



Laredo College

Annual Financial Report

For the Fiscal Year Ended August 31, 2020

*Laredo College * Laredo, Texas*



Laredo College
August 31, 2020

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LAREDO COLLEGE
ORGANIZATIONAL DATA
For the Fiscal Year 2020

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

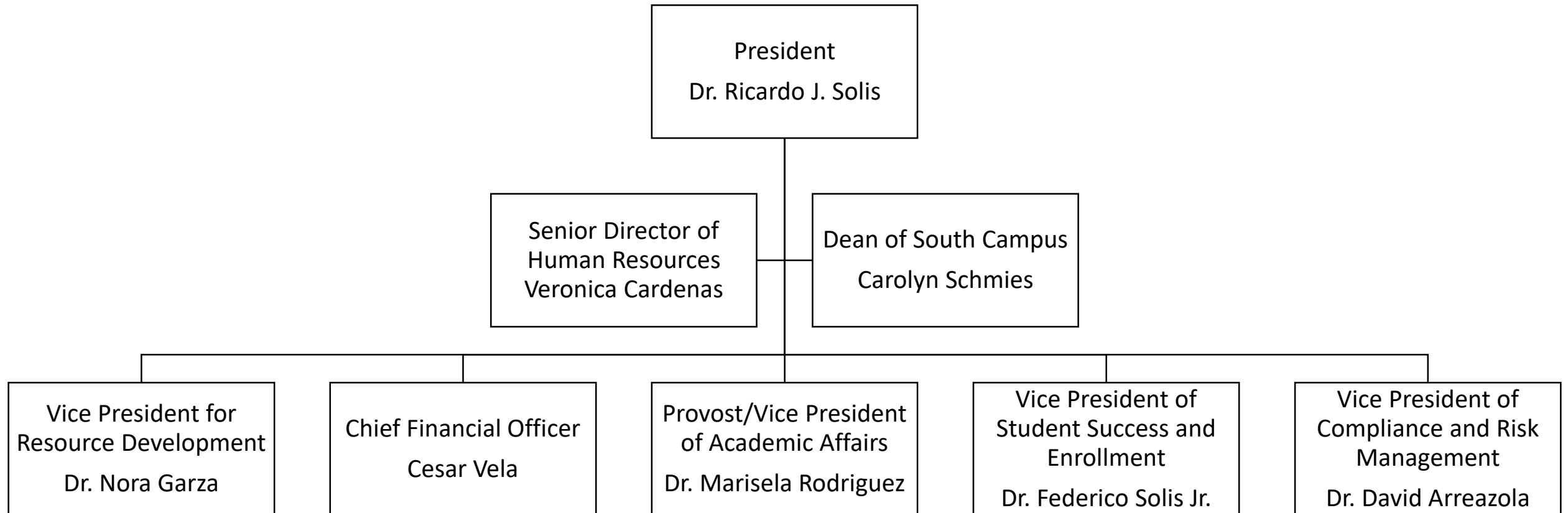
Term Expires

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

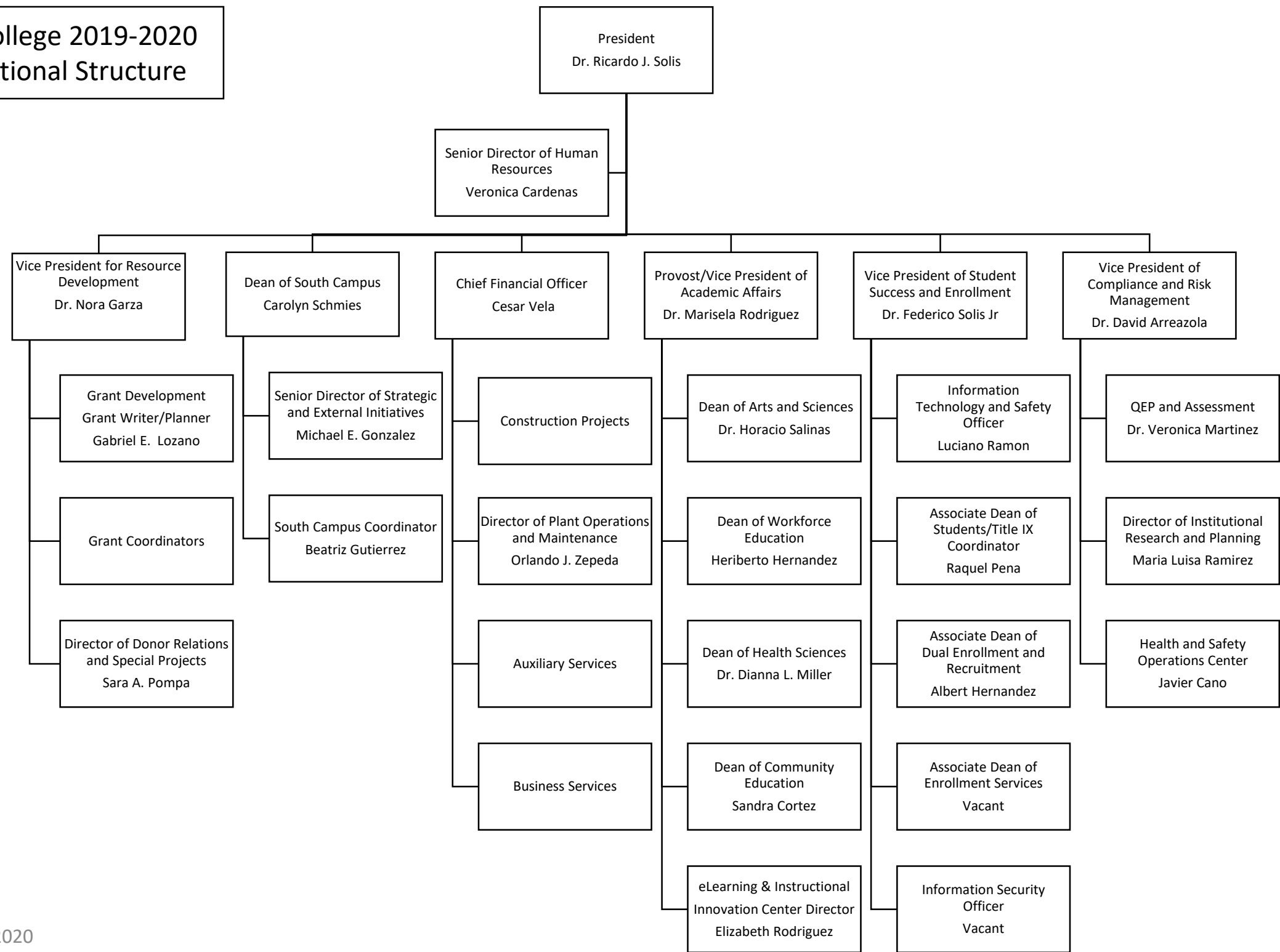
Principal Administrative Officers

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	Vice President of Compliance and Risk Management

Laredo College 2019-2020
Organizational Structure



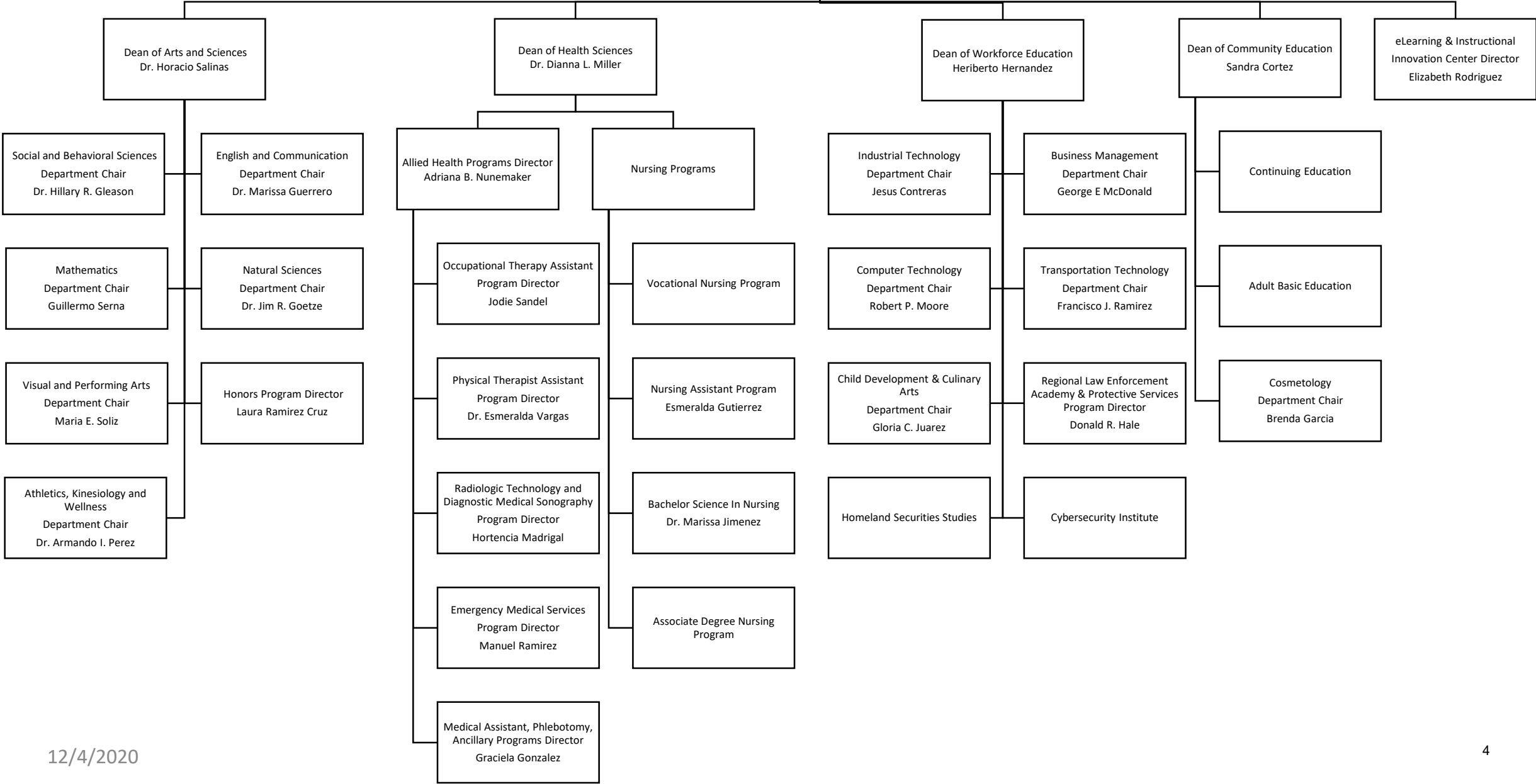
Laredo College 2019-2020 Organizational Structure



