Ended August				
	2018	2017	2016	2015	2014*
Math Readiness	736	701	699	377	483
Read Readiness	286	261	262	166	251
Write Readiness	171	200	212	145	213
Students Who Pass FCL Math Course	1,813	1,818	1,753	1,422	1,624
Students Who Pass FCL Read Course	1,326	1,150	1,041	885	897
Students Who Pass FCL Write Course	1,326	1,150	1,041	885	897
Students Who Complete 15 SCH	2,675	2,395	2,124	2,281	2,199
Students Who Complete 30 SCH	1,630	1,522	1,525	1,486	1,467
Student Transfers to a 4-Yr Inst	1,706	1,518	1,576	1,500	1,392
Degrees, CCCs, or Certs (Undup)	2,584	2,072	2,178	2,142	1,758
Degrees or Certs in Critical Fields	1,150	983	923	900	952
Annual Success Points - Total	15,403	13,770	13,334	12,189	12,133

<sup>1</sup>These 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)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
AEP Texas Central Company	Utility	\$ 159,178	\$ 195,856	\$ 144,050	\$ 120,985	\$ 93,214	\$ 85,868	\$ 70,752	\$ 53,471	\$ 58,799	
Laredo Texas Hospital Co. LP	Medical	95,913	96,147	96,438	96,991	96,293	96,578	104,484	106,398	103,827	102,046
Laredo WLE LP	Utility	28,986	40,693	40,805	64,955	83,568	86,668	97,224	89,916	97,604	102,764
Mall Del Norte LLC	Retail	68,868	58,141	56,446	57,316	55,890	55,567	52,068	52,068	51,752	52,647
The GEO Group Inc	Commercial Business	57,371	56,723	53,182	57,316	52,609	52,609	52,160	50,531	49,979	53,005
AEP Electric Transmission of Texas LLC	Utility	42,105	40,938	43,404	44,864	48,063	35,802	42,868	41,458	40,635	40,721
Laredo Regional Medical Ctr. LP	Medical	49,307	48,907	43,794	43,558	43,106	41,678	40,213	39,869	41,405	42,263
Farias Development LTD	Development	57,299	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	-	-	-	-	-	-
Laredo Portfolio LLC	Commercial Business	40,100	-	-	-	-	-	-	-	-	-
International Bank of Commerce	Bank	36,075	35,977	34,534	36,834	34,633	33,969	34,247	35,148	39,034	34,635
Killam Ind. Dev. Partnership Ltd.	Development	51,026	41,412	36,487	33,380	35,890	33,737	29,575	29,443	30,143	31,116
H E Butt Grocery Company	Grocery	28,118	29,326	29,742	33,218	31,669	30,105	30,025	30,493	28,284	28,808
WRI Trautmann LP	Commercial Real Estate	29,572	29,943	32,771	29,874	29,596	28,307	27,737	27,621	27,738	26,790
Dorel Laredo Holdings LLC	Real Estate	26,812	24,152	24,152	29,438	27,358	28,394	24,608	-	-	-
Killam Development LTD	Development	35,912	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	19,558	21,150	21,726	22,752	22,026	22,064	21,369	21,041	21,043	20,957
Union Pacific Railroad Company	Railroad	25,504	24,607	23,272	22,110	20,794	19,402	17,578	-	-	-
Shiloh Texas Properties LTD	Development	19,420	-	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	20,881	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	50,340	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
Master E Squared Laredo LLC	Commercial Business	22,000	-	-	-	-	-	-	-	-	-
Dorel Springfield Holdings LLC	Real Estate	-	-	-	15,820	-	-	-	-	-	-
San Isidro Northeast LTD	Development	23,390	-	14,134	15,614	19,895	-	-	-	-	10,734
Laredo Outlet Shoppes LLC	Retail	63,630	63,630	45,586	-	-	-	-	-	-	-
Southwestern Bell Telephone Co.	Utility	-	-	-	-	-	-	-	-	-	-
Siemens Gamesa Renewable Energy Inc	Utility	-	28,875	45,586	-	-	-	-	-	-	20,494
M S Camiers LLC	Logistics	20,684	-	-	-	-	-	-	-	-	-
Super Transport International LTD	Logistics	20,122	21,492	45,586	-	-	-	-	-	-	-
Time Warner Cable Texas LLC	Utility	20,068	-	-	-	-	-	-	-	-	-
J Aron & Company	Financial	-	-	-	-	22,813	-	-	-	-	-
Wal-Mart Stores Texas LLC	Grocery	-	-	-	-	15,651	-	-	-	-	-
Prolamsa Inc	Retail	-	-	-	-	44,130	-	-	-	-	-
BRE Select Hotel TX LP	Lodging	-	-	-	-	15,285	17,460	16,256	-	-	-
Halliburton Energy Services	Oil Services & Drilling	-	-	-	-	-	-	73,423	68,455	37,397	-
Totals		\$ 1,112,239	\$ 1,068,627	\$ 1,059,293	\$ 964,939	\$ 948,893	\$ 890,831	\$ 897,978	\$ 734,051	\$ 689,703	\$ 694,799
Total Taxable Assessed Value		\$ 14,740,026	\$ 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