2019-2020
Academic Affairs Division

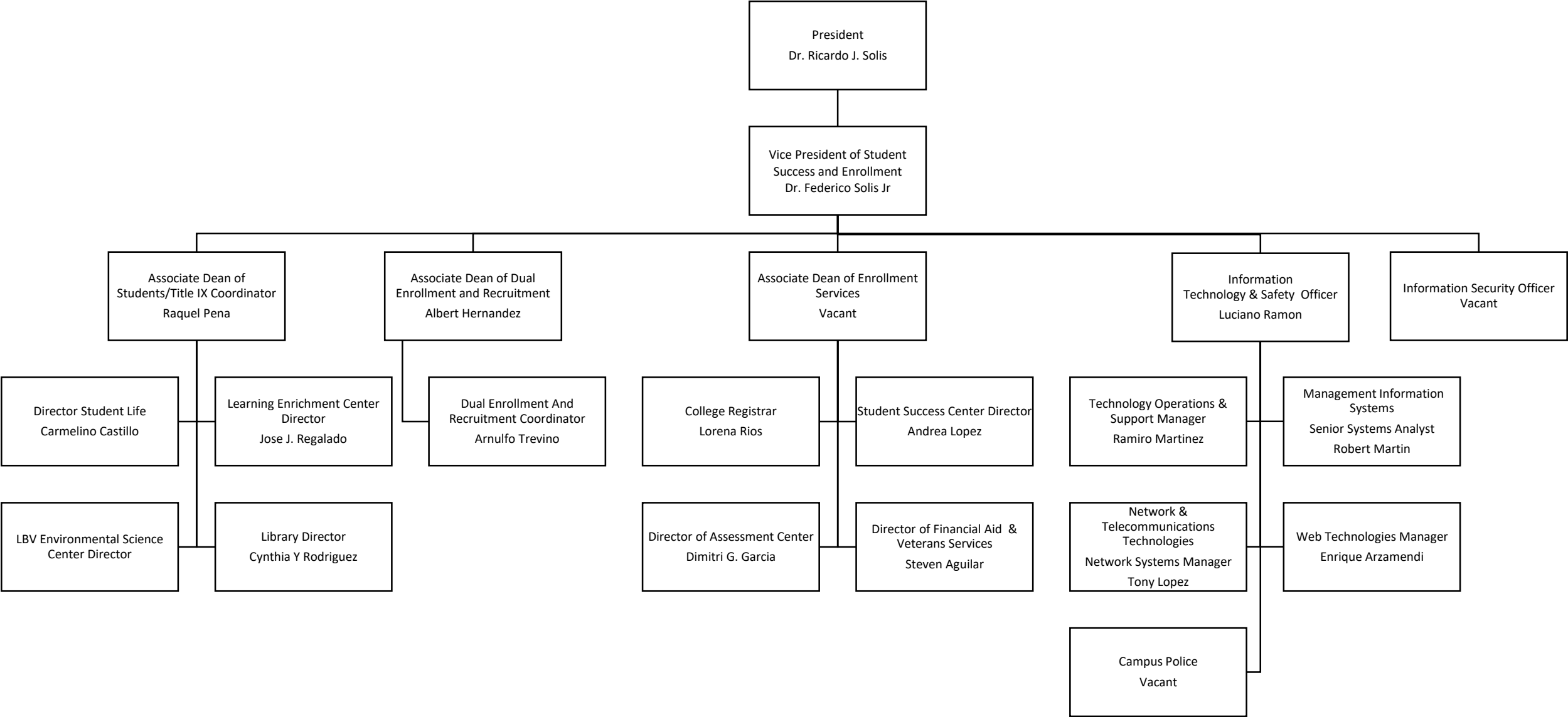
President
Dr. Ricardo J. Solis

Provost/Vice President of
Academic Affairs
Dr. Marisela Rodriguez

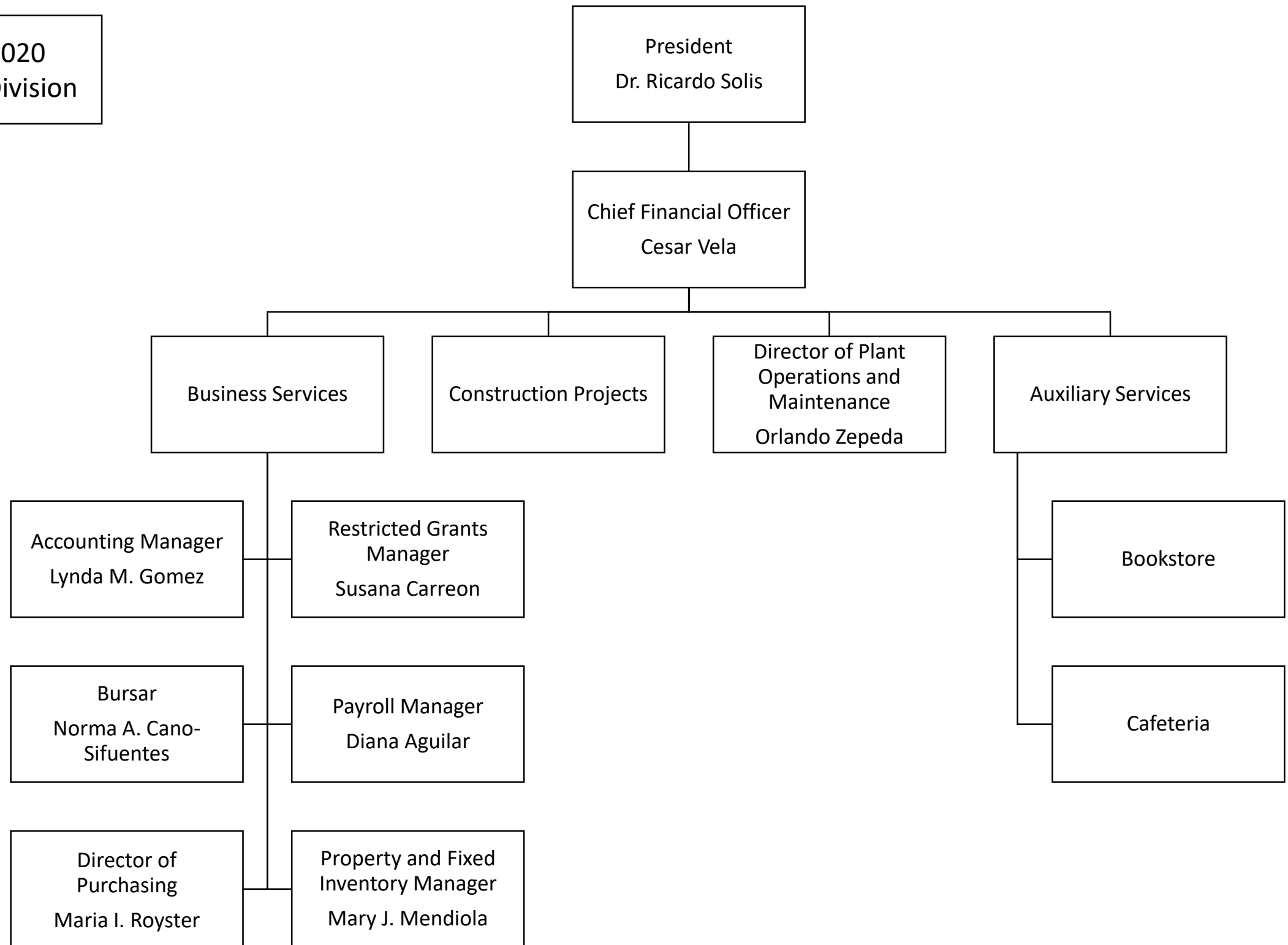


2019-2020

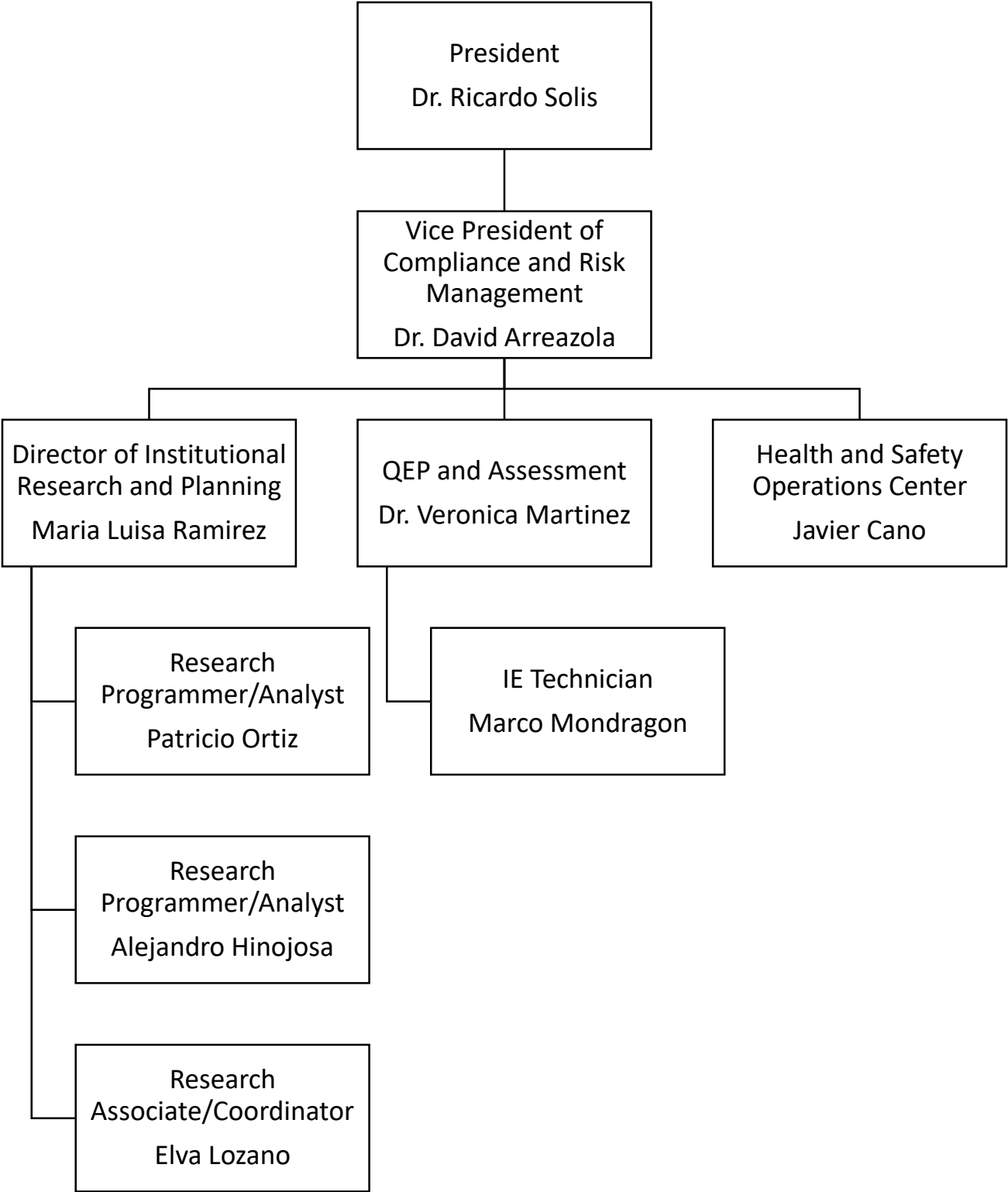
Student Success and Enrollment Division



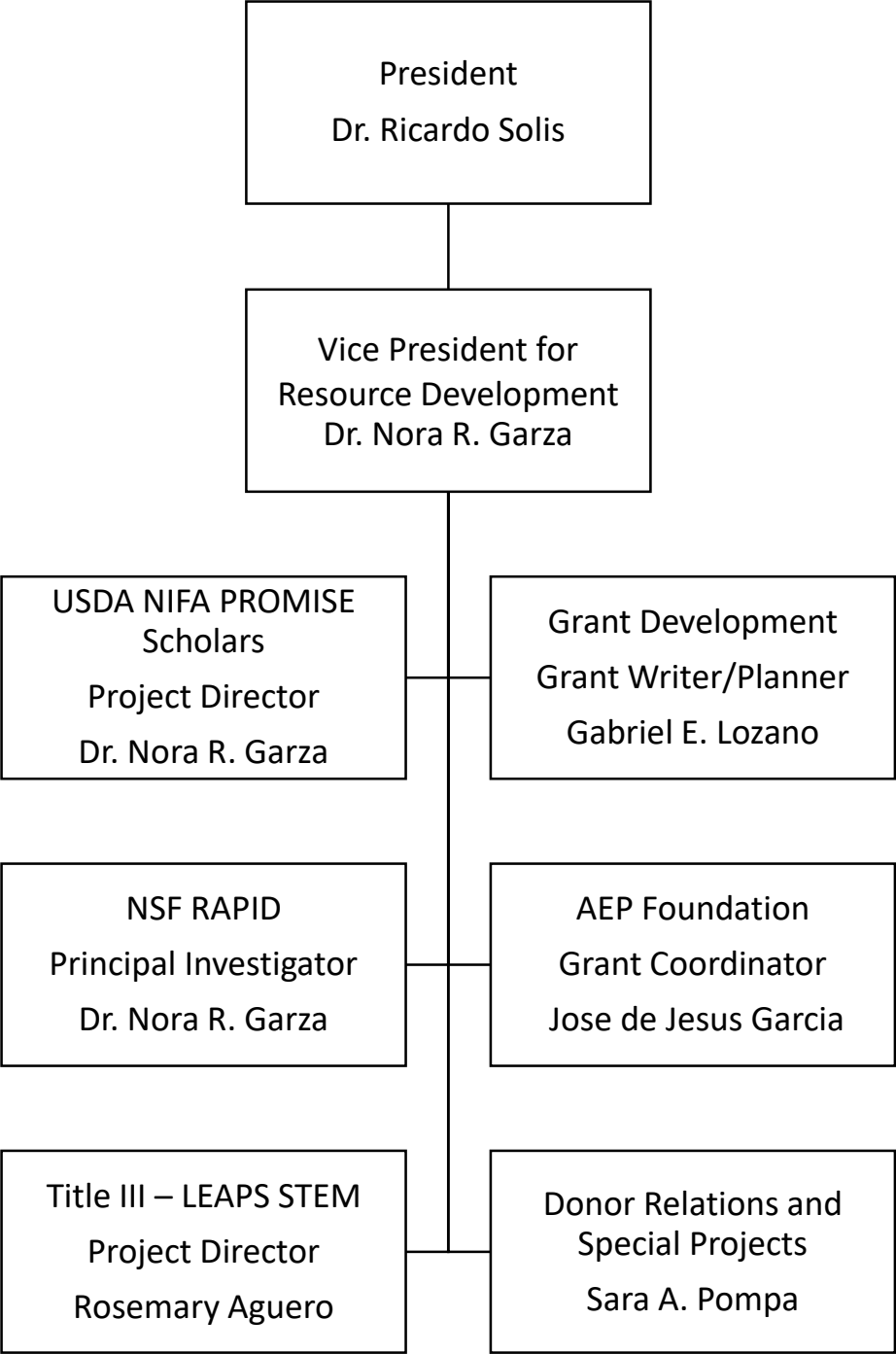
2019-2020
Finance Division



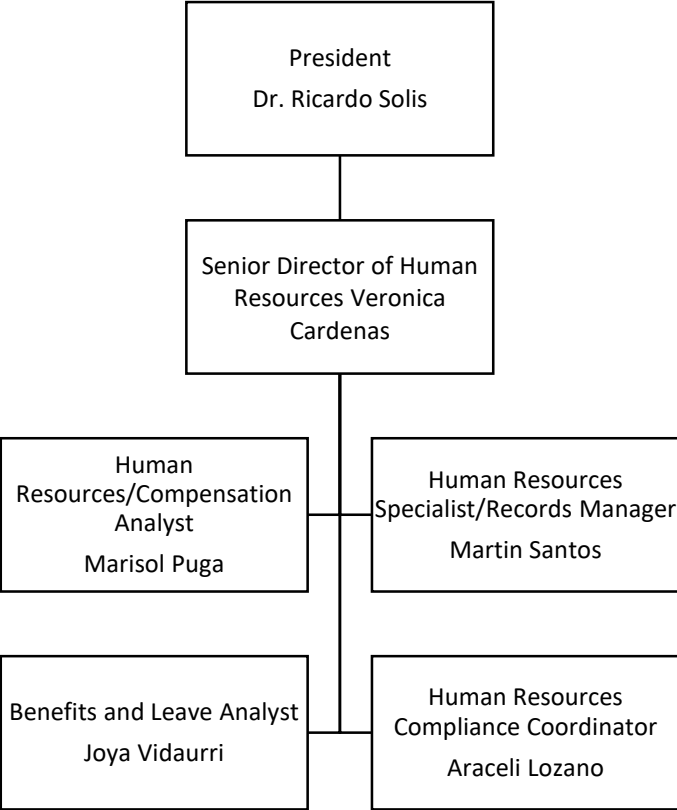
2019-2020
Compliance and Risk
Management



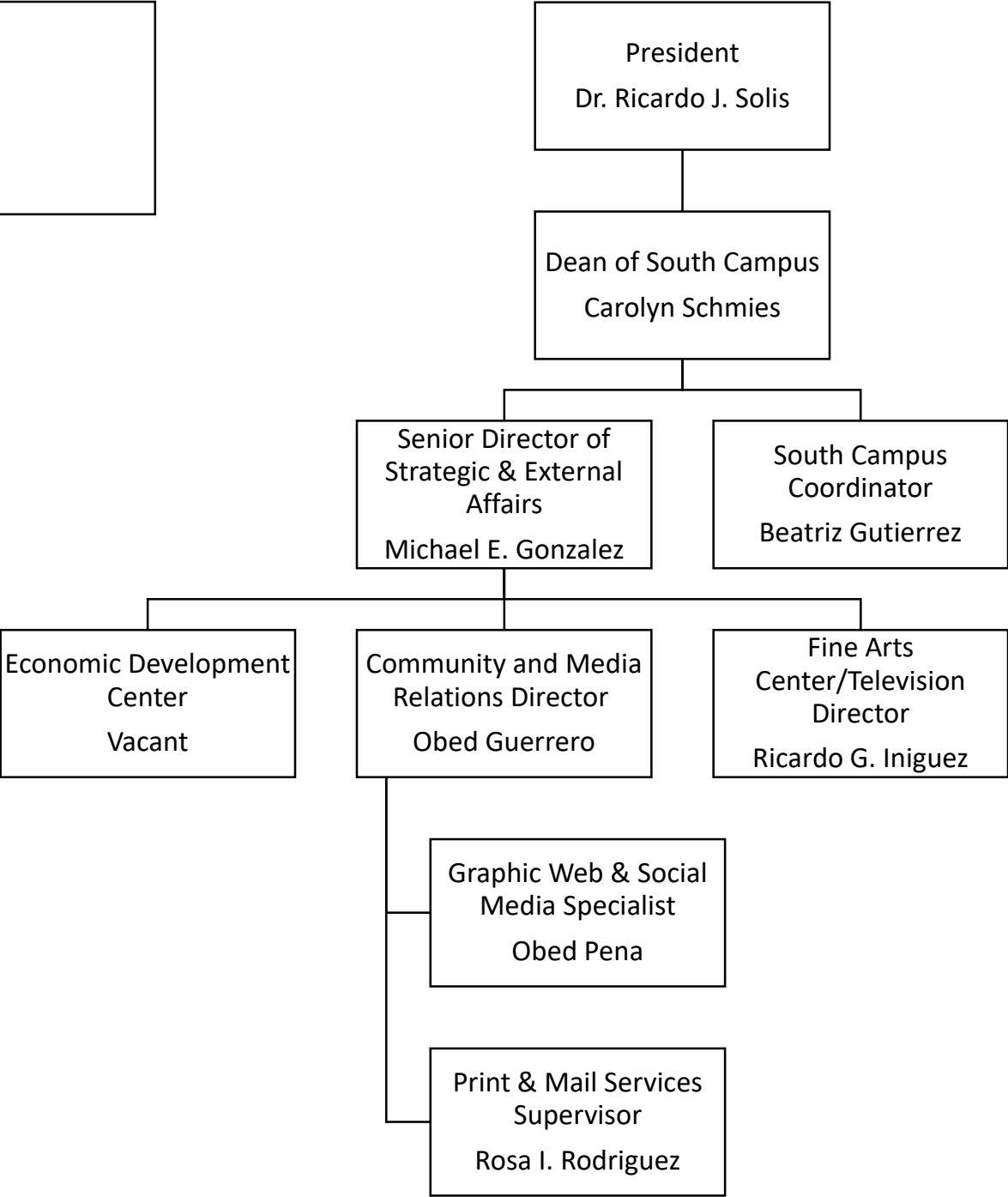
2019-2020
Resource Development Division



2019-2020
Human Resources



2019-2020
Dean of South Campus



FINANCIAL SECTION

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Laredo College (the College), as of and for the years ended August 31, 2020 and 2019, and the related notes to the financial statements. The financial statements include the financial statements of the LC Education Foundation, a discretely presented component unit, as of December 31, 2020 and 2019. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of August 31, 2020 and 2019, and the respective changes in net position, and cash flows 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 Pension Contributions and the Schedule of OPEB Contributions, 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 are 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Introductory and Statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 7, 2020 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 "George Gonzalez", with a stylized flourish underneath.

December 7, 2020

Laredo College
Management Discussion and Analysis
Year Ending August 31, 2020

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, 2020, and comparative information for the year ended August 31, 2019 and August 31, 2018. 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 consists 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 L.C. Education Foundation, Inc.

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, 2020 was \$46.1million compared to \$39.4 million at August 31, 2019. The increase is attributed to an increase in net investment in capital assets of \$3.3 million, an increase in the debt service reserve of \$2 million and an increase of \$1 million to unrestricted net assets.
- The College's ad-valorem tax revenue for maintenance and operations increased by 5% or \$1,698,356 from \$35,954,285 in 2019 to \$37,652,641 in 2020.
- Non-operating revenues increased 4% or \$3,207,408 from \$75,590,873 in 2019 to \$78,798,281 in 2020.
- Capital assets, net of accumulated depreciation, at August 31, 2020, had an increase of \$5,461,484 from August 31, 2019.
- During the fiscal year, the College's combined Net Position increased by \$6,712,935 or 17%.

The financial statements for the College's component unit, the L.C. Education Foundation, Inc., are discretely presented with the financial statements of the College's since the economic resources received or held by the Foundation that the College is entitled to, or has the ability to otherwise access, are significant to the College'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

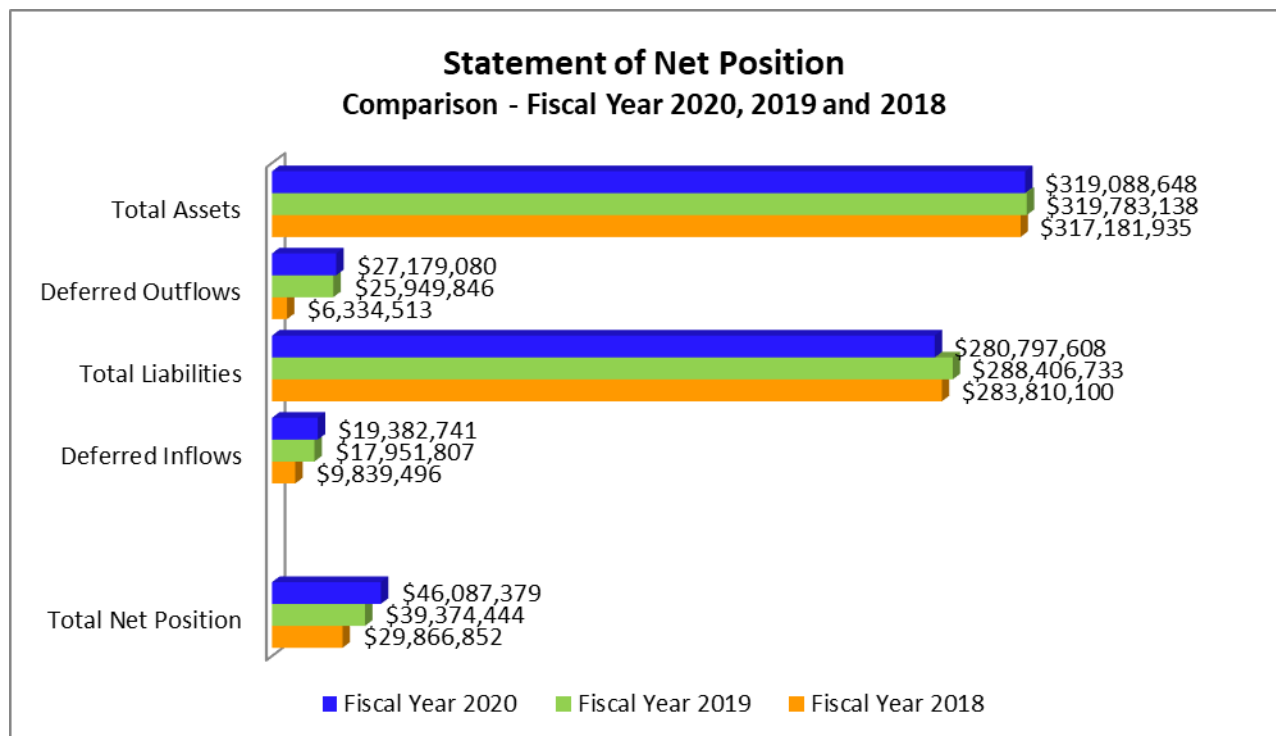
The Statement of Net Position represents the College's financial position at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflow of resources of the College. Net position is the difference between assets plus deferred outflows of resources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

	Statement of Net Position		
	2020	2019	2018
Assets:			
Current assets	\$ 106,406,742	\$ 112,494,099	\$ 131,955,400
Capital assets	208,759,778	203,298,294	181,257,595
Other non-current assets	3,922,128	3,990,745	3,968,940
Total assets	319,088,648	319,783,138	317,181,935
Deferred Outflows Related to Pensions	7,119,539	6,776,574	1,513,725
Deferred Outflows Related to OPEB	14,477,117	15,315,614	889,857
Deferred Charge on Refundings	5,582,424	3,857,658	3,930,931
Total Deferred Outflow of Resources	27,179,080	25,949,846	6,334,513
Liabilities:			
Current liabilities	33,948,289	32,671,519	33,069,186
Non-current liabilities	246,849,319	255,735,214	250,740,914
Total liabilities	280,797,608	288,406,733	283,810,100
Deferred Inflows Related to Pensions	3,783,909	1,618,199	2,270,667
Deferred Inflows Related to OPEB	14,551,204	16,333,608	7,568,829
Deferred Gain on Refundings	1,047,628	-	-
Total Deferred Inflow of Resources	19,382,741	17,951,807	9,839,496
Net Investment in Capital Assets	32,741,218	29,374,745	24,992,131
Restricted net assets	24,997,662	22,692,583	20,135,656
Unrestricted net assets	(11,651,501)	(12,692,884)	(15,260,935)
Total Net Position	\$ 46,087,379	\$ 39,374,444	\$ 29,866,852



Total assets decreased \$694 thousand in 2020 or approximately 0.22%. The decrease was the result of a \$14.2 million dollar decrease to restricted cash due to the acquisition and construction of capital assets as part of the College's Facilities Master Plan Phase III. The decrease was partially offset by a \$6.8 million increase to cash and cash equivalents and an increase of \$5.5 million to capital assets. The \$6.8 million increase to cash and cash equivalents is attributed to a 10% or \$1.1 million dollar increase in State appropriations and a \$2.2 million dollar increase in receipts from Ad Valorem Taxes.

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.

During 2020, total liabilities decreased by \$7.6 million or 2.64% as a result of a \$8.8 million dollar decrease in noncurrent liabilities and an increase of \$1.3 million to current liabilities.

The \$8.8 million decrease to noncurrent liabilities was attributable to the reduction of bonds payable in the amount of \$10.3 million and a reduction of \$1.2 million in accrued compensable absences. The reduction in accrued compensable absences was due to the payment of \$702 thousand in accrued compensable absences to employees who retired in fiscal year 2020. In addition, approximately \$552 thousand of the \$1.2 million reduction to accrued compensable absences was due to the reclassification of liabilities to current liabilities as employees reached the minimum retirement age. The decreases to bonds payable and accrued compensable absences were partially offset by a \$3.5 million dollar increase to the Other Postemployment Benefits (OPEB) liability.

For 2020, current liabilities increased by \$1.3 million due to an increase in accounts payable and to outstanding voluntary separation plan payments to employees at year end. The increase to accounts payable was attributed to the purchase of computer equipment at year end. The equipment was acquired in order to facilitate the transition of face-to-face courses to online platforms as part of the College's response to the COVID-19 pandemic. The voluntary separation plan payments are attributed to a separation incentive package offered to employees with 20 or more years of service in order to reduce operational costs by restructuring salary budgets. Other increases to current liabilities include an increase of \$769 thousand to bonds payable for debt service requirements becoming due within the next fiscal year. Increases to current liabilities were partially offset by a \$2 million dollar decrease to retainage payable due to final payments made for completed construction projects.

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.

For 2020, deferred outflow of resources increased by \$1.2 million primarily attributed to an increase in deferred charges on bond refundings as a result of refunding \$11.6 million in revenue bonds and \$26.9 million in general obligation bonds. Deferred inflows saw an increase of \$1.4 million due to adjustments for future period resources related to pensions and other post-employment benefits and for the recognition of inflows associated with the refunding of bonds refunded in 2020.

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.

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.

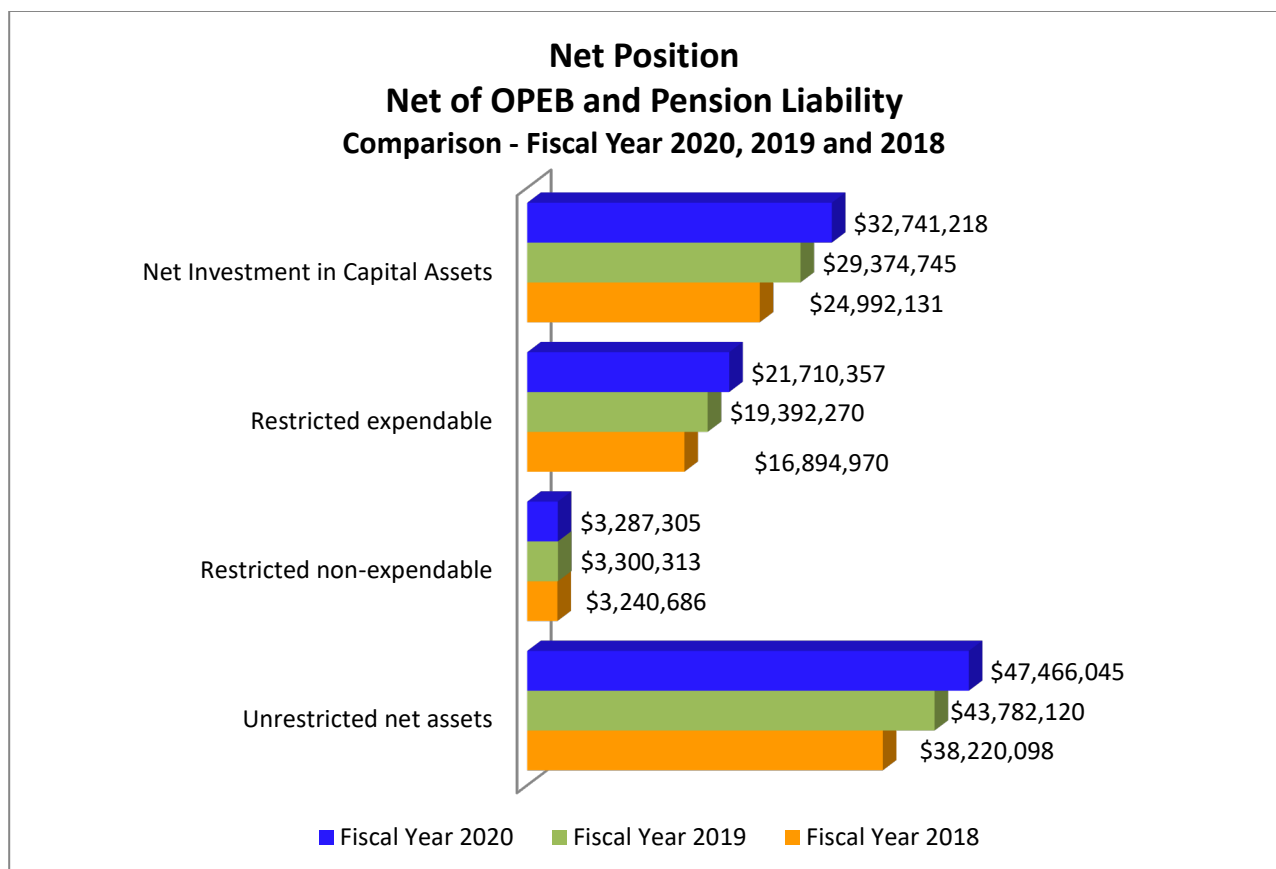
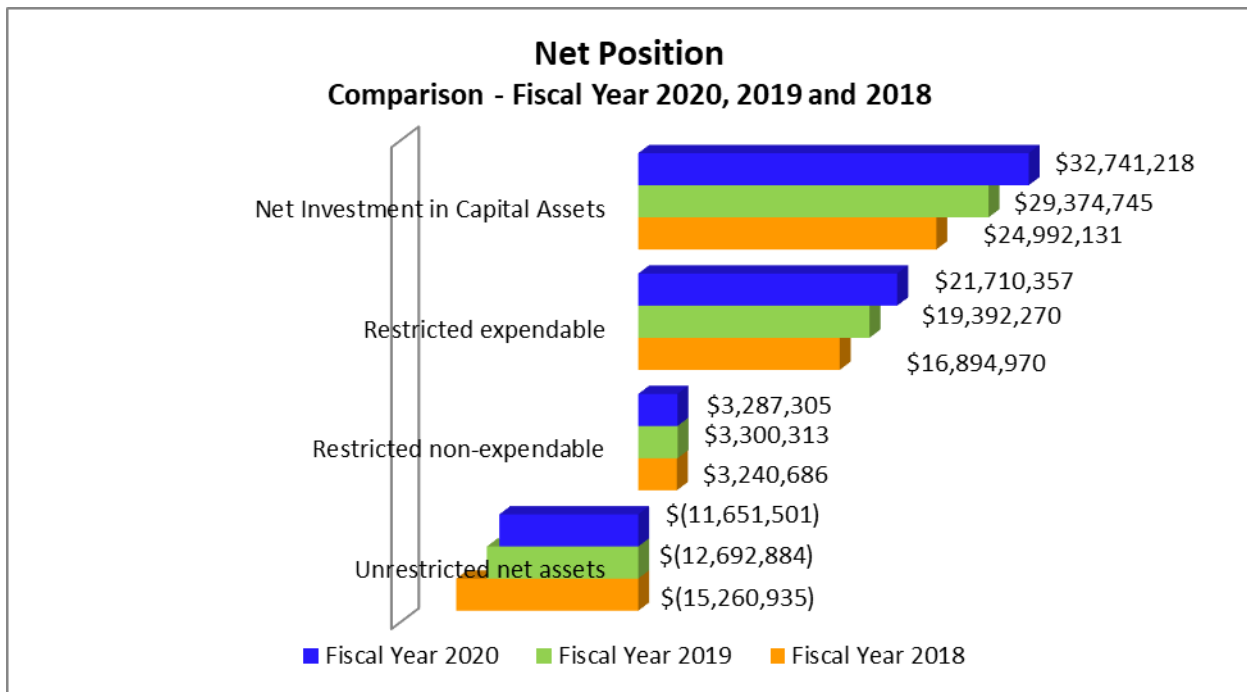
The College's net position at August 31, 2020 was \$46.1 million compared to \$39.4 million at August 31, 2019. The increase in net position is attributed to an increase in net investment in capital assets of \$3.4 million and an increase in debt service of \$2 million. In addition, the College's unrestricted net assets increase by \$1 million dollars due to an increase of \$1.2 million in operating revenues. For 2020, the unrestricted net position of the College reflects a negative amount of \$11.7 million due to the College's proportionate share of TRS' net pension liability and the Other Postemployment Benefits (OPEB) liability in accordance with GASB 68 and GASB 75 requirements.

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 \$47,466,045. This balance provides compelling evidence of the College's overall financial strength and stability.

	2020	2019	2018
Unrestricted Net Assets	\$ (11,651,501)	\$ (12,692,884)	\$ (15,260,935)
Add Compensated Absences Current	901,524	896,544	889,251
Add Compensated Absences - non current	602,115	1,847,281	1,722,554
Add OPEB Liability GASB 75	45,666,692	42,198,715	34,231,864
Less Deferred Outflows of Resources-Pension/OPEB	(21,596,656)	(22,092,188)	(2,403,582)
Add Deferred Inflows of Resources-Pension/OPEB	18,335,113	17,951,807	9,839,496
Add Liability-Pension GASB 68	15,208,758	15,672,845	9,201,450
Unrestricted Net Assets, Net of CA, OPEB and Pension Liability	<u>\$ 47,466,045</u>	<u>\$ 43,782,120</u>	<u>\$ 38,220,098</u>

The College's unrestricted net assets, net of compensated absences and other postemployment benefits (OPEB), increased by \$4.7 million or 10.81% as compared to fiscal year 2019.



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

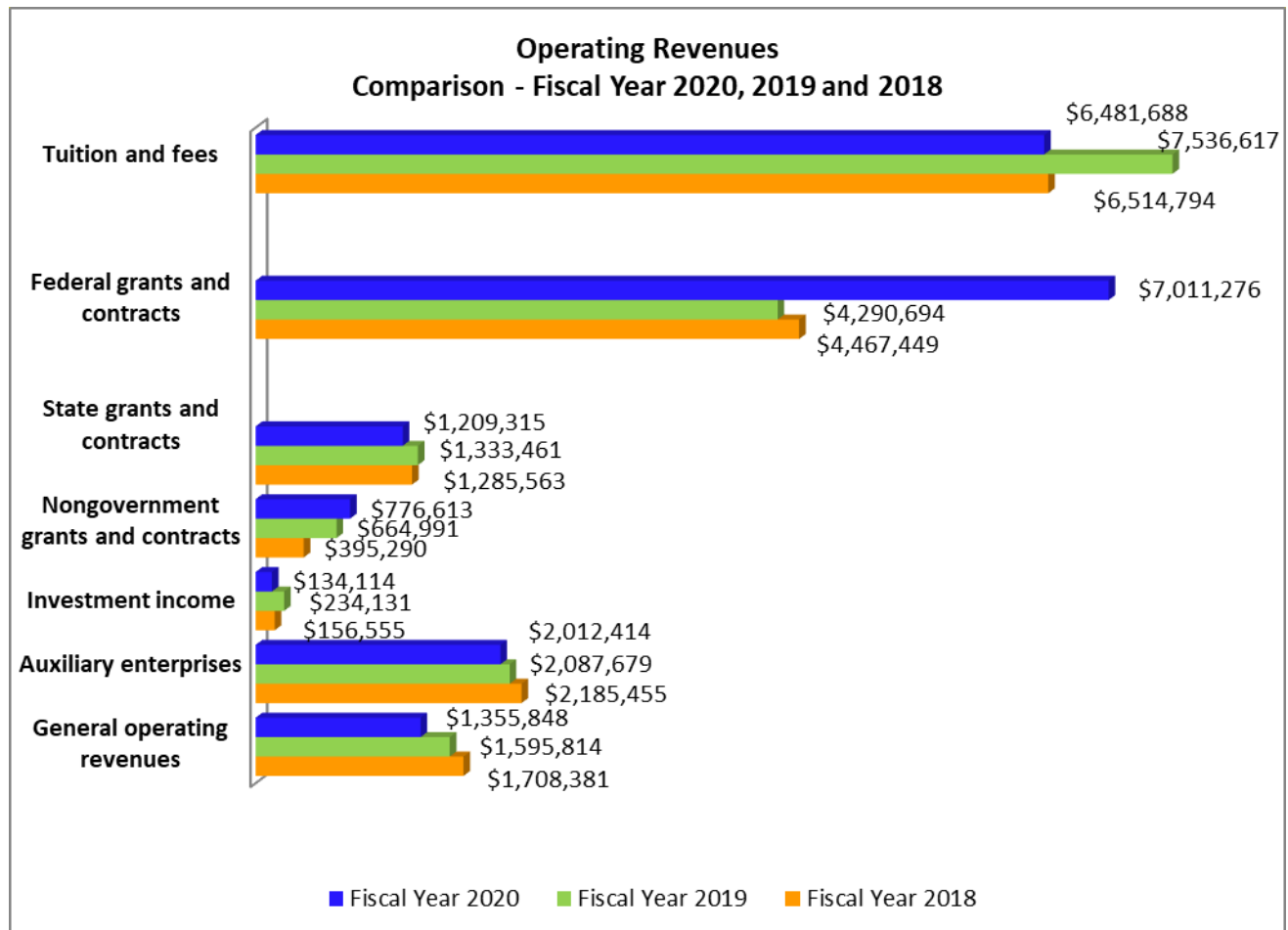
and services which result in operating revenues, as well as depreciation and amortization. All other activity is classified as non-operating revenues and expenses. Since a large portion of the revenue stream including ad valorem property taxes, state appropriations, and all federal financial aid grants 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

	2020	2019	2018
Operating Revenues	\$ 18,981,268	\$ 17,743,387	\$ 16,713,487
Operating Expenses	91,066,614	83,826,668	80,297,148
Operating Loss	(72,085,346)	(66,083,281)	(63,583,661)
Non-operating revenues and expenses	78,798,281	75,590,873	76,968,066
 Increase in Net Position	 6,712,935	 9,507,592	 13,384,405
 Net Position at beginning of year	 39,374,444	 29,866,852	 56,441,678
Prior Period Adjustment	-	-	(39,959,231)
Restated Net Position at beginning of year	-	-	16,482,447
Net Position at end of year	\$ 46,087,379	\$ 39,374,444	\$ 29,866,852

	2020		2019		2018	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Operating revenues						
Tuition and fees (net of discounts)	\$ 6,481,688	34.15%	\$ 7,536,617	42.48%	\$ 6,514,794	38.98%
Federal grants and contracts	7,011,276	36.94%	4,290,694	24.18%	4,467,449	26.73%
State grants and contracts	1,209,315	6.37%	1,333,461	7.52%	1,285,563	7.69%
Nongovernment grants and contracts	776,613	4.09%	664,991	3.75%	395,290	2.37%
Investment income (program restricted)	134,114	0.71%	234,131	1.32%	156,555	0.94%
Auxiliary enterprises (net of discounts)	2,012,414	10.60%	2,087,679	11.77%	2,185,455	13.08%
Other operating revenues	1,355,848	7.14%	1,595,814	8.99%	1,708,381	10.22%
Total	\$ 18,981,268	100.00%	\$ 17,743,387	100.00%	\$ 16,713,487	100.00%



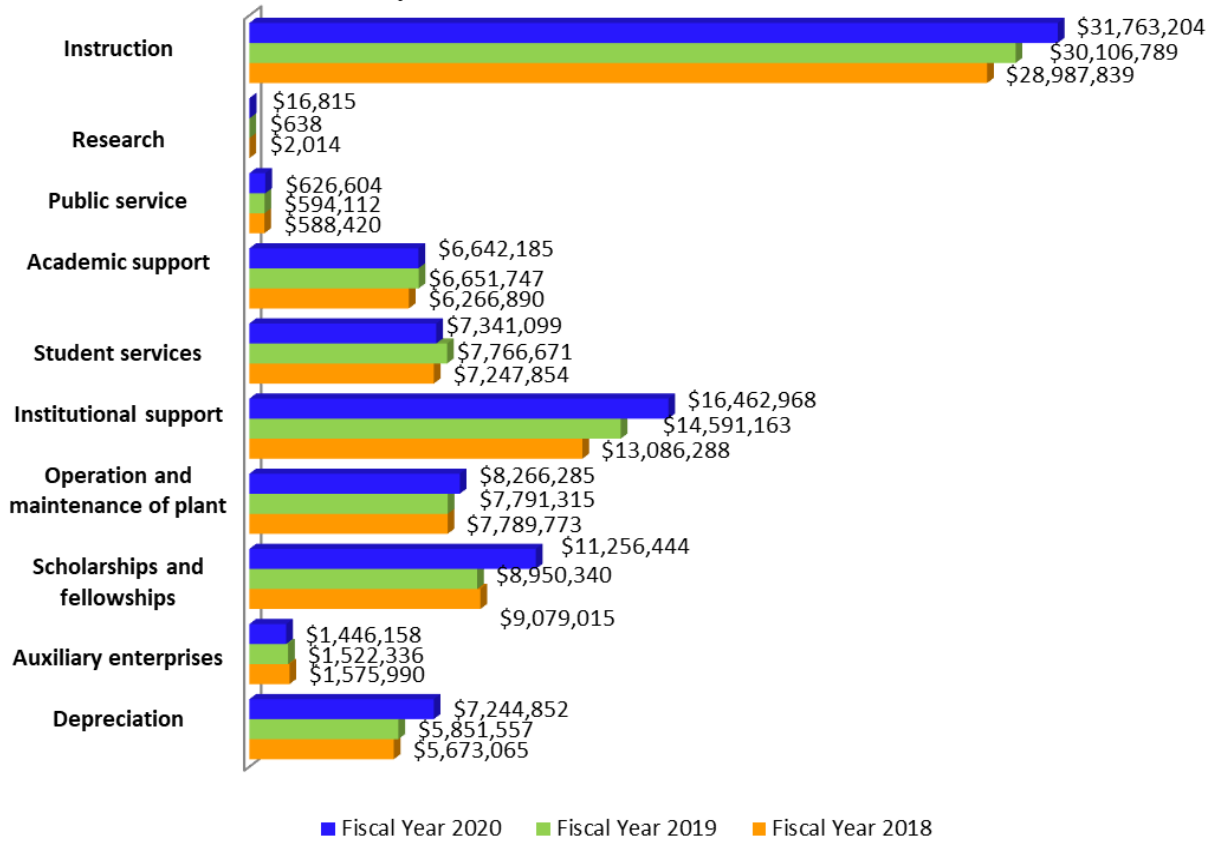
For 2020, the statement of revenues, expenses and changes in net position reflects an increase to net position of \$6.7 million. As is normal, operations yielded a loss for the year of \$72 million. This is commonly referred to as the burden on taxpayers. The operating loss does not include state appropriations, Title IV funds, or ad valorem taxes, which are reported as non-operating revenues as required by GASB 35. The operating loss increased by \$6 million or 9%, from \$66 million in fiscal year 2019, to \$72 million in fiscal year 2020. Operating revenues increased by \$1.2 million, and total operating expenses increased by \$7.2 million. Total operating revenues increase by \$1.2 million, primarily due to the increase in federal grant revenue for funds received from the CARES Act - higher education emergency relief funds.