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
2019	\$ 43,148	\$ -	\$ 43,148	\$ 44,602	103.37%	\$ 871	\$ -	\$ 45,473	105.39%
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%

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

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

	For the Year Ended August 31, (amounts expressed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Bonded Debt</b>										
General Obligation Bonds	\$ 104,205	\$ 109,250	\$ 114,060	\$ 178,665	\$ 192,448	\$ 202,834	\$ 63,824	\$ 67,271	\$ 70,720	\$ 74,174
Less: Funds Restricted for Debt Service	(6,240)	(5,784)	(4,438)	(3,120)	(2,132)	(2,150)	(1,402)	(1,399)	(1,074)	(736)
Net General Bonded Debt	\$ 97,965	\$ 103,466	\$ 109,622	\$ 175,545	\$ 190,316	\$ 200,684	\$ 62,422	\$ 65,872	\$ 69,646	\$ 73,438
<b>Other Debt</b>										
Revenue Bonds	\$ 51,195	\$ 53,305	\$ 55,645	\$ 89,951	\$ 95,336	\$ 100,436	\$ 105,166	\$ 109,891	\$ 93,623	\$ 97,353
Contractual Obligations	-	-	-	-	576	1,152	1,726	2,303	2,881	3,455
Notes	31,485	33,410	35,280	51,890	55,358	58,827	61,455	64,049	2,126	2,236
Capital Lease Obligations	2,685	874	770	1,368	1,703	906	1,493	773	1,296	1,278
Total Outstanding Debt	\$ 183,330	\$ 191,055	\$ 201,317	\$ 318,754	\$ 343,289	\$ 362,005	\$ 232,262	\$ 242,888	\$ 169,572	\$ 177,760

**General Bonded Debt Ratios**

Per Capita	\$ 355.06	\$ 376.52	\$ 404.22	\$ 650.84	\$ 713.67	\$ 764.53	\$ 243.36	\$ 261.78	\$ 288.46	\$ 309.94
Per FTSE	16,585	16,951	18,904	29,946	31,364	31,500	8,479	8,938	10,271	12,069
As a percentage of Taxable Assessed Value	0.66%	0.73%	0.83%	1.41%	1.61%	1.77%	0.59%	0.62%	0.65%	0.69%

**Total Outstanding Debt Ratios**

Per Capita	\$ 664.46	\$ 695.27	\$ 742.34	\$ 1,181.79	\$ 1,287.30	\$ 1,379.09	\$ 905.52	\$ 965.25	\$ 702.34	\$ 750.23
Per FTSE	31,036	31,300	34,716	54,376	56,574	56,821	31,549	32,956	25,007	29,213
As a percentage of Taxable Assessed Value	1.24%	1.35%	1.52%	2.56%	2.90%	3.19%	2.19%	2.29%	1.59%	1.68%

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 Accrued 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,	Taxable Assessed Value	General Obligation Bonds					
		Less: Funds		Total Net		Excess of	
		Statutory Tax Levy Limited for Debt Service	Restricted for Repayment of General Obligation Bonds	General Obligation Debt	Current Year Debt Services Requirements	Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2019	\$ 14,740,026	\$ 73,700	\$ -	\$ 73,700	10,832	\$ 62,868	14.70%
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%