During 2019, the statement of revenues, expenses and changes in net position reflected 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.

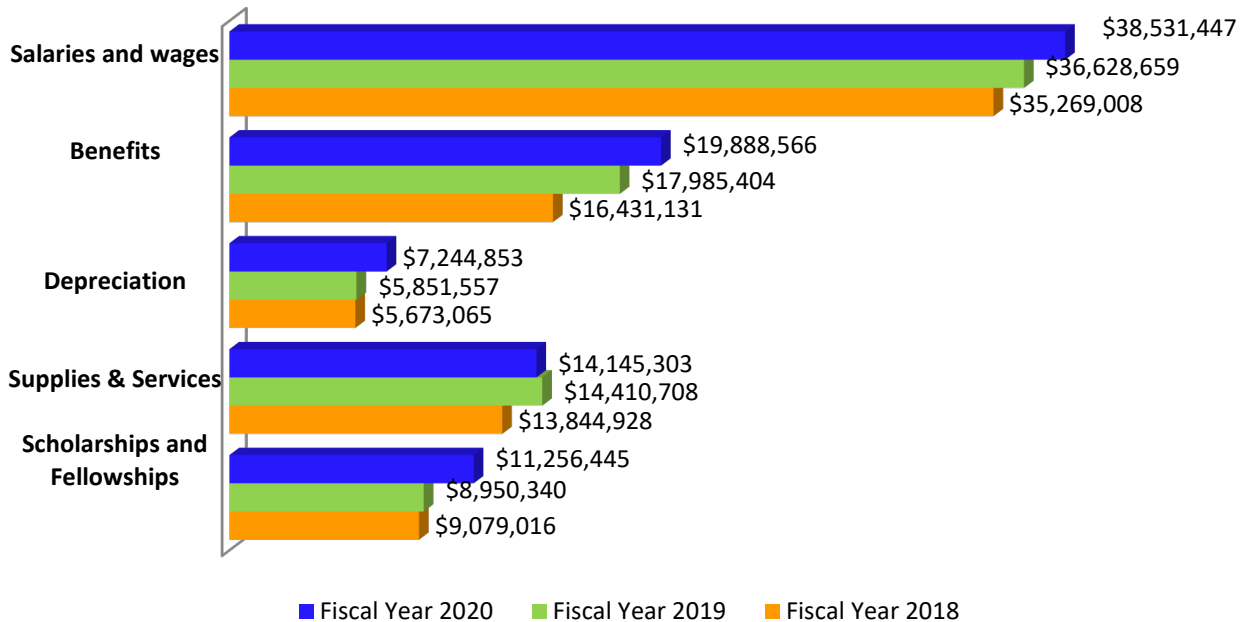
Operating Expenses by Function	2020		2019		2018	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	\$ 31,763,204	34.88%	\$ 30,106,789	35.92%	\$ 28,987,839	36.10%
Research	16,815	0.02%	638	0.00%	2,014	0.00%
Public service	626,604	0.69%	594,112	0.71%	588,420	0.73%
Academic support	6,642,185	7.29%	6,651,747	7.94%	6,266,890	7.80%
Student services	7,341,099	8.06%	7,766,671	9.27%	7,247,854	9.03%
Institutional support	16,462,968	18.08%	14,591,163	17.41%	13,086,288	16.30%
Operation and maintenance of plant	8,266,285	9.08%	7,791,315	9.29%	7,789,773	9.70%
Scholarships and fellowships	11,256,444	12.36%	8,950,340	10.68%	9,079,015	11.31%
Auxiliary enterprises	1,446,158	1.59%	1,522,336	1.82%	1,575,990	1.96%
Depreciation	7,244,852	7.96%	5,851,557	6.98%	5,673,065	7.07%
Total	\$ 91,066,614	100.00%	\$ 83,826,668	100.00%	\$ 80,297,148	100.00%

Operating Expenses by Classification	2020		2019		2018	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Salaries and wages	\$ 38,531,447	42.31%	\$ 36,628,659	43.70%	\$ 35,269,008	43.92%
Benefits	19,888,566	21.84%	17,985,404	21.46%	16,431,131	20.46%
Depreciation	7,244,852	7.96%	5,851,557	6.98%	5,673,065	7.07%
Supplies & Services	14,145,304	15.53%	14,410,708	17.19%	13,844,928	17.24%
Scholarships and fellowships	11,256,445	12.36%	8,950,340	10.68%	9,079,016	11.31%
Total	\$ 91,066,614	100.00%	\$ 83,826,668	100.00%	\$ 80,297,148	100.00%

Operating Expenses by Function Comparison - Fiscal Year 2020, 2019 and 2018



Operating Expenses by Classification Comparison - Fiscal Year 2020, 2019 and 2018



In 2020, operating expenses increased by almost 9%, or approximately \$7.2 million compared to 2019. The increase in operating expenses was attributed to the following factors.

- An increase of \$1.4 million in depreciation costs due to the acquisition of capital assets.
- An increase of \$1.9 million in salaries and wages due to general pay increases.
- An increase of \$2.0 million in fringe benefits due to increase pension costs and other post-employment benefits.
- An increase of \$2.3 million in scholarship expenses attributed to CARES act grants awarded to students.

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.

For 2020, net non-operating revenues increased by 4% or \$3.2 million over fiscal year 2019. The increase was mainly attributed to an 11.6% (\$1.9 million) increase in State appropriation revenue and a 5% or \$2.4 million dollar increase in ad-valorem tax revenue.

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.

Some highlights of the fiscal year 2020 information presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

- Tuition and fees were discounted by \$19,263,121 and \$17,657,416 in fiscal years 2020 and 2019 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 \$19.2 million 31% or \$5.9 million represents exemptions granted for the dual enrollment program.
- Tax collections for maintenance and operations increased 4.72% from \$35,954,285 in 2019 to \$37,652,641 in 2020.
- The tax rates assessed in fiscal years 2019 and 2020 were \$0.327103 and \$0.328643 respectively.
- In fiscal year 2020, operations yielded an increase in net position of 17% or \$6.7M from fiscal year 2019 to fiscal year 2020.

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 College. 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 \$7.4 million and \$19.8 million at August 31, 2020 and 2019, 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 \$7.4 million decrease in cash and cash equivalents in fiscal year 2020 is mainly attributed to an increase of \$2.3 million in cash outflows for scholarship and fellowship payments. In addition, there was also a \$1.1 million increase in outflows for capital debt and lease payments compared to 2019. Also, during 2020 receipts from interest earnings decreased by \$1.4 million due to interest rate drops.

Statement of Cash Flows

	2020	2019	2018
Cash provided (used) by			
Operating Activities	\$ (54,008,896)	\$ (53,524,315)	\$ (46,111,339)
Non-capital financing activities	79,480,485	75,652,363	77,531,601
Financing activities	(33,916,955)	(44,367,370)	(48,025,141)
Investing activities	1,047,047	2,432,585	1,844,106
Net increase (decrease) in cash	(7,398,319)	(19,806,737)	(14,760,773)
Cash and cash equivalents - September 1	102,175,897	121,982,634	136,743,407
Cash and cash equivalents - August 31	\$ 94,777,578	\$ 102,175,897	\$ 121,982,634

Capital Assets

Changes in net capital assets are the result of acquisitions, improvements, deletions and changes in accumulated depreciation and amortization. The College had \$208.8 million and \$203.3 million invested in capital assets net of accumulated depreciation and amortization at August 31, 2020 and 2019. Depreciation expense totaled \$7.2 million in fiscal year 2020 and \$5.8 million in fiscal year 2019 (Note 5). A summary of net capital assets is presented below:

Net Capital Assets at Fiscal Year End

	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
Land	\$ 5,444,715	\$ 5,444,715	\$ 5,444,715	-	-
Water Rights	9,920	9,920	9,920	-	-
Construction in Process	1,097,776	62,672,899	40,230,865	(61,575,123)	22,442,034
Buildings & building improvements	168,300,096	106,596,334	109,035,054	61,703,762	(2,438,720)
Other real estate improvements	17,126,275	14,882,941	15,913,845	2,243,334	(1,030,904)
Furniture, machinery & equipment	16,074,603	12,946,859	9,820,651	3,127,744	3,126,208
Library books	706,393	744,626	802,545	(38,233)	(57,919)
Total capital assets, net of accumulated depreciation	<u>\$ 208,759,778</u>	<u>\$ 203,298,294</u>	<u>\$ 181,257,595</u>	<u>\$ 5,461,484</u>	<u>\$ 22,040,699</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, 2020 and 2019.

Depreciable Capital Assets and Accumulated Depreciation Percentages

	Fiscal Year 2020			Fiscal Year 2019		
	Capitalized	Accumulated	%	Capitalized	Accumulated	%
	Amount	Depreciation	Depreciated	Amount	Depreciation	Depreciated
Buildings & building improvements	\$ 203,161,164	\$ 34,861,068	17.16%	\$ 138,435,480	\$ 31,839,147	23.00%
Other real estate improvements	37,547,300	20,421,025	54.39%	34,208,397	19,325,456	56.49%
Furniture, machinery & equipment	37,463,316	21,388,714	57.09%	31,492,672	18,545,813	58.89%
Library books	3,788,337	3,081,944	81.35%	3,718,771	2,974,144	79.98%
Total	<u>\$ 281,960,117</u>	<u>\$ 79,752,750</u>	<u>28.29%</u>	<u>\$ 207,855,320</u>	<u>\$ 72,684,560</u>	<u>34.97%</u>

Major capital additions and renovations completed or in process during fiscal years 2020 include the following:

Fiscal Year 2020	Project Status	Amount
Lopez Nursing Project	CIP	\$ 9,484
Master Plan PHIII Project	CIP	\$ 23,235
Cyber Security Project	Completed	\$ 53,359
LEAC Fitness Center Project	Completed	\$ 75,106
G & L Martinez Project	Completed	\$ 78,434
Water Line Project	CIP	\$ 81,865
Oil and Gas Institute Storage Tank	Completed	\$ 90,465
Building P-14	Completed	\$ 96,976
Maravillo Gym	CIP	\$ 271,411
Billy Hall Roof	CIP	\$ 286,550
De La Garza Building	CIP	\$ 425,231
Cosmetology Project	Completed	\$ 1,176,023
Campus Mall Improvements Phases B, C & D	Completed	\$ 1,216,431
South Campus HVAC Project	Completed	\$ 1,978,648
Billy Hall Culinary Arts Project	Completed	\$ 2,498,904
Yearly Library Renovation and Additions	Completed	\$ 14,272,249
Cigarroa Science Complex	Completed	\$ 18,742,952
College of Health Sciences Building	Completed	\$ 27,785,039

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

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

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.

Long Term Debt

Laredo College had \$179.5 million and \$186.9 million in outstanding bond and maintenance tax note debt at August 31, 2020 and 2019, respectively, before premiums and discounts. Outstanding debt decreased by \$7.4 million and \$9.0 million in fiscal years 2020 and 2019, respectively. The following table summarizes these amounts by type of debt instrument.

Bonds and Tax Notes Payable

	Fiscal Year			Change	
	2020	2019	2018	2019 to 2020	2018 to 2019
General Obligation Bonds	\$ 98,900,000	\$ 104,205,000	\$ 109,250,000	\$ (5,305,000)	\$ (5,045,000)
Revenue Bonds	49,535,000	51,195,000	53,305,000	(1,660,000)	(2,110,000)
Tax Notes	31,065,000	31,485,000	33,410,000	(420,000)	(1,925,000)
Total outstanding debt	<u>\$ 179,500,000</u>	<u>\$ 186,885,000</u>	<u>\$ 195,965,000</u>	<u>\$ (7,385,000)</u>	<u>\$ (9,080,000)</u>

The \$7.4 million reduction in fiscal year 2020 was due to scheduled debt service principal payments of approximately \$420 thousand for maintenance tax notes and a \$7 million for general obligation and revenue bonds.

The \$9.0 million reduction in fiscal year 2019 was due to scheduled debt service principal payments of approximately \$1.9 million for maintenance tax notes and \$7.2 million for general obligation and revenue bonds.

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-

S&P Global Ratings = A

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 outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting the United States and Texas. In order to ensure the safety of students and staff, the College cancelled all academic face-to-face classes thru December 31, 2020, converting instruction to an online-format and limiting face-to-face instruction to workforce classes only. As a result, the College anticipates a reduction in enrollment of 15% for the next fiscal year. In addition, the College anticipates that tax collections could decrease by 5% next fiscal year as a result of the pandemic.

In order to offset potential fiscal year 2021 revenue decreases, during fiscal year 2020 the leadership of Laredo College implemented a hiring freeze on vacant positions and implemented a voluntary employee separation plan. These measures are expected to provide the College approximately \$3.8 million dollars in salary savings for the next 2 to 3 fiscal years. The College also suspended all of its athletic programs for the upcoming 2021 fiscal year which is saving the College an additional \$1 million.

Although the College has taken a proactive approach to responding to the pandemic, its long-term impact is uncertain at this time. Despite the challenges presented by the COVID-19 pandemic, Laredo College continues its commitment to meet the educational needs of the communities it serves. 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.

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
Statements of Net Position
August 31, 2020 and August 31, 2019
Exhibit 1

	FY 2020	FY 2019
Assets		
Current Assets:		
Cash and cash equivalents	\$ 52,470,783	\$ 45,704,921
Restricted cash and cash equivalents	38,547,231	52,749,408
Property taxes receivable (net of allowances of \$1,060,007 and \$965,427)	1,594,904	1,423,160
Tuition and fees receivable (net of allowances of \$1,960,311 and \$1,780,701)	8,384,406	7,908,578
Federal receivables (net of allowances of \$111,289 and \$101,987)	2,345,640	1,621,651
Other receivables (net of allowances of \$543,755 and \$495,370)	2,492,064	2,997,408
Inventories	6,174	7,370
Prepaid expenses	565,540	81,603
Total Current Assets	106,406,742	112,494,099
Noncurrent Assets:		
Endowment cash and cash equivalents	3,759,564	3,721,568
Prepaid bond insurance (net of amortization)	162,564	269,177
Capital assets (net)	208,759,778	203,298,294
Total Noncurrent Assets	212,681,906	207,289,039
Total Assets	319,088,648	319,783,138
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	7,119,539	6,776,574
Deferred Outflows Related to OPEB	14,477,117	15,315,614
Deferred Loss on Refundings	5,582,424	3,857,658
Total Deferred Outflows of Resources	27,179,080	25,949,846
Liabilities		
Current Liabilities:		
Accounts payable	5,894,548	4,003,006
Accrued liabilities	392,478	224,178
Unearned revenue	11,844,208	12,154,390
Funds held for others	480,164	483,693
Accrued compensable absences - current portion	901,524	896,544
Voluntary Separation Plan Payable	996,072	-
Capital leases payable - current portion	828,099	1,034,606
Bond interest payable	660,976	720,371
Bonds payable - current portion	11,601,541	10,831,943
Retainage payable	348,679	2,322,788
Total Current Liabilities	33,948,289	32,671,519
Noncurrent Liabilities:		
Accrued compensable absences	602,115	1,847,281
Capital leases payable	1,328,532	1,650,313
Bonds payable	184,043,222	194,366,060
Net Pension Liability	15,208,758	15,672,845
Net OPEB Liability	45,666,692	42,198,715
Total Noncurrent Liabilities	246,849,319	255,735,214
Total Liabilities	280,797,608	288,406,733
Deferred Inflows of Resources		
Deferred Inflows of Related to Pensions	3,783,909	1,618,199
Deferred Inflows of Related to OPEB	14,551,204	16,333,608
Deferred Gain on Refundings	1,047,628	-
Total Deferred Inflows of Resources	19,382,741	17,951,807
Net Position		
Net investment in capital assets	32,741,218	29,374,745
Restricted for:		
Non-expendable		
Endowment	3,287,305	3,300,313
Expendable		
Student aid	3,884,472	3,661,942
Plant funds	175,756	675,759
Other	116,144	103,777
Debt service reserve	13,585,863	11,569,440
Auxiliary	3,948,122	3,381,352
Unrestricted	(11,651,501)	(12,692,884)
Total Net Position	\$ 46,087,379	\$ 39,374,444