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)				
	Instructional							Principal	Interest	Total	Coverage Ratio	
	Tuition	Technology Fee	Support Fee	Interest Income	General Use Fees	Total						
2019	\$ 4,156	\$ 1,720	\$ 1,718	\$ 1,023	\$ 8,588	\$ 17,205	\$	2,110	\$ 2,232	\$ 4,342	3.96	
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	

**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
2018	275,910	\$ 8,728,522	31,635	3.7%
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%

**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	6,204	5.41%
Laredo Independent School District	4,346	3.79%
City of Laredo	2,535	2.21%
Wal-Mart	2,125	1.85%
US CBP - Customs Field Officers	1,950	1.70%
H.E.B. Grocery	1,900	1.66%
McDonald's Restaurant	1,520	1.33%
Webb County	1,500	1.31%
Laredo Medical Center	1,450	1.26%
Laredo Sector Border Patrol	1,400	1.22%
<b>Total</b>	<b>24,930</b>	<b>22.32%</b>

**Nine Years Prior**

Employer	Number of Employees	Percentage of Total Employment
United Independent School District	4,876-7,174	5.82%
Laredo Independent School District	3,990-4,500	5.82%
City of Laredo	2,238-2,535	5.82%
Wal-Mart (3 locations)	1,144-2,125	5.82%
US CBP - Customs Field Officers	1,730-1950	5.82%
H.E.B. Grocery	1,245-1,900	5.82%
McDonald's Restaurant	1,425-1,633	5.82%
Webb County	1,400-1,600	5.82%
Laredo Medical Center	1,377-1,500	5.82%
Laredo Sector Border Patrol	1,400-2,200	5.82%
<b>Total</b>	<b>20,825-27,117</b>	<b>21.60%</b>

**Source:**

Laredo Development Foundation  
Texas Labor Market Information

**Note:**

Percentages are calculated using the midpoints of the ranges.

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

		Fiscal Year									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Faculty	Full-Time	188	186	181	177	183	189	200	196	197	198
	Part-Time	95	104	180	162	154	154	160	119	122	126
	Total	283	290	361	339	337	343	360	315	319	324
Percent	Full-Time	66.4%	64.1%	50.1%	52.2%	54.3%	55.1%	55.6%	62.2%	61.8%	61.1%
	Part-Time	33.6%	35.9%	49.9%	47.8%	45.7%	44.9%	44.4%	37.8%	38.2%	38.9%
Staff and Administrators	Full-Time	414	415	429	427	434	445	449	447	450	445
	Part-Time	144	119	127	123	154	142	153	129	133	123
	Total	558	534	556	550	588	587	602	576	583	568
Percent	Full-Time	74.2%	77.7%	77.2%	77.6%	73.8%	75.8%	74.6%	77.6%	77.2%	78.3%
	Part-Time	25.8%	22.3%	22.8%	22.4%	26.2%	24.2%	25.4%	22.4%	22.8%	21.7%
Total	Full-Time	602	601	610	604	617	634	649	643	647	643
	Part-Time	239	223	307	285	308	296	313	248	255	249
	Total	841	824	917	889	925	930	962	891	902	892
Percent	Full-Time	71.6%	72.9%	66.5%	67.9%	66.7%	68.2%	67.5%	72.2%	71.7%	72.1%
	Part-Time	28.4%	27.1%	33.5%	32.1%	33.3%	31.8%	32.5%	27.8%	28.3%	27.9%
FTSE per Full-Time Faculty		32.5	32.8	32.0	33.1	33.2	33.7	34.3	37.6	37.4	34.2
FTSE per Full-Time Staff Member		14.7	14.7	13.5	13.7	14.0	14.3	15.3	16.5	16.4	15.2
Average Annual Faculty Salary		\$60,876	\$59,400	\$59,103	\$59,022	\$53,982	\$55,395	\$55,401	\$55,435	\$55,782	\$55,120

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

Student Classification	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	7,622	74.86%	7,378	74.67%	6,602	71.95%	6,129	70.05%	5,559	66.92%
Sophomore	1,831	17.98%	1,816	18.38%	1,887	20.56%	1,884	21.53%	1,980	23.84%
Unclassified	197	1.93%	215	2.18%	231	2.52%	314	3.59%	363	4.37%
Associate*	460	4.52%	417	4.22%	399	4.35%	360	4.11%	328	3.95%
Baccalaureate or Above**	71	0.70%	55	0.56%	57	0.62%	62	0.71%	77	0.93%
Total	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%