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

Laredo College
Statement of Financial Position of L.C. Education Foundation, Inc.
(A Component Unit of Laredo College)
December 31, 2019
Exhibit 1A

	December 31,	
	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 513,612	\$ 315,941
Pledge Receivable	-	-
Restricted Assets		
Cash and Cash Equivalents	55,000	55,000
Investment	14,773	11,799
Total Assets	<u>\$ 583,385</u>	<u>\$ 382,740</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Without Donor Restrictions	\$ 92,474	\$ 78,735
With Donor Restrictions	490,911	304,005
Total Net Assets	<u>\$ 583,385</u>	<u>\$ 382,740</u>
Total Liabilities and Net Assets	<u>\$ 583,385</u>	<u>\$ 382,740</u>

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

Laredo College
Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2020 and August 31, 2019
Exhibit 2

Revenues	FY 2020	FY 2019
Operating Revenues		
Tuition and fees (net of discounts of \$19,263,121 and \$17,657,416)	\$ 6,481,688	\$ 7,536,617
Federal grants and contracts	7,011,276	4,290,694
State grants and contracts	1,209,315	1,333,461
Nongovernment grants and contracts	776,613	664,991
Investment income (program restricted)	134,114	234,131
Auxiliary enterprises	2,012,414	2,087,679
Other operating revenues	1,355,848	1,595,814
Total Operating Revenues	<u>18,981,268</u>	<u>17,743,387</u>
Expenses		
Operating Expenses		
Instruction	31,763,204	30,106,789
Research	16,815	638
Public service	626,604	594,112
Academic support	6,642,185	6,651,747
Student services	7,341,099	7,766,671
Institutional support	16,462,968	14,591,163
Operation and maintenance of plant	8,266,285	7,791,315
Scholarships and fellowships	11,256,444	8,950,340
Auxiliary enterprises	1,446,158	1,522,336
Depreciation	7,244,852	5,851,557
Total Operating Expenses	<u>91,066,614</u>	<u>83,826,668</u>
Operating Income (Loss)	<u>(72,085,346)</u>	<u>(66,083,281)</u>
Non-Operating Revenues (Expenses)		
State appropriations	17,832,190	15,976,013
Professional nursing shortage reduction	11,481	26,272
Maintenance ad-valorem taxes		
Taxes for maintenance & operations	37,652,641	35,954,285
Taxes for general obligation bonds	10,642,053	9,985,252
Federal revenue, non-operating	19,378,260	18,645,886
Investment income	1,047,047	2,432,585
Interest on capital related debt	(7,417,611)	(7,892,812)
Other non-operating revenues (expenses)	(345,534)	399,297
Additions to permanent endowments	-	56,000
Gain/(Loss) on sale of asset	(2,784)	-
Capital gifts	538	8,095
Net Other Non-Operating Revenues (Expenses)	<u>78,798,281</u>	<u>75,590,873</u>
Income Before Extraordinary Item	6,712,935	9,507,592
Extraordinary Item	-	-
Increase (decrease) in Net Position	6,712,935	9,507,592
Net Position - Beginning	39,374,444	29,866,852
Restatements (prior period adjustment)	-	-
Restated Net Position - September 1, 2019 and September 1, 2018	<u>39,374,444</u>	<u>29,866,852</u>
Net Position - Ending	<u>\$ 46,087,379</u>	<u>\$ 39,374,444</u>

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

Laredo College
Statements of Activities of L.C. Education Foundation, Inc.
(A Component Unit of Laredo College)
December 31, 2019
Exhibit 2A

	Without Donor Restrictions	With Donor Restriction	Total
Net Position at January 1, 2019	\$ 78,735	\$ 304,005	\$ 382,740
Support and Revenue			
Contributions	50	208,856	208,906
In-Kind Contributions	13,689	-	13,689
Investment Income	-	524	524
Loss on Investment	-	2,974	2,974
Net Position released from Restrictions	25,448	(25,448)	-
Total Revenue	39,187	186,906	226,093
Expenses:			
Program Services			
External Donations	2,305	-	2,305
In-Kind Expense	1,443	-	1,443
Total Program Services	3,748	-	3,748
General and Administrative			
Hospitality	1,374	-	1,374
Professional Fees	3,880	-	3,880
Contracted Services	4,000	-	4,000
Bank Fees	2	-	2
Miscellaneous	198	-	198
In-Kind Expense	12,246	-	12,246
Total General and Administrative Expenses	21,700	-	21,700
Total Expenses	25,448	-	25,448
Increase/(Decrease) in Net Position	13,739	186,906	200,645
Net Position at December 31, 2019	\$ 92,474	\$ 490,911	\$ 583,385

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

Laredo College
Statements of Activities of L.C. Education Foundation, Inc.
(A Component Unit of Laredo College)
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
Statement of Cash Flows
Years Ended August 31, 2020 and 2019
Exhibit 3

	FY 2020	FY 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 8,213,435	\$ 9,207,076
Receipts from operating grants and contracts	8,273,215	5,834,979
Payments to suppliers for goods and services	(13,496,006)	(14,414,133)
Payment to or on behalf of employees	(47,233,058)	(47,031,843)
Payments for scholarships and fellowships	(11,256,444)	(8,950,339)
Other Receipts (payments)	1,489,962	1,829,945
Net cash provided (used) by operating activities	<u>(54,008,896)</u>	<u>(53,524,315)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from State Appropriations	11,499,777	10,431,927
Receipts from Ad Valorem Taxes	48,122,950	45,947,459
Receipts (payments) from (to) student organizations and other agency transactions	(3,529)	(9,079)
Receipts from private gifts for endowment purposes	-	56,000
Receipts from Title IV Financial Aid Programs	19,378,260	18,645,886
Other Receipts	483,027	580,170
Net cash provided (used) by non-capital financing activities	<u>79,480,485</u>	<u>75,652,363</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from the issuance of capital debt	38,756,492	-
Acquisition and construction of capital assets	(13,247,689)	(25,979,037)
Payments of bond insurance	(106,613)	(124,651)
Proceeds from sale of Equipment	-	-
Payment of bond issue costs and other fees	(593,032)	-
Payments on capital debt and lease - principal	(48,849,373)	(9,019,270)
Payments on capital debt and leases - interest and fees	(9,876,740)	(9,244,412)
Net cash provided (used) by capital and related financing activities	<u>(33,916,955)</u>	<u>(44,367,370)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from interest on dividends	1,047,047	2,432,585
Net cash provided (used) by investing activities	<u>1,047,047</u>	<u>2,432,585</u>
Increase (Decrease) in cash and cash equivalents	<u>(7,398,319)</u>	<u>(19,806,737)</u>
Cash and cash equivalents - September 1	102,175,897	121,982,634
Cash and Cash Equivalents - August 31	<u>\$ 94,777,578</u>	<u>\$ 102,175,897</u>

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

Laredo College
Statement of Cash Flows
Years Ended August 31, 2020 and 2019
Exhibit 3

	<u>FY 2020</u>	<u>FY 2019</u>
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities		
Operating Income (loss)	\$ (72,085,346)	\$ (66,083,282)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation and Amortization expense	8,459,459	6,688,593
State On-behalf Payments	6,332,413	5,544,086
Changes in Assets and Liabilities:		
Assets (Increase) decrease		
Receivables	(694,474)	(699,354)
Inventories	1,196	592
Prepaid Expenses	(483,937)	198,949
Deferred outflows	495,532	(20,513,100)
Liabilities Increase (Decrease)		
Accounts Payable	(82,567)	(1,040,004)
Accrued Liabilities	168,300	(131,341)
Compensated Absences	(244,114)	132,020
Unearned Revenue	(310,182)	(172,031)
Deferred Inflows	1,430,934	8,112,311
TRS Pension Liability	3,003,890	14,438,246
Net cash provided (used) by operating activities	<u>\$ (54,008,896)</u>	<u>\$ (53,524,315)</u>
 Schedule of Non-Cash Investment, Capital, and Financing Activities		
State on-behalf payments	\$ 6,332,413	\$ 5,544,086
Increase (decrease) in fair value of investments	\$ -	\$ -
Gifts of depreciable and non-depreciable assets	\$ 538	\$ 8,095
Amortization of premium on bonds	\$ 2,400,364	\$ 1,316,180
Amortization of deferred charges on bond refundings	\$ 677,138	\$ 73,273

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

Laredo College
Statement of Cash Flows of L.C. Education Foundation, Inc.
(A Component Unit of Laredo College)
December 31, 2019
Exhibit 3A

	December 31, 2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 200,645	\$ (460,919)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Decrease (Increase) in Fair Value of Investment	(2,974)	1,818
Decrease (Increase) in Pledge Receivable	-	59,600
Net Cash Provided (Used) by Operating Activities	197,671	(399,501)
Increase (Decrease) in Cash and Cash Equivalents	197,671	(399,501)
Cash and Cash Equivalents at Beginning of Year	370,941	770,442
Cash and Cash Equivalents at End of Year	\$ 568,612	\$ 370,941
Non-cash Operating Activities		
In-Kind Contributions	\$ 13,689	\$ 25,457

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

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Laredo College
Notes to Financial Statements
August 31, 2020

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 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). Financial information for the L.C. Education Foundation can be obtained by writing to: 1 West Washington Street c/o Donor Relations, Laredo, TX 78040 or by calling 956-721-5812.

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 College'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 college.

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 \$18,740,759 and \$3,659,778 at August 31, 2020 and August 31, 2019 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 2020 and 2019, 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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

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.

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

Unearned Revenue

Tuition and fees of \$10,246,400 and \$10,744,427, federal, state, and local grants of \$1,597,508 and \$1,409,963 and rental revenue of \$300 and \$0 have been reported as unearned revenue at August 31, 2020 and August 31, 2019, 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.

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 2020 and 2019.

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

The Public Funds Investment Act (PFIA), Texas Government Code Chapter 2256 contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the College to adopt, implement, and publicize an investment policy. The policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the College to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the College to have independent auditors perform test procedures related to investment practices as provided by the Act.

Note 4 – Deposits and Investments – (continued)

Temporary investments consist of funds invested in local government investment pools as described below. The investment pools used by the College are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the PFIA. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The College's investments in investment pools, which are exempt from regulation by the Securities and Exchange Commission (SEC), have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of shares in each pool; and the market value of a share should approximately equal the book value of a share.

GASB Statement No. 31 provides an exception to the fair value reporting for investments in external pools that operate as "2a7-like" pools. The exception applies to portfolio securities held by external investment pools and allows the use of amortized cost rather than fair value to report net assets and compute share prices.

The College's investments in public funds investment pools include those with the Lone Star Investment Pool (Lone Star) and the Fixed Income Trust. The pools operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. Accordingly, the fair value of the College's position in the pool is the same as the value of the pool shares and does not include any unrealized gains and losses.

Cash and Deposits

	<u>August 31, 2020</u>	<u>August 31, 2019</u>
Bank Deposits		
Money Market Deposits	\$ 37,418,900	\$ 45,681,671
Restricted Money Market Deposits	38,546,731	52,748,908
Endowment Money Market	47,438	61,790
	<u>76,013,069</u>	<u>98,492,369</u>
Cash and Cash Equivalents		
Cash on Hand	\$ 23,250	\$ 23,250
Restricted Cash on Hand	500	500
Investment Pools (Lone Star)	3,712,126	3,659,778
Investment Pools (Fixed Income Trust)	15,028,633	-
	<u>18,764,509</u>	<u>3,683,528</u>
Total Cash and Deposits	<u>\$ 94,777,578</u>	<u>\$ 102,175,897</u>

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the College's policy, one of the ways the College manages its exposure to interest rate risk is by investing in investment pools which have no stated maturity date; therefore, the funds are always available to meet operational needs. Information about the College's investments is presented in the table below that shows the specific investments and their maturity as of August 31, 2020.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the College's investment policy and the Act and the actual rating as of August 31, 2020 for each investment.

As of August 31, 2020, the College had the following investments:

Note 4 – Deposits and Investments – (continued)

Investment	Fair Value	Weighted Average Maturity (Days)	* Standard & Poor's Rating
The Lone Star Pool	\$ 3,712,126	1	AAA
Fixed Income Trust	15,028,633	1	AAAm
Total	<u>\$ 18,740,759</u>		

* Minimum Legal Rating Requirement is AAA

Lone Star is governed by an eleven-member Board of Trustees (Board) made up of active participants in the pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for the monitoring performance of Lone Star. Each Lone Star fund has earned Standard & Poor's highest rating (AAA), which meets the standards set by the PFIA. Standard and Poor's reviews investments of the Exchange Corporate and Liquidity Plus Fund monthly.

The Fixed Income Trust is organized under the authority of the Public Funds Investment Act, Chapter 2256, Texas Government Code. The Trust is governed by a seven-member Board of Trustees (Board). The Board of Trustees has appointed a five-member Advisory Board to advise the trust about Investment Policy, the Investment Strategy of the Trust, and other matters. The Fixed Income Trust is rated AAAm by Standard & Poor's.

GASB Statement No. 72 – GASB Statement No. 72, *Fair Value Measurement and Application* requires that governments disclose information about fair value measurements, the level of fair value hierarchy, and valuation techniques for investments held by the government. GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs.

Because the College's investments are restricted by policy and State law to active secondary markets, the market approach is used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

As of August 31, 2020, the College's investments are stated at amortized cost in accordance with GASB Statement No. 31 and GASB Statement No. 72. The College reports investments in Lone Star and Fixed Income Trust as cash and cash equivalents.

Note 5 - Capital Assets

Capital assets activity for the year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Increases	Decreases	Balance August 31, 2020
<u>Not depreciated:</u>				
Land	\$ 5,444,715	\$ -	\$ -	\$ 5,444,715
Water rights	9,920	-	-	9,920
Construction in Process	62,672,899	800,994	62,376,117	1,097,776
Subtotal	<u>\$ 68,127,534</u>	<u>\$ 800,994</u>	<u>\$ 62,376,117</u>	<u>\$ 6,552,411</u>
<u>Buildings and Other Capital Assets:</u>				
Buildings and Building Improvements	\$138,435,480	\$ 64,725,683	\$ -	\$203,161,163
Other Real Estate Improvements	34,208,397	3,338,903	-	37,547,300
Total Buildings and Other Real Estate Improvements	<u>\$172,643,877</u>	<u>\$ 68,064,586</u>	<u>\$ -</u>	<u>\$240,708,463</u>
Library books	3,718,771	81,587	12,021	3,788,337
Equipment Purchased with Capital Lease	2,684,919	686,319	1,214,607	2,156,631
Furniture, Machinery, and Equipment	28,807,753	6,676,639	177,707	35,306,685
Total Buildings and Other Capital Assets	<u>\$207,855,320</u>	<u>\$ 75,509,131</u>	<u>\$ 1,404,335</u>	<u>\$281,960,117</u>
<u>Accumulated Depreciation</u>				
Buildings and Building Improvements	\$ 31,839,147	\$ 3,021,921	\$ -	\$ 34,861,068
Other Real Estate Improvements	19,325,456	1,095,569	-	20,421,025
Total Buildings and Other Real Estate Improvements	<u>\$ 51,164,603</u>	<u>\$ 4,117,490</u>	<u>\$ -</u>	<u>\$ 55,282,093</u>
Library books	2,974,145	119,820	12,021	3,081,944
Furniture, Machinery, and Equipment	18,545,813	3,007,543	164,642	21,388,714
Total Accumulated Depreciation	<u>\$ 72,684,560</u>	<u>\$ 7,244,853</u>	<u>\$ 176,663</u>	<u>\$ 79,752,750</u>
Net Capital Assets	<u>\$203,298,294</u>	<u>\$ 69,065,272</u>	<u>\$ 63,603,788</u>	<u>\$208,759,778</u>

Note 5 - Capital Assets – (continued)

Capital assets activity for the year ended August 31, 2019 is included for comparison purposes.

	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 6 – Non-Current Liabilities

Long-Term liability activity for the year August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
<u>Bonds and notes</u>					
General obligation bonds	\$ 104,205,000	\$ -	\$ (5,305,000)	\$ 98,900,000	\$ 5,510,000
Discounts	(423,997)	-	96,924	(327,073)	(32,707)
Premium	18,737,001	231,492	(2,496,657)	16,471,836	1,264,248
Revenue bonds	51,195,000	11,630,000	(13,290,000)	49,535,000	2,415,000
Tax Note	31,485,000	26,895,000	(27,315,000)	31,065,000	2,445,000
Total bonds	<u>\$ 205,198,003</u>	<u>\$ 38,756,492</u>	<u>\$ (48,309,733)</u>	<u>\$ 195,644,763</u>	<u>\$ 11,601,541</u>
<u>Other liabilities</u>					
Retainage payable	\$ 2,322,788	\$ 70,105	\$ (2,044,214)	\$ 348,679	\$ 348,679
Compensated absences	2,743,825	457,416	(701,530)	2,499,711	1,897,596
Capital leases	2,684,919	686,319	(1,214,607)	2,156,631	828,099
Net pension liability	15,672,845	559,947	(1,024,034)	15,208,758	-
Net OPEB liability	42,198,715	7,183,609	(3,715,632)	45,666,692	-
Total other liabilities	<u>\$ 65,623,092</u>	<u>\$ 8,957,396</u>	<u>\$ (8,700,016)</u>	<u>\$ 65,880,471</u>	<u>\$ 3,074,374</u>
Total long-term liabilities	<u>\$ 270,821,095</u>	<u>\$ 47,713,888</u>	<u>\$ (57,009,749)</u>	<u>\$ 261,525,234</u>	<u>\$ 14,675,915</u>

Note 6 – Non-Current Liabilities – (continued)

Long-Term liability activity for the year August 31, 2019 is included for comparison purposes:

	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 7 - Debt and Lease Obligations

Debt Service requirements at August 31, 2020 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>
2021	5,510,000	4,829,850	2,415,000	2,302,797	2,445,000	853,134
2022	5,755,000	4,581,950	2,495,000	2,223,270	2,550,000	734,959
2023	6,035,000	4,303,650	2,575,000	1,749,367	2,660,000	621,291
2024	6,315,000	4,021,900	2,660,000	1,668,771	2,715,000	573,145
2025	6,630,000	3,706,150	2,740,000	1,581,981	2,770,000	517,352
2026-2030	38,480,000	13,212,500	15,990,000	6,136,267	14,835,000	1,584,149
2031-2035	30,175,000	3,522,300	19,895,000	2,492,674	3,090,000	84,728
2036-2037	-	-	765,000	25,413	-	-
Total	<u>\$ 98,900,000</u>	<u>\$ 38,178,300</u>	<u>\$ 49,535,000</u>	<u>\$ 18,180,540</u>	<u>\$ 31,065,000</u>	<u>\$ 4,968,757</u>

Obligations under capital leases at August 31, 2020 were as follows:

For the years ended August 31,	Total
2021	921,163
2022	861,367
2023	548,570
Total Minimum Lease Payments	2,331,100
Less Amount Representing Interest Costs	(174,475)
Present value of minimum lease payments	<u>\$2,156,624</u>

Note 7 - Debt and Lease Obligations – (continued)

Debt Service requirements at August 31, 2019 are provided for comparison purposes only.