Semester Hour Load	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	72	0.71%	85	0.86%	94	1.02%	159	1.82%	91	1.10%
3-5 semester hours	3,453	33.92%	3,281	33.21%	2,775	30.24%	2,495	28.52%	1,715	20.65%
6-8 Semester hours	2,143	21.05%	2,073	20.98%	2,082	22.69%	1,857	21.23%	1,827	21.99%
9-11 semester hours	1,607	15.78%	1,603	16.22%	1,633	17.80%	1,501	17.16%	1,650	19.86%
12-14 semester hours	2,533	24.88%	2,472	25.02%	2,189	23.86%	2,358	26.95%	2,640	31.78%
15-17 semester hours	370	3.63%	360	3.64%	389	4.24%	372	4.25%	367	4.42%
18 & over	3	0.03%	7	0.07%	14	0.15%	7	0.08%	17	0.20%
Total	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%

Average course load 8.0

Tuition Status	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	9,075	89.14%	8,850	89.57%	8,129	88.59%	7,629	87.20%	7,217	86.88%
Texas Resident (Out-of-District)	694	6.82%	647	6.55%	649	7.07%	621	7.10%	633	7.62%
Non-Resident Tuition	189	1.86%	173	1.75%	202	2.20%	216	2.47%	225	2.71%
Tuition Exempt	97	0.95%	83	0.84%	73	0.80%	97	1.11%	59	0.71%
Foreign	126	1.24%	128	1.30%	123	1.34%	186	2.13%	173	2.08%
Total	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%

**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)

Gender	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,730	56.28%	5,469	55.35%	5,112	55.71%	4,843	55.35%	4,619	55.60%
Male	4,451	43.72%	4,412	44.65%	4,064	44.29%	3,906	44.65%	3,688	44.40%
Total	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%

Ethnic Origin	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	119	1.17%	126	1.28%	104	1.13%	134	1.53%	136	1.64%
Hispanic	9,938	97.61%	9,608	97.24%	8,886	96.84%	8,416	96.19%	7,938	95.56%
African American	7	0.07%	15	0.15%	9	0.10%	16	0.18%	15	0.18%
Asian	21	0.21%	24	0.24%	22	0.24%	21	0.24%	21	0.25%
Foreign	53	0.52%	65	0.66%	112	1.22%	145	1.66%	184	2.21%
Native American	5	0.05%	4	0.04%	2	0.02%	5	0.06%	3	0.04%
Native Hawaiian	1	0.01%	1	0.01%	2	0.02%	1	0.01%	-	0.00%
Multiracial	1	0.01%	-	0.00%	-	0.00%	2	0.02%	-	0.00%
Unknown	36	0.35%	38	0.38%	39	0.43%	9	0.10%	10	0.12%
Total	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%

Age	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	3,227	31.70%	2,465	24.95%	1,947	21.22%	1,364	15.59%	680	8.19%
18-20	3,848	37.80%	4,039	40.88%	3,828	41.72%	3,867	44.20%	3,867	46.55%
21-25	1,907	18.73%	2,152	21.78%	2,132	23.23%	2,176	24.87%	2,298	27.66%
26-30	576	5.66%	551	5.58%	585	6.38%	571	6.53%	599	7.21%
31-40	383	3.76%	412	4.17%	432	4.71%	472	5.39%	531	6.39%
41 & Over	240	2.36%	262	2.65%	252	2.75%	299	3.42%	332	4.00%
Total	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%	8,307	100.00%
Average Age	21		21		21		23		23	

**Laredo College District**  
**Statistical Supplement 17**  
**Transfers to Senior Institutions**  
**Academic Year 2017-18 Fall Students as of Fall 2017**  
(Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer
	1,185	143	28	1,356	70.26%	
1 Texas A&M International University	138	7	3	148	7.67%	
2 The University of Texas - San Antonio	117	8	-	125	6.48%	
3 Texas A&M University	69	4	3	76	3.94%	
4 The University of Texas - Austin	68	4	1	73	3.78%	
5 Texas State University	50	-	-	50	2.59%	
6 Texas A&M University - Kingsville	21	5	-	26	1.35%	
7 The University of Texas - Rio Grande Valley	11	2	-	13	0.67%	
8 University of North Texas	9	1	-	10	0.52%	
9 The University of Texas - Arlington	6	-	2	8	0.41%	
10 Sam Houston State University	6	1	-	7	0.36%	
11 Texas A&M University - San Antonio	6	-	-	6	0.31%	
12 University of Houston	4	-	-	4	0.21%	
13 Texas A&M University - Corpus Christi	4	-	-	4	0.21%	
14 Prairie View A&M University	3	-	-	3	0.16%	
15 Texas Tech University	2	-	-	2	0.10%	
16 Sul Ross State University	2	-	-	2	0.10%	
17 Texas A&M University - Commerce	2	-	-	2	0.10%	
18 The University of Texas - Medical Branch of Galveston	2	-	-	2	0.10%	
19 The University of Texas - Tyler	2	-	-	2	0.10%	
20 The University of Texas of the Permian Basin	2	-	-	2	0.10%	
21 University of Houston - Victoria	2	-	-	2	0.10%	
22 Stephen F. Austin State University	1	-	-	1	0.05%	
23 Texas A&M University - Texarkana	1	-	-	1	0.05%	
24 Texas A&M University - Galveston	1	-	-	1	0.05%	
25 Texas A&M University System Health Science Center	1	-	-	1	0.05%	
26 Texas Southern State University	1	-	-	1	0.05%	
27 The University of Texas - Dallas	1	-	-	1	0.05%	
28 West Texas A&M University	1	-	-	1	0.05%	
29 Tarleton State University	1	-	-	1	0.05%	
30 The University of Texas - El Paso	-	1	-	1	0.05%	
<b>Totals</b>	<b>1,717</b>	<b>176</b>	<b>37</b>	<b>1,930</b>	<b>100.00%</b>	

Source: Texas Higher Education Coordinating Board

**Laredo College District  
Statistical Supplement 18  
Capital Asset Information  
Fiscal Years 2019 to 2015**

	Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Academic buildings	22	22	22	33	33
Square footage (in thousands)	691,136	691,136	691,136	560,079	560,079
Libraries	2	2	2	2	2
Square footage (in thousands)	27,494	27,494	27,494	47,886	47,886
Number of Volumes (in thousands)	110,446	110,446	152,386	151,233	127,603
Administrative and support buildings	20	20	20	12	12
Square footage (in thousands)	168,582	168,582	168,582	49,951	49,951
Dormitories	1	1	1	2	2
Square footage (in thousands)	6,226	6,226	6,226	3,119	3,119
Number of Beds	18	12	12	12	12
Apartments	18	18	18	14	14
Square footage (in thousands)	27,884	27,884	27,884	20,594	20,594
Number of Beds	65	58	58	39	39
Dining Facilities	2	4	4	2	2
Square footage (in thousands)	22,842	54,754	54,754	22,842	22,842
Average daily customers	N/A	N/A	420	N/A	N/A
Athletic Facilities	24	23	23	14	14
Square footage (in thousands)	114,167	114,167	114,167	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	3	2	2
Softball Field	1	1	1	1	1
Swimming Pool Complex	1	1	1	1	1
Tennis Courts	14	13	13	5	5
Plant Facilities	16	16	16	8	8
Square footage (in thousands)	62,911	62,911	62,911	126,791	126,791
Other Buildings	16	16	16	19	19
Square footage (in thousands)	41,474	41,474	41,474	32,770	32,770
Other Buildings	4	4	4	-	-
Square footage (in thousands)	22,611	22,611	22,611	-	-
Transportation	83	110	105	38	37
Cars	6	12	13	13	14
Light Trucks/Vans	21	13	12	25	23
Tractors/Trailers	11	13	10	-	-
Utility Vehicles	24	44	43	-	-
Motorized Implements	20	27	27	-	-
Passenger Bus	1	1	-	-	-
Transportation - Repair Shop	10	26	26	-	-
Cars	1	14	14	-	-
Light Trucks/Vans	3	4	4	-	-
Tractors/Trailers	6	8	8	-	-



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

Fiscal Year	Contact Hours		
	Academic	Voc Tech	Total
2018-19	2,372,208	868,208	3,240,416
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

## **SINGLE AUDIT SECTION**

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board of Trustees  
Laredo 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, 2019, 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 2, 2019.