For the Years Ended <u>August 31,</u>	General Obligation Bonds		Revenue Bonds		Maintenance Tax Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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 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, 2020 and 2019 is \$0.00 and \$555,000, 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, 2020 and 2019 is \$0.00 and \$3,105,000, 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, 2020 and 2019 is \$0.00 and \$930,000, 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, 2020 and 2019 is \$4,170,000 and \$30,555,000, 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, 2020 and 2019 is \$845,000 and \$9,630,000, 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, 2020 and 2019 is \$72,010,000 and \$75,510,000, 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, 2020 and 2019 is \$4,295,000 and \$4,645,000, 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, 2020 and 2019 is \$12,725,000 and 14,530,000, 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, 2020 and 2019 is \$3,465,000 and \$3,960,000, 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, 2020 and 2019 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, 2020 and 2019 is \$29,300,000 and \$29,300,000, respectively.

- **Combined Fee Revenue Refunding Bond, Series 2020A**

- To refund the Revenue Refund Bond, Series 2010.
- Issued 6/4/2020
- \$2,590,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 1.79% to 3.32%
- Maturity date – August 2036
- Outstanding Principle balance as of August 31, 2020 is \$2,590,000.

- **Combined Fee Revenue Refunding Bond, Series 2020B**

- To refund the Revenue Bond, Series 2011.
- Issued 6/4/2020
- \$9,040,000; all authorized bonds have been issued.
- Source of Revenue – General Use Fees
- Interest rate – 1.79% to 3.32%
- Maturity date – August 2035
- Outstanding Principle balance as of August 31, 2020 is \$9,040,000.

Note 8 – Bonds Payable – (continued)

• **Maintenance Tax Refunding Bond, Taxable Series 2020**

- To refund the Maintenance Tax Note Series 2010 & 2011.
- Issued 6/4/2020
- \$26,895,000; all authorized bonds have been issued.
- Source of Revenue – Property Taxes
- Interest rate – 1.56% to 2.74%
- Maturity date – August 2031
- Outstanding Principle balance as of August 31, 2020 is \$26,895,000.

The College is to maintain a reserve account equal to the lesser of (a) 10% of the principal amount of outstanding bonds or (b) the average annual requirements, on a fiscal basis, for the payment of the principal and interest on the bonds. The reserve account balance at August 31, 2020 is \$4,533,475 which meets the full reserve requirements.

Note 9 – Advance Refunding of Bonds

- On June 4, 2020 Laredo College issued Combined Fee Revenue Refunding Bonds, Series 2020A totaling \$2,590,000 for the purposes of refunding \$2,710,000 of the College'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 \$2,765,317.02 after payments of \$80,333.31 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 \$157,348.27 or 5.81% and a gross savings value of \$169,463.51. The Combined Fee Revenue Bonds, Series 2010 were paid on August 1, 2020.
- On June 4, 2020 Laredo College issued Combined Fee Revenue Refunding Bonds, Series 2020B totaling \$9,040,000 for the purposes of refunding \$8,390,000 of the College's series 2011 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 \$8,967,897.68 after payments of \$148,841.79 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 \$644,949.17 or 7.69% and a gross savings value of \$827,368.82. The Combined Fee Revenue Bonds, Series 2011 will be paid on August 1, 2021.
- On June 4, 2020 Laredo College issued Maintenance Tax Refunding Bonds, Taxable Series 2020 totaling \$26,895,000 for the purposes of refunding \$24,430,000 of the College's series 2011 Maintenance Tax Notes 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 \$26,944,936.30 after payments of \$179,565.28 in underwriters fees, 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 \$1,804,397.71 or 7.13% and a gross savings value of \$2,079,999.32. \$865,000 of the Maintenance Tax Notes, Series 2011 were paid on August 1, 2020. \$24,430,000 will be paid on August 1, 2021.

Note 10 – Defeased Bonds Outstanding

Bond Issue	Year Refunded	Par Value Outstanding
Revenue Bond Series 2011	2020	\$8,390,000
Maintenance Tax Notes Series 2011	2020	24,430,000
Total		\$32,820,000

Note 11 – 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 11 – 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 is available at <https://www.trs.texas.gov/TRS%20Documents/cafr> 2019pdf or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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% (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.

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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the State, participating employers and active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Note 11 – Employees’ Retirement Plan – (continued)

	Contribution Rates	
	2019	2020
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	7.50%
Employers	6.80%	7.50%
Current fiscal year employer contributions		\$1,172,774
Current fiscal year member contributions		\$2,041,566
2019 measurement year NECE on-behalf contributions		\$715,510

The College’s contributions to the TRS pension plan in FY 2020 were \$1,172,774 as reported in the Schedule of College Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY 2020 were \$839,786.

- 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 or from non-educational and general, or local funds.
- When the employing college 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 11 – Employees’ Retirement Plan – (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%*
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

Actuarial methods and assumption were selected by the TRS 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 used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018.

Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return 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 the system’s target asset allocation as of August 31, 2019, are summarized below:

Note 11 – Employees’ Retirement Plan – (continued)

Asset Class	<u>Target Allocation*</u>	<u>New Target Allocation** %</u>	<u>Long-Term Expected Geometric Real Rate of Return***</u>
Global Equity			
U.S.	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
Stable Value			
U.S. Treasuries****	11.0%	16.0%	3.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Cash	0.0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy and Natural Resources	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity*****	5.0%	8.0%	5.8%/6.5%
Asset Allocation Leverage Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage		(6.0)%	2.7%
Expected Return		7.23%	

* FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018.

**New target allocation based on the Strategic Asset Allocation dated 10/1/2019.

***10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

****New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds.

*****5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.

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 (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Laredo College’s proportionate share of the net pension liability:	\$23,378,072	\$15,208,758	\$8,590,039

Note 11 – Employees' Retirement Plan – (continued)

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

At August 31, 2020, the College reported a liability of \$15,208,758 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	\$ 15,208,758
State's proportionate share that is associated with Laredo College	<u>\$ 10,627,066</u>
Total	<u>\$25,838,824</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 thru August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net pension liability was 0.000292571068% which was an increase (decrease) of .000007829888% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018 was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the year ended August 31, 2020, the College recognized pension expense of \$1,669,362 and revenue of \$1,669,362 for support provided by the State. Refer to the FY2 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 and 68.

At August 31, 2020, 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	\$ 63,890	\$ 528,072
Changes in actuarial assumptions	4,718,504	1,949,909
Differences between projected and actual investment earnings	914,355	761,642
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	250,016	544,286
Total as of August 31, 2019 measurement date	\$ 5,946,765	\$ 3,783,909
Contributions paid to TRS subsequent to the measurement date	1,172,774	
Total as of fiscal year-end	\$ 7,119,539	\$ 3,783,909

Note 11 – 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:

	Pension Expense Amount
Fiscal year ended August 31,	
2021	\$ 285,327
2022	\$ 155,709
2023	\$ 773,255
2024	\$ 785,789
2025	\$ 285,966
Thereafter	\$ (123,189)

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. Senate Bill 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state’s contribution to 50% of eligible employees in the reporting college.

The retirement expense to the State for the College was \$1,101,915 and \$995,981 for the fiscal years ended August 31, 2020, and August 31, 2019, 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 \$38,531,447 and \$36,628,658 for the fiscal years ended August 31, 2020, and 2019, respectively. The total payroll of employees covered by the Teacher Retirement System was \$26,513,828 and \$25,645,301 and the total payroll of employees covered by the Optional Retirement Program was \$7,943,305 and \$8,082,114 for fiscal years 2020 and 2019, respectively.

Note 12 – 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, 2020 and August 31, 2019 in the amounts of \$2,499,711 and \$2,743,825, respectively.

Note 13 – 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, 2020 totaled \$3,510,888 for the year. Compare the state's contribution to that provided for the year ended August 31, 2019, when the contribution for full-time active and retired employees totaled \$3,654,650 for the year. S.B. 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting college. The cost of providing these benefits for retirees is not separable from the cost of providing benefits for the active employees.

Note 14 – Other Post-Employment Benefits (OPEB)

Plan Description. The College 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 18th Street, Austin, TX 78701; or by calling (877)275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

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

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate. 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 14 – Other Post-Employment Benefits (OPEB) – (continued)

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year 2020

Retiree	\$ 624.82
Retiree & Spouse	1,340.82
Retiree & Children	1,104.22
Retiree & Family	1,820.22

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, 2020

	2020	2019
Employers	\$ 911,048	\$ 973,676
Members (Employees)	-	-
Nonemployer Contributing Entity (State of Texas)	3,654,650	3,361,322

Note 14 – Other Post-Employment Benefits (OPEB) – (continued)

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions ERS Group Benefits Program Plan

Valuation date	August 31, 2019
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 Years
Asset valuation method	Not applicable
Discount rate	2.97%
Projected annual salary increases (includes inflation)	2.50% to 9.50%
	7.30% for FY 21, 7.40% for FY 22, 7.00% for FY23, decreasing 50 basis points per year to an ultimate rate of 4.50% for FY 28 and later years
Annual healthcare trend rate	
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 rate 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, 2018 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%.

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 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on

Note 14 – Other Post-Employment Benefits (OPEB) – (continued)

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 (2.97%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (1.97%)	Discount Rate (2.97%)	1% Increase in Discount Rate (3.97%)
Proportionate share of the net OPEB liability	\$ 54,494,566	\$ 45,666,691	\$ 38,873,961

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the College'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 7.3% in measuring the net OPEB Liability.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 38,345,916	\$ 45,666,691	\$ 55,233,267

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2020, the College reported a liability of \$45,666,691 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the College for OPEB. The amount recognized by the College 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 College was as follows:

District's proportionate share of the collective net OPEB liability	\$ 45,666,691
State's proportionate share that is associated with the District	42,627,236
Total	\$ 88,293,927

The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College'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, 2018, thru August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.13212719%, which was an increase (decrease) of (0.01025449)% from its proportion measured as of August 31, 2018.

For the year ended August 31, 2020, the College recognized OPEB expense of \$50,248 and revenue of \$50,248 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 14 – 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 decreased from 3.96% to 2.97% 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 2020 Assumed Per Capita Health Benefit Costs.

At August 31, 2020, the College 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 actuarial experiences	\$ -	\$ 1,188,288
Changes in actuarial assumptions	3,249,855	10,204,774
Differences between projected and actual investment earnings	18,775	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	10,297,439	3,158,142
Total as of August 31, 2019 measurement date	\$ 13,566,069	\$ 14,551,204
Contributions paid to ERS subsequent to the measurement date	911,048	
Total as of fiscal year-end	\$ 14,477,117	\$ 14,551,204

Note 14 – Other Post-Employment Benefits (OPEB) – (continued)

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:

Fiscal year ended August 31,	OPEB Expense Amount
2021	\$ (741,043)
2022	\$ (741,043)
2023	\$ 511,093
2024	\$ 897,409
2025	\$ (501)
Thereafter	\$ -

Note 15 – Commitments and Contingencies

On August 31, 2020, 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.

On August 31, 2020, the College had a total of \$1,097,776 in construction commitments for various projects.

Note 16 - Disaggregation of Receivables and Payable Balances**Receivables**

Receivables at August 31, 2020 and August 31, 2019 were as follows:

	<u>August 31, 2020</u>	<u>August 31, 2019</u>
Students Receivable	\$ 1,976,808	\$ 2,428,707
State Grants Receivable	47,107	209,665
Local Grants Receivable	246,002	35,787
Auxiliary Receivable	11,540	12,115
Other Receivables	<u>754,362</u>	<u>806,504</u>
Subtotal	<u>3,035,819</u>	<u>3,492,778</u>
Allowance for Doubtful Accounts	<u>(543,755)</u>	<u>(495,370)</u>
Total Receivables	<u><u>\$ 2,492,064</u></u>	<u><u>\$ 2,997,408</u></u>

Note 16 - Disaggregation of Receivables and Payable Balances – (continued)

Payables

Payables at August 31, 2020 and August 31, 2019 were as follows:

	<u>August 31, 2020</u>	<u>August 31, 2019</u>
Accounts Payable - Construction	\$ 562,831	\$ 1,003,256
Salaries & Benefits Payable	2,440,615	1,445,992
Students Payable	893,456	663,150
Accrued Liabilities	392,478	224,178
Other Payables	<u>1,997,646</u>	<u>890,608</u>
Subtotal	<u>6,287,026</u>	<u>4,227,184</u>
Total Payables	<u>\$ 6,287,026</u>	<u>\$ 4,227,184</u>

Note 17 – 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 \$480,164 and \$483,693 at August 31, 2020 and August 31, 2019, respectively.

Note 18 - 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 2020 and 2019 for which monies have not been received nor funds expended totaled \$11,495,111 and \$3,866,193. Of these amounts, \$10,265,901 and \$3,497,183 were from Federal Contract and Grant Awards; \$818,186 and \$369,010 were from State Contract and Grant Awards; \$411,024 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, 2020 and 2019, respectively.

Note 19 - Risk Management

The College 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 2020 and 2019 and property insurance covering the College's buildings and personal property in a combined amount of \$200,875,703 for both fiscal year 2020 and 2019. Of the \$200,875,703, \$173,824,042 is coverage for real property and \$27,051,661 for personal property. The College also maintained \$6,000,000 in annual aggregate school professional legal liability for fiscal year 2020 and 2019 of which \$1,000,000 is for law enforcement professional liability and \$5,000,000 for school leaders' errors and omissions liability. Additional coverages under the general liability insurance include insurance for data compromise response, data defense and liability, and network security. The College also kept the limit liability insurance of \$5,000,000 to include coverage in security and privacy, network interruption service, event management insurance, and cyber extortion insurance for fiscal year 2020. This insurance was added in FY 2019.

The College did not maintain or operate a self-insured insurance plan for fiscal years 2020 and 2019.

Note 20 – Ad Valorem Tax

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

	August 31, 2020	August 31, 2019
Assessed valuation of the District	\$ 18,227,177,045	\$ 17,374,656,069
Less: Exemptions	(3,487,150,887)	(3,271,254,179)
Less: Abatements	-	-
Net Assessed Valuation of the District	\$ 14,740,026,158	\$ 14,103,401,890

	Fiscal Year 2020			Fiscal Year 2019		
	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	\$ 0.073576	\$ 0.328643	\$ 0.255067	\$ 0.072036	\$ 0.327103

Taxes levied for the year ended August 31, 2020, and 2019 amounted to \$47,308,976 and \$45,124,171, 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, 2020			August 31, 2019		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$ 36,636,772	\$ 10,362,170	\$ 46,998,942	\$ 34,915,857	\$ 9,686,035	\$ 44,601,892
Delinquent taxes collected	651,803	152,576	804,379	688,480	182,571	871,051
Penalties & Interest collected	447,132	127,308	574,440	409,040	116,646	525,686
Total Gross Collections	37,735,707	10,642,054	48,377,761	36,013,377	9,985,252	45,998,629
Tax Appraisal & Collection Fees	(653,289)	-	(653,289)	(637,850)	-	(637,850)
Bad Debt Expense	(94,580)	-	(94,580)	(75,696)	-	(75,696)
Total Net Collections	\$ 36,987,838	\$ 10,642,054	\$ 47,629,892	\$ 35,299,831	\$ 9,985,252	\$ 45,285,083

Tax collections for the year ended August 31, 2020, and 2019, were 99% and 98%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax processed is restricted for the use of maintenance and operations and/or general obligations debt service.

Note 21 – Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(b), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the year ended August 31, 2020 and August 31, 2019.

Note 22 – Bad Debt Expense

In accordance with GAAP and Board policy CDA (local), bad debt expense was recognized for the years ended August 31, 2020 and August 31, 2019 in the following amounts, \$237,297 and \$322,488, respectively. At year end, the reserve for uncollectible accounts was \$2,615,355 and \$2,378,058. The total amount of uncollectible accounts written-off was \$0 and \$0 at August 31, 2020 and August 31, 2019. The property tax reserve was \$1,060,007 and \$965,427. The total reported allowance for doubtful accounts was a \$3,675,362 and \$3,343,485 for August 31, 2020 and August 31, 2019, respectively.

Note 23 – 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, 2019 and 2018:

Summary of Significant Accounting Policies

For the purpose of the statement 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 COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
College's Proportion of the Net Pension Liability (Asset)	0.0292571068%	0.0284741180%	0.0287773623%	0.0292406664%	0.0298519000%	0.0330499000%
College's Proportionate Share of Net Pension Liability (Asset)	\$ 15,208,759	\$ 15,672,846	\$ 9,201,450	\$ 11,049,613	\$ 10,552,249	\$ 8,828,085
States Proportionate Share of the Net Pension Liability (Asset) associated with the College	10,627,066	11,086,991	6,640,545	7,936,580	7,280,335	6,887,063
Total	<u>\$ 25,835,825</u>	<u>\$ 26,759,837</u>	<u>\$ 15,841,995</u>	<u>\$ 18,986,193</u>	<u>\$ 17,832,584</u>	<u>\$ 15,715,148</u>
College's Covered Payroll	\$ 25,645,301	\$ 24,175,007	\$ 23,733,980	\$ 23,217,845	\$ 21,695,044	\$ 21,707,196
College's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	59.30%	64.83%	38.77%	47.59%	48.64%	40.67%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only six 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 COLLEGE'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,				
	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,172,774	\$ 1,028,066	\$ 959,963	\$ 943,305	\$ 929,901
Contribution in Relation to the Contractually Required Contribution	<u>(1,172,774)</u>	<u>(1,028,066)</u>	<u>(959,963)</u>	<u>(943,305)</u>	<u>(929,901)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered Payroll	\$ 26,513,828	\$ 25,645,301	\$ 24,175,007	\$ 23,733,980	\$ 23,217,845
Contributions as a percentage of Covered Payroll	4.42%	4.01%	3.97%	3.97%	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
Notes to Required Supplementary Information
August 31, 2020

The following assumptions have been updated since the Prior Measurement Date.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

LAREDO COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	Measurement Year Ended		
	August 31,		
	2019	2018	2017
College's Proportion of the Net OPEB Liability (Asset)	0.1321271900%	0.1423816800%	0.1004662100%
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ 45,666,692	\$ 42,198,715	\$ 34,231,864
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the College	42,627,236	34,293,768	31,102,829
Total	<u>\$ 88,293,928</u>	<u>\$ 76,492,483</u>	<u>\$ 65,334,693</u>
College's Covered Employee Payroll	\$ 31,244,326	\$ 29,938,497	\$ 30,390,207
College's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	146.16%	140.95%	112.64%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.17%	1.27%	2.04%

Note: Only three years 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 COLLEGE'S OPEB CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,		
	2020	2019	2018
Contractually Required Contribution	\$ 911,048	\$ 973,676	\$ 879,722
Contribution in Relation to the Contractually Required Contribution	<u>(911,048)</u>	<u>(973,676)</u>	<u>(879,722)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered Employee Payroll	\$ 31,502,617	\$ 31,244,326	\$29,938,497
Contributions as a percentage of Covered Employee Payroll	2.89%	3.12%	2.94%

Note: Only three years 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
Notes to Required Supplementary Information
August 31, 2020

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree 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.
- Percentage of future retirees and future retiree spouses assumed to use tobacco.

Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.

The discount rate was changed from 3.96% to 2.97% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

SCHEDULES

Laredo College
Schedule A
Schedule of Detailed Operating Revenues
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2020	FY 2019
Tuition						
State funded courses						
In-district resident tuition	\$ 7,601,290	\$ -	\$ 7,601,290	\$ -	\$ 7,601,290	\$ 7,420,825
Out-of-state tuition	547,727	-	547,727	-	547,727	526,748
TPEG (set aside)*	492,499	-	492,499	-	492,499	376,628
Out-of-district resident tuition	824,723	-	824,723	-	824,723	818,006
State funded continuing education	353,674	-	353,674	-	353,674	311,383
Non-state funded continuing education	203,935	-	203,935	-	203,935	194,003
Total Tuition	10,023,848	-	10,023,848	-	10,023,848	9,647,593
Fees						
General use fee	8,903,702	-	8,903,702	-	8,903,702	8,587,738
Installment fee	76,450	-	76,450	-	76,450	85,550
Health services fee	123,276	-	123,276	-	123,276	122,660
Matriculation fee	371,775	-	371,775	-	371,775	371,655
Late registration fee	26,030	-	26,030	-	26,030	28,990
Malpractice fee	18,327	-	18,327	-	18,327	19,555
Graduation fee	170	-	170	-	170	267
Instructional Support Fee	1,780,683	-	1,780,683	-	1,780,683	1,717,962
Technology fee	1,780,627	-	1,780,627	-	1,780,627	1,720,064
Student service fee	1,481,382	-	1,481,382	-	1,481,382	1,477,512
Distance education fee	475,846	-	475,846	-	475,846	587,748
Parking/street maint. Fee	207,368	-	207,368	-	207,368	246,266
Diff. tuition fee (development)	25,800	-	25,800	-	25,800	46,740
Diff. tuition fee (3 peat)	133,308	-	133,308	-	133,308	139,461
Lab fee	247,177	-	247,177	-	247,177	238,281
Assessment fee	22,403	-	22,403	-	22,403	53,273
Installment loan late payment fee	20,280	-	20,280	-	20,280	31,380
Add/drop fee	14,300	-	14,300	-	14,300	26,030
Other fees	12,057	-	12,057	-	12,057	45,308
Total fees	15,720,961	-	15,720,961	-	15,720,961	15,546,440
Scholarships allowances and discounts						
Scholarship allowances	(291,513)	-	(291,513)	-	(291,513)	(398,627)
Remissions and exemptions	(6,208,553)	-	(6,208,553)	-	(6,208,553)	(5,114,507)
Pell grants	(11,516,897)	(2,250)	(11,519,147)	-	(11,519,147)	(10,391,221)
Other federal grants	(342,373)	-	(342,373)	-	(342,373)	(700,428)
TEOG grants	(289,646)	-	(289,646)	-	(289,646)	(526,654)
TPEG allowances	(250,732)	(600)	(251,332)	-	(251,332)	(378,209)
Other state grants	(60,730)	-	(60,730)	-	(60,730)	(30,878)
Other	(299,827)	-	(299,827)	-	(299,827)	(116,892)
Total scholarship allowances	(19,260,271)	(2,850)	(19,263,121)	-	(19,263,121)	(17,657,416)
Total net tuition and fees	6,484,538	(2,850)	6,481,688	-	6,481,688	7,536,617
Other operating revenues						
Federal grants and contracts	164,308	6,846,968	7,011,276	-	7,011,276	4,290,694
State grants and contracts	-	1,209,315	1,209,315	-	1,209,315	1,333,461
Nongovernmental grants and contracts	-	776,613	776,613	-	776,613	664,991
Investment income (program restricted)	-	134,114	134,114	-	134,114	234,131
Other operating revenues	272,396	1,083,452	1,355,848	-	1,355,848	1,595,814
Total other operating revenues	436,704	10,050,462	10,487,166	-	10,487,166	8,119,091
Auxiliary enterprises						
Student activities	-	-	-	1,778,994	1,778,994	1,717,702
Cafeteria	-	-	-	-	-	-
Campus housing	-	-	-	-	-	-
Residential	-	-	-	71,700	71,700	75,803
Bookstore	-	-	-	161,720	161,720	294,174
Total net auxiliary enterprises	-	-	-	2,012,414	2,012,414	2,087,679
Total operating revenues (Exhibit 2)	\$ 6,921,242	\$ 10,047,612	\$ 16,968,854	\$ 2,012,414	\$ 18,981,268	\$ 17,743,387

*In accordance with Education Code 56.033, \$492,499 and \$376,628 of tuition was set aside for Texas Public Education Grants (TPEG).

Laredo College
Schedule B
Schedule of Operating Expenses by Organization
Year Ended August 31, 2020 (with Memorandum Totals for the Year Ended August 31, 2019)

	Operating Expenses						
	Salaries and Wages	Benefits		Other Expenses	FY 2020 Total	FY 2019 Total	
		State	Local				
Unrestricted - Educational Activities							
Instruction	\$ 18,546,884	\$ -	\$ 5,087,778	\$ 1,173,097	\$ 24,807,758	\$ 24,091,542	
Research	-	-	-	-	-	-	
Public Service	198,319	-	61,659	21,153	281,130	265,815	
Academic Support	2,394,898	-	662,524	467,967	3,525,389	3,607,024	
Student Services	3,318,147	-	954,897	714,505	4,987,548	5,306,828	
Institutional Support	8,424,198	-	1,247,111	4,293,157	13,964,467	12,862,223	
Operation and Maintenance of Plant	1,561,282	-	871,941	4,065,728	6,498,951	5,966,989	
Scholarships and Fellowships	-	-	-	384,331	384,331	363,672	
Total Unrestricted Educational Activities	34,443,728	-	8,885,909	11,119,937	54,449,575	52,464,093	
Restricted - Educational Activities							
Instruction	938,215	5,515,332	201,927	299,972	6,955,445	6,015,247	
Research	11,778	3,334	1,703	-	16,815	638	
Public Service	133,435	93,904	20,413	97,721	345,474	328,297	
Academic Support	1,134,953	999,138	302,166	680,539	3,116,796	3,044,723	
Student Services	922,712	1,200,391	91,424	139,024	2,353,551	2,459,843	
Institutional Support	65,501	2,403,042	86	29,872	2,498,501	1,728,940	
Operation and Maintenance of Plant	268,965	-	47,617	1,450,752	1,767,334	1,824,326	
Scholarships and Fellowships	-	-	-	10,872,114	10,872,114	8,586,668	
Total Restricted Educational Activities	3,475,559	10,215,141	665,336	13,569,994	27,926,029	23,988,682	
Total Educational Activities	37,919,287	10,215,141	9,551,244	24,689,932	82,375,604	76,452,775	
Auxiliary Enterprises	612,160	-	122,180	711,818	1,446,158	1,522,336	
Depreciation Expense - Buildings & other real estate	-	-	-	4,117,490	4,117,490	3,585,344	
Depreciation Expense - Equipment & furniture	-	-	-	3,007,543	3,007,543	2,111,735	
Depreciation Expense - Library Books	-	-	-	119,820	119,820	154,478	
Total Operating Expenses	\$ 38,531,447	\$ 10,215,141	\$ 9,673,425	\$ 32,646,602	\$ 91,066,614	\$ 83,826,668	

Laredo College
Schedule C
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2020 Total	FY 2019 Total
NON-OPERATING REVENUES:					
State Appropriations					
Education and General State Support	\$ 11,499,777	\$ 1,719,610	\$ -	\$ 13,219,387	\$ 11,325,381
State Group Insurance	-	1,101,915	-	1,101,915	3,654,650
State Retirement Matching	-	3,510,888	-	3,510,888	995,982
Non-Employer Contributing Entity On-Behalf Payments	-	-	-	-	-
Professional Nursing Shortage Reduction	-	11,481	-	11,481	26,272
Total State Appropriations	11,499,777	6,343,894	-	17,843,671	16,002,285
Ad Valorem Taxes					
Taxes for Maintenance & Operations	37,652,641	-	-	37,652,641	35,954,285
Taxes for General Obligation Bonds	-	10,642,053	-	10,642,053	9,985,252
Federal Revenue, Non Operating	-	19,378,260	-	19,378,260	18,645,886
Investment Income	595,964	451,083	-	1,047,047	2,432,585
Additions to Permanent Endowments	-	-	-	-	56,000
Capital Gifts	-	538	-	538	8,095
Total Non-Operating Revenues	49,748,382	36,815,828	-	86,564,210	83,084,388
NON-OPERATING EXPENSES:					
(Gain) / Loss on Assets	2,784	-	-	2,784	-
Interest on Capital Related Debt	-	7,417,611	-	7,417,611	7,892,812
Other Non-Operating (Revenues) Expenses	-	345,534	-	345,534	(399,297)
Total Non-Operating Expenses	2,784	7,763,145	-	7,765,929	7,493,515
Net Non-Operating Revenues	\$ 49,745,598	\$ 29,052,683	\$ -	\$ 78,798,281	\$ 75,590,873

Laredo College
Schedule D
Schedule of Net Position by Source and Availability
Year Ended August 31, 2020 (With Memorandum Totals for the Year Ended August 31, 2019)

	Detail by source					Available for current operations	
	Restricted			Capital assets net of depreciation & related debt	Total	Yes	No
	Unrestricted	Expendable	Non-expendable				
Current							
Unrestricted	\$ (13,398,569)	\$ -	\$ -	\$ -	\$ (13,398,569)	\$ (13,398,569)	\$ -
Board designated	1,747,068	-	-	-	1,747,068	-	1,747,068
Restricted							
Auxiliary enterprises	-	3,948,122	-	-	3,948,122	3,948,122	-
Endowment	-	-	3,287,305	-	3,287,305	-	3,287,305
Student Aid	-	3,884,472	-	-	3,884,472	3,884,472	-
Other	-	116,144	-	-	116,144	116,144	-
Plant							
Unexpended	-	175,756	-	-	175,756	-	175,756
Debt service	-	13,585,863	-	-	13,585,863	-	13,585,863
Investment in plant	-	-	-	32,741,218	32,741,218	-	32,741,218
Total Net Position, August 31, 2020	(11,651,501)	21,710,357	3,287,305	32,741,218	46,087,379	(5,449,831)	51,537,210
Total Net Position, August 31, 2019	(12,692,884)	19,392,270	3,300,313	29,374,745	39,374,444	(7,449,030)	46,823,474
Net increase (decrease) in Net Position	\$ 1,041,383	\$ 2,318,087	\$ (13,008)	\$ 3,366,473	\$ 6,712,935	\$ 1,999,199	\$ 4,713,736

Laredo College
Schedule E
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2020

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Direct Awards	Pass-Through Awards	Total	Subrecipient Expenditures
U.S. DEPARTMENT OF EDUCATION					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 661,349	\$	661,349	\$
Federal College Work-Study Program	84.033	472,352		472,352	
Federal Pell Grant Program	84.063	18,319,249		18,319,249	
Total Student Financial Assistance Cluster		19,452,950		19,452,950	
TRIO Cluster					
Trio Student Support Services	84.042A	328,398		328,398	
Trio Upward Bound	84.047A	361,913		361,913	
Total TRIO Cluster		690,311		690,311	
Title III - LEAPS	84.031C	1,254,331		1,254,331	11,111
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)					
2020 IHE CARES Act Student Financial Aid	84.425E	1,665,600		1,665,600	
2020 IHE CARES Act Institutional	84.425F	934,437		934,437	
2020 IHE CARES Minority Serving Institutions	84.425L	397,200		397,200	
Total CARES Act Funding		2,997,237		2,997,237	
Pass- Through From					
Texas A&M International University					
Title V - Building Scholars	84.031S	224,188		224,188	
P031S140130 / 260414					
Pass-Through From:					
Texas Workforce Commission					
Adult Education and Literacy	84.002A		916,440	916,440	
2118ALA000					
Adult Education and Literacy Workforce Integration Initiative	84.002A		30,960	30,960	
2120AEL001					
AEL - Accelerate Texas IV	84.002A		130,213	130,213	
2119AEL000					
Total		-	1,077,613	1,077,613	
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Educational Program	84.048		531,649	531,649	
22107					
TOTAL U.S. DEPARTMENT OF EDUCATION		24,619,017	1,609,262	26,228,279	- 11,111
U. S. DEPARTMENT OF AGRICULTURE					
Direct Program:					
Urban Conservation Project - Growing our future	10.902	2,887		2,887	
Combined Community Garden and Seasonal High Tunnel					
Laredo College PROMISE Scholars Grant Project	10.223	7,547		7,547	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		10,434		10,434	
NATIONAL SCIENCE FOUNDATION					
Direct Programs:					
H S I Conference Grant: PROMISE	47.076	16,162		16,162	
Providing Resources and Opportunities for Minorities in Stem Education					
RAPID - Using Real Life COVID-19 Data to Teaching Quantitative Reasoning Skills to Undergraduate Hispanic STEM students	47.076	13,481		13,481	
TOTAL NATIONAL SCIENCE FOUNDATION		29,643		29,643	

Continued on Following Page

Schedule E - (continued)

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Direct Awards	Pass-Through Awards	Total	Subrecipient Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-Through from:					
Texas Workforce Commission					
TANF	93.558	-	98,893	98,893	
2118ALA000					
Pass-Through from:					
South Texas Workforce Development Board	93.596	-	33,397	33,397	
11211C04					
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			132,290	132,290	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 24,659,094	\$ 1,741,552	\$ 26,400,646

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts revenue - per Schedule A	\$ 6,846,968
Add: Indirect/Administrative Costs Recoveries - per Schedule A	164,308
Add: Non-Operating Federal Revenue - per Schedule C	19,378,259
Add: Institutional Grant Matching	-
Total Federal Revenues per Schedule A and C	26,389,535
Reconciling Items:	
Add : Funds passed Through to others	11,111
Add : Direct Student Loans	-
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ 26,400,646

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 III - LEAPS, CFDA 84.031C	
Texas A&M International University	\$ 11,111
Total amount passed-through by the College	\$ 11,111

Laredo College
Schedule F
Schedule of Expenditures of State Awards
Year Ended August 31, 2020

Grantor Agency/Program Title	Grant Contract Number	Expenditures
TEXAS HIGHER EDUCATION COORDINATING BOARD		
Direct Programs:		
Texas College Work-Study		\$ 45,022
Texas Educational Opportunity Grant Initial		365,750
Texas Educational Opportunity Grant Renewal		513,704
Student Mentorship (G - Force)		25,615
Nursing Shortage Reduction Program (Under 70)		11,481
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD		961,572
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		
Direct Programs:		
Law Enforcement Officers Standards and Education Fund		636
TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		636
TEXAS WORKFORCE COMMISSION		
Direct Programs:		
Adult Education and Literacy	2118ALA000	138,421
Jobs in Education For Texans Grant Program	2119JET001	35,155
Jobs in Education For Texans Grant Program	2120JET001	3,867
SDF - Skills for Small Business	2119SSD000	18,660
Laredo College in Partnership with Uni Trade Forwarding, L.C.	2119SDF001	64,436
TEXAS WORKFORCE COMMISSION		260,539
TOTAL STATE FINANCIAL ASSISTANCE		\$ 1,222,748

Note 1 : State Awards Reconciliation

State Grants and Contracts Revenue - per Schedule A	\$ 1,209,316
Add: Indirect/Administrative Cost Recoveries	-
Add: Non-Operating State Revenue - per Schedule C	11,481
Add: Institutional Grant Matching	1,951
Total State Revenues per Schedule of Expenditures of State Awards	\$ 1,222,748

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

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	\$ 32,741,218	\$ 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
Restricted - expendable	21,710,357	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
Restricted - nonexpendable	3,287,305	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
Unrestricted	(11,651,501)	(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
Total primary government net position	\$ 46,087,379	\$ 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

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

For the Year Ended August 31,										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition and Fees (Net of Discounts)	\$ 6,481,688	\$ 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
Federal Grants and Contracts	7,011,276	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
State Grants and Contracts	1,209,315	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
Non-Governmental Grants and Contracts	776,613	664,991	395,290	257,156	281,735	291,863	360,058	656,645	613,591	357,059
Investment income (program restricted)	134,114	234,131	156,555	70,014	57,378	90,111	85,241	126,948	64,869	189,493
Auxiliary enterprises	2,012,414	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
Other Operating Revenues	1,355,848	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
Total Operating Revenues	18,981,268	17,743,387	16,713,487	17,385,596	18,358,813	20,523,088	19,747,939	18,649,602	18,727,066	17,846,964
State Appropriations	17,832,190	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
Professional Nursing Shortage Reduction	11,481	26,272	36,933	7,412	39,280	115,157	55,331	31,293	45,102	100,815
Ad Valorem Taxes	48,294,694	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
Gifts	538	8,095	133,549	8,500	18,759	-	-	6,493	11,557	46,615
Investment income	1,047,047	2,432,585	1,844,106	1,097,977	1,132,007	1,098,704	385,196	697,328	681,283	797,231
Federal Revenue, Non-Operating	19,378,260	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
Additions to permanent endowments	-	56,000	88,500	20,000	2,000	86,946	70,000	53,412	104,000	40,737
Other non-operating revenues	-	399,297	171,324	565,067	323,054	61,861	-	34,478	-	-
Total Non-Operating Revenues	86,564,210	83,483,685	85,280,171	79,402,089	74,850,650	70,243,114	64,840,789	64,648,800	67,592,753	68,577,010
Total Revenues	\$ 105,545,478	\$ 101,227,072	\$ 101,993,658	\$ 96,787,685	\$ 93,209,463	\$ 90,766,202	\$ 84,588,728	\$ 83,298,402	\$ 86,319,819	\$ 86,423,974