### **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.

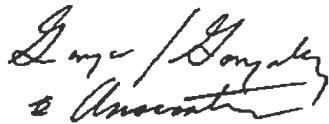
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 2, 2019.

## **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 2, 2019

# Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Members of the Board of Trustees  
Laredo 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, 2019. 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, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001. Our opinion on each major federal program is not modified with respect to these matters. The District's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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.

*Gonzalez / Gonzalez  
& Associates*

December 2, 2019

LAREDO COLLEGE  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2019

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

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

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

<b><i>Identification of Major Programs</i></b>			
	<b>CFDA Numbers(s)</b>	<b>Name of Federal Program or Cluster</b>	
	84.007, 84.033, 84.063 84.042, 84.047 84.002	Student Financial Assistance Cluster TRIO – Student Support Services, Upward Bound Adult Education	
	Dollar Threshold used to distinguish between Type A and Type B programs:	\$750,000	
	Auditee qualified as low-risk auditee?	___X___ Yes	___ No



LAREDO COLLEGE  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2019

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

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

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None.

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

**Finding 2019-001 – Gramm Leach Bliley Act – Risk Assessment of the Information System Federal Agency:  
U.S. Department of Education**

**CFDA Number: 84.007; 84.033; 84.063**

**Program Name: Student Financial Assistance Program Cluster**

**Type of Finding: Special Tests and Provisions – Non-Compliance**

**Criteria**

The Gramm-Leach-Bliley Act (Public Law 106-102) requires the College to comply with its provisions. The Act identifies that the College should designate an individual to coordinate the information security program, performed a risk assessment over their information system, and document safeguards for identified risks.

**Condition**

For fiscal year 2019, the College had not performed the following: designated an individual to coordinate the information security program; a risk assessment over their information system that addresses the three required areas noted in 16 CFR 314.4 (b); nor documented safeguards for identified risks.

**Context**

A risk assessment over the information system was not performed during fiscal year 2019.

**Effect**

Management could be unaware of vulnerable areas within their information system that could lead to data breaches.

LAREDO COLLEGE  
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2019

**Cause**

The College was unaware of the risk assessment requirement as listed by the Gramm-Leach-Bliley Act.

**Recommendation**

We recommend that an individual is identified to coordinate the information security program, perform a risk assessment over the information system, and document safeguards for any identified risks.

LAREDO COLLEGE  
Laredo, Texas

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended August 31, 2019

None noted.

LAREDO COLLEGE  
Laredo, Texas

PLANNED CORRECTIVE ACTION

Year Ended August 31, 2019

**Planned Corrective Action:**

**Finding 2019-001 -Gramm Leach Bliley Act - Risk Assessment of the Information System**

***Condition:***

For fiscal year 2019, the College had not performed the following: designated an individual to coordinate the information security program; a risk assessment over their information system that addresses the three required areas noted in 16 CFR 314.4 (b); nor documented safeguards for identified risks.

***Views of responsible officials:***

The College has safeguards in place to mitigate cyber security risks. These include:

- Malware/Virus end point protection
- Content Filtering Devices
- Firewalls
- Contract with third party company for 24-hour internet traffic monitoring
- Third party contract for incident response in case of security breach
- Cyber security insurance
- College refreshes network equipment (firewalls, switches, and routers) every 4 years

Now that the College has been made aware of the Gramm Leach Bliley Act Safeguard rules, the College will be implementing the corrective action plan as listed below.

***Corrective Action Plan:***

Management agrees with the recommendation and is currently working on hiring and Information Security Officer (ISO). The ISO will be the designated individual that will coordinate the College's information security program and perform a risk assessment over the information system that will address the three required areas noted in 16 CFR 314.4. The ISO will be responsible for assessing documented safeguards in order to identify potential risks.

***Anticipated completion date:***

The College anticipates completing this process by July 31, 2020.

**Contact Person:**

Dr. Fred Solis, Vice President of Student Success and Enrollment  
Mr. Cesar Vela, CPA, Chief Financial Officer  
Mr. Luciano Ramon, Information Technology and Safety Officer  
Mr. Steven Aguilar, Director of Financial Aid