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

	For the Year Ended August 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$ 31,763,204	\$ 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
Research	16,815	638	2,014	890	-	-	298	10,764	-	-
Public service	626,604	594,112	588,420	574,058	582,278	484,963	395,271	422,519	383,272	480,333
Academic support	6,642,185	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
Student services	7,341,099	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
Institutional support	16,462,968	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
Operation and maintenance of plant	8,266,285	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
Scholarships and fellowships	11,256,444	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
Auxiliary enterprises	1,446,158	1,522,336	1,575,990	1,676,433	1,545,607	1,550,030	1,045,445	764,232	762,208	374,941
Depreciation	7,244,852	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
Total Operating Expenses	91,066,614	83,826,668	80,297,148	77,229,099	76,605,219	75,794,825	73,404,249	76,187,010	74,996,845	78,053,895
Interest on capital related debt	7,417,611	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
Loss on disposal of fixed assets	2,784	-	-	-	-	-	17,230	-	1,889	-
Other non-operating expenses	345,534	-	-	-	-	-	712,220	-	19,434	5,850
Total Non-Operating Expenses	7,765,929	7,892,812	8,312,105	9,113,721	9,720,392	10,660,658	7,920,757	7,367,672	6,650,227	5,230,723
Total Expenses	\$ 98,832,543	\$ 91,719,480	\$ 88,609,253	\$ 86,342,820	\$ 86,325,611	\$ 86,455,483	\$ 81,325,006	\$ 83,554,682	\$ 81,647,072	\$ 83,284,618

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

Resident Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	Technology Fees	Instr Support Fee	Student Activity Fees	General Use Fees	Other Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In- District	Increase from Prior Year Out- of-District
2019-20	\$ 50.00	\$ 100.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 50.00	\$ 90.00	\$ 1,650.00	\$ 2,250.00	0%	0%
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	0%	0%

Non - Resident Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Instr Support Fee	Student Activity Fees	General Use Fees	Other Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2019-20	\$ 152.00	\$ 152.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 50.00	\$ 90.00	\$ 2,874.00	\$ 2,874.00	0%	0%
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	0%	0%

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

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

Direct Rate

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	\$ 18,368,549	\$ 224,704	\$ 3,259,054	\$ 14,884,791	81.03%	\$ 0.25286	\$ 0.07265	\$ 0.32551
2018-19	18,227,177	268,324	3,218,827	14,740,026	80.87%	0.25507	0.07358	0.32864
2017-18	17,374,656	274,332	2,996,922	14,103,402	81.17%	0.25507	0.07204	0.32710
2016-17	16,195,341	252,840	2,692,606	13,249,895	81.81%	0.25507	0.08298	0.33805
2015-16	14,827,403	226,360	2,140,034	12,461,009	84.04%	0.25507	0.08793	0.34300
2014-15	13,984,961	220,951	1,926,275	11,837,735	84.65%	0.24527	0.08498	0.33024
2013-14	13,378,064	217,743	1,800,704	11,359,617	84.91%	0.23441	0.06275	0.29716
2012-13	12,937,362	220,907	1,735,502	10,980,953	84.88%	0.22265	0.03257	0.25522
2011-12	12,545,956	215,638	1,721,394	10,608,924	84.56%	0.22354	0.03422	0.25776
2010-11	12,416,538	167,192	1,634,423	10,614,923	85.49%	0.21899	0.03955	0.25854

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Laredo College

Statistical Supplement 6a

General Appropriations Act Before Contact Hour Adjustments¹

(unaudited)

Appropriations Funding Elements	For the Year Ended August 31,										
	2020	2019	2018	2017	2016	2015	2014*	2013	2012	2011	
State Appropriation Contact Hour Funding (CH)	\$ 9,235,391	\$ 8,523,094	\$ 8,523,095	\$ 8,542,772	\$ 8,540,094	\$ 9,285,446	\$ 9,285,446	\$ 7,461,105	\$ 7,568,922	\$ 7,482,647	
State Appropriation Student Success Points (SSP)	1,435,151	1,076,577	1,076,577	1,093,569	1,095,235	1,163,737	1,163,737	3,023,605	3,100,397	4,088,304	
State Appropriation Core Operations (CO)	680,599	683,662	683,662	515,489	500,761	500,174	500,174	213,983	217,865	146,089	
State Appropriation Non-Formula Items	148,636	148,594	148,594	165,570	165,822	165,613	165,613	161,195	161,195	195,030	
Total	\$ 11,499,777	\$ 10,431,927	\$ 10,431,928	\$ 10,317,400	\$ 10,301,912	\$ 11,114,970	\$ 11,114,970	\$ 10,859,888	\$ 11,048,379	\$ 11,912,070	

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

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

*FY2014 Year Formula Funding Changed Methodology

Source: THECB - Ten Pay Schedule

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

Fiscal Year	State Appropriation (Unrestricted) From Sch C	FTSE ¹	State Appropriation per FTSE
2019	\$10,431,927	5,594	\$1,865
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

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

*FY2014 Year Formula Funding Changed Methodology

Source: THECB Accountability System

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

Fiscal Year	CH - State Appropriation (Unrestricted) ¹	Academic Contact Hours	Technical Contact Hours	Continuing Education Contact Hours	Total Funded Contact Hours	CH - State Appropriation per Funded Contact Hour
2019	\$8,523,094	2,321,968	866,624	75,662	3,264,254	\$2.61
2018	8,523,095	2,381,840	949,392	61,335	3,392,567	2.51
2017	5,242,772	2,174,000	887,968	66,902	3,128,870	1.68
2016	8,540,094	2,127,680	861,824	64,578	3,054,082	2.80
2015	9,285,446	2,135,168	920,896	96,646	3,152,710	2.95
2014*	9,285,446	2,554,528	862,496	73,146	3,490,170	2.66

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

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

*FY2014 Year Formula Funding Changed Methodology

Laredo College**Statistical Supplement 6d****State Appropriation per Student Success Point - Annualized**

(unaudited)

Fiscal Year	SSP - State Appropriation (Unrestricted) ¹	Year Average Student Success Points	Appropriation per Success Points
2019	\$1,076,577	15,954	\$67.48
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

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

*FY2014 Year Formula Funding Changed Methodology

Source: THECB Biennium 10-Pay Schedule.

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

	For the Year Ended August 31,					
Success Points Elements¹	2019	2018	2017	2016	2015	2014*
Math Readiness	814	736	701	699	377	483
Read Readiness	239	286	261	262	166	251
Write Readiness	74	171	200	212	145	213
Students Who Pass FCL Math Course	3,187	1,813	1,818	1,753	1,422	1,624
Students Who Pass FCL Read Course	1,728	1,326	1,150	1,041	885	897
Students Who Pass FCL Write Course	1,874	1,326	1,150	1,041	885	897
Students Who Complete 15 SCH	2,034	2,675	2,395	2,124	2,281	2,199
Students Who Complete 30 SCH	1,274	1,630	1,522	1,525	1,486	1,467
Student Transfers to a 4-Yr Inst	1,274	1,706	1,518	1,576	1,500	1,392
Degrees, CCCs, or Certs (Undup)	2,380	2,584	2,072	2,178	2,142	1,758
Degrees or Certs in Critical Fields	1,076	1,150	983	923	900	952
Annual Success Points - Total	15,954	15,403	13,770	13,334	12,189	12,133

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

*FY2014 Year Formula Funding Changed Methodology.

Source: THECB - Accountability System.

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

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
AEP Texas Central Company	Utility	\$ 161,199	\$ 159,178	\$ 195,856	\$ 144,050	\$ 120,985	\$ 116,064	\$ 93,214	\$ 85,868	\$ 70,752	\$ 53,471
Laredo Texas Hospital Co. LP	Medical	101,647	95,913	96,147	96,438	96,991	96,293	96,578	104,484	106,398	103,827
Laredo WLE LP	Utility	27,446	28,986	40,693	40,805	64,955	83,568	86,668	97,224	89,916	97,604
Mall Del Norte LLC	Retail	65,868	68,868	58,141	56,446	57,316	55,890	55,567	52,068	52,068	51,752
The GEO Group Inc	Commercial Business	57,371	57,371	56,723	53,182	53,182	52,609	52,609	52,160	50,531	49,979
AEP Electric Transmission of Texas LLC	Utility	42,368	42,105	40,938	43,404	44,864	48,063	35,802	42,868	41,458	40,635
Laredo Regional Medical Ctr. Lp	Medical	58,029	49,307	48,907	43,794	43,558	43,106	41,678	40,213	39,869	41,405
Farias Development LTD	Development	56,074	57,299	53,362	44,134	42,166	40,924	38,464	36,413	29,908	25,979
Card Border LLC ETAL	Retail	-	-	37,470	36,583	37,231	-	-	-	-	-
Laredo Portfolio LLC	Commercial Business	40,100	40,100	-	-	-	-	-	-	-	-
International Bank of Commerce	Bank	35,843	36,075	35,977	34,534	36,834	34,633	33,969	34,247	35,148	39,034
Killam Ind. Dev. Partnership Ltd.	Development	35,897	51,026	41,412	36,487	33,380	35,890	33,737	29,575	29,443	30,143
H E Butt Grocery Company	Grocery	28,269	28,118	29,326	29,742	33,218	31,669	30,105	30,025	30,493	28,284
WRI Trautmann Lp.	Commercial Real Estate	29,514	29,572	29,943	32,771	29,874	29,596	28,307	27,737	27,621	27,738
Dorel Laredo Holdings LLC	Real Estate	-	26,812	24,152	24,152	29,438	27,358	28,394	24,608	-	-
Killam Development LTD	Development	48,110	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	18,598	19,558	21,150	21,726	22,752	22,026	22,064	21,369	21,041	21,043
Union Pacific Railroad Company	Railroad	26,761	25,504	24,607	23,272	22,110	20,794	19,402	17,578	-	-
Shiloh Texas Properties LTD	Development	19,420	19,420	-	16,885	21,176	19,607	18,373	18,455	-	-
Webb Hospital Holdings LLC	Medical	34,762	-	19,449	20,303	20,886	19,122	18,188	17,983	-	-
WRI Independence Plaza LLC	Commercial Real Estate	20,881	20,881	20,769	22,015	20,801	19,909	19,700	-	-	-
BBVA Compass	Bank	18,521	-	-	17,771	18,457	18,641	18,102	18,421	19,633	-
United States Cold Storage Inc	Refrigeration	48,472	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
Master E Squared Laredo LLC	Commercial Business	20,640	22,000	-	-	-	-	-	-	-	-
Dorel Springfield Holdings LLC	Real Estate	16,787	-	-	-	15,820	-	-	-	-	-
San Isidro Northeast LTD	Development	21,368	23,390	-	14,134	15,614	19,895	-	-	-	-
Laredo Outlet Shoppes LLC	Retail	47,167	63,630	63,630	45,586	-	-	-	-	-	-
Siemens Gamesa Renewable Energy Inc	Utility	-	-	28,875	45,586	-	-	-	-	-	-
M S Carriers LLC	Logistics	30,282	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	13,604	-	-	-	-	-	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		1,124,998	1,112,239	1,068,627	1,059,293	964,939	948,893	890,831	897,978	734,051	689,703
Total Taxable Assessed Value		\$ 14,884,791	\$ 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

Source: Local County Appraisal District

Laredo College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years

(unaudited)

(amounts expressed in thousands)

Fiscal Year Ended August 31,	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2020	\$ 45,119	\$ -	\$ 45,119	\$ 46,999	104.17%	\$ 804	\$ -	\$ 47,803	105.95%
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%

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

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

	For the Year Ended August 31, (amounts expressed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Bonded Debt										
General Obligation Bonds	\$ 98,900	\$ 104,205	\$ 109,250	\$ 114,060	\$ 178,665	\$ 192,448	\$ 202,834	\$ 63,824	\$ 67,271	\$ 70,720
Less: Funds Restricted for Debt Service	(7,985)	(6,240)	(5,784)	(4,438)	(3,120)	(2,132)	(2,150)	(1,402)	(1,399)	(1,074)
Net General Bonded Debt	90,915	97,965	103,466	109,622	175,545	190,316	200,684	62,422	65,872	69,646
Other Debt										
Revenue Bonds	49,535	51,195	53,305	55,645	89,951	95,336	100,436	105,166	109,891	93,623
Contractual Obligations	-	-	-	-	-	576	1,152	1,726	2,303	2,881
Notes	31,065	31,485	33,410	35,280	51,890	55,358	58,827	61,455	64,049	2,126
Capital Lease Obligations	2,157	2,685	874	770	1,368	1,703	906	1,493	773	1,296
Total Outstanding Debt	173,672	183,330	191,055	201,317	318,754	343,289	362,005	232,262	242,888	169,572
General Bonded Debt Ratios										
Per Capita	328.63	355.06	376.52	404.22	650.84	713.67	764.53	240.85	256.81	276.78
Per FTSE	16,252	16,879	19,618	21,377	33,687	35,342	95,156	10,029	10,264	11,158
As a percentage of Taxable Assessed Value	0.61%	0.66%	0.73%	0.83%	1.41%	1.61%	1.77%	0.57%	0.62%	0.66%
Total Outstanding Debt Ratios										
Per Capita	627.76	664.46	695.27	742.34	1,181.79	1,287.30	1,379.09	896.17	946.95	673.89
Per FTSE	31,046	31,587	36,226	39,258	61,169	63,749	171,648	37,317	37,845	27,166
As a percentage of Taxable Assessed Value	1.17%	1.24%	1.35%	1.52%	2.56%	2.90%	3.19%	2.12%	2.29%	1.60%

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

Laredo College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Tax Years

(unaudited)

(amounts expressed in thousands)

General Obligation Bonds							
Fiscal Year Ended August 31,	Taxable Assessed Value	Statutory Tax Levy Limited for Debt Service	Less: Funds Restricted for Repayment of General Obligation Bonds	Total Net General Obligation Debt	Current Year Debt Services Requirements	Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2020	\$ 14,884,791	\$ 74,424	\$ -	\$ 74,424	\$ 11,595	\$ 62,829	15.58%
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	10,614,923	53,075	-	53,075	3,452	49,623	6.50%

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

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

Revenue Bonds

Pledged Revenues (\$000 omitted)							Debt Service Requirements (\$000 omitted)			
Fiscal Year Ended August	Instructional									Coverage
	Tuition	Technology Fee	Support Fee	Interest Income	General Use Fees	Total	Principal	Interest	Total	Ratio
2020	\$ 3,815	\$ 1,781	\$ 1,781	\$ 550	\$ 8,904	\$ 16,831	\$ 2,190	\$ 1,922	\$ 4,112	4.09
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

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

Calendar Year	District Population	District Personal Income (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2019	276,652	\$ 8,981,800	32,466	3.7%
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%

Source:

U.S. Bureau of Labor Statistics Data

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

Laredo College
Statistical Supplement 13
Principal Employers
(unaudited)

Current Fiscal Year

Employer	Number of Employees	Percentage of Total Employment
United Independent School District	6,398	5.39%
Laredo Independent School District	4,500	3.79%
City of Laredo	2,721	2.29%
Wal-Mart	2,125	1.79%
US CBP - Customs Field Officers	1,950	1.64%
H.E.B. Grocery	1,764	1.49%
McDonald's Restaurant	1,520	1.28%
Webb County	1,800	1.52%
Laredo Medical Center	1,450	1.22%
Laredo Sector Border Patrol	1,400	1.18%
Total	25,628	21.60%

Nine Years Prior

Employer	Number of Employees	Percentage of Total Employment
United Independent School District	4,876-7,174	6.05%
Laredo Independent School District	3,990-4,500	4.27%
City of Laredo	2,238-2,721	2.49%
Wal-Mart (3 locations)	1,144-2,125	1.64%
US CBP - Customs Field Officers	1,730-1,950	1.85%
H.E.B. Grocery	1,245-1,900	1.58%
McDonald's Restaurant	1,425-1,633	1.54%
Webb County	1,400-1,800	1.61%
Laredo Medical Center	1,377-1,500	1.45%
Laredo Sector Border Patrol	1,400-2,200	1.81%
Total	20,825-27,503	24.28%

Source:

Laredo Development Foundation
Texas Labor Market Information

Note:

Percentages are calculated using the midpoints of the ranges.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty										
Full-Time	187	188	186	181	177	183	189	200	196	197
Part-Time	107	95	104	180	162	154	154	160	119	122
Total	294	283	290	361	339	337	343	360	315	319
Percent										
Full-Time	63.6%	66.4%	64.1%	50.1%	52.2%	54.3%	55.1%	55.6%	62.2%	61.8%
Part-Time	36.4%	33.6%	35.9%	49.9%	47.8%	45.7%	44.9%	44.4%	37.8%	38.2%
Staff and Administrators										
Full-Time	400	414	415	429	427	434	445	449	447	450
Part-Time	151	144	119	127	123	154	142	153	129	133
Total	551	558	534	556	550	588	587	602	576	583
Percent										
Full-Time	72.6%	74.2%	77.7%	77.2%	77.6%	73.8%	75.8%	74.6%	77.6%	77.2%
Part-Time	27.4%	25.8%	22.3%	22.8%	22.4%	26.2%	24.2%	25.4%	22.4%	22.8%
Total										
Full-Time	587	602	601	610	604	617	634	649	643	647
Part-Time	258	239	223	307	285	308	296	313	248	255
Total	845	841	824	917	889	925	930	962	891	902
Percent										
Full-Time	69.5%	71.6%	72.9%	66.5%	67.9%	66.7%	68.2%	67.5%	72.2%	71.7%
Part-Time	30.5%	28.4%	27.1%	33.5%	32.1%	33.3%	31.8%	32.5%	27.8%	28.3%
FTSE per Full-Time Faculty	32.6	32.5	32.8	32.0	33.1	33.2	33.7	34.3	37.6	37.4
FTSE per Full-Time Staff Member	15.3	14.7	14.7	13.5	13.7	14.0	14.3	15.3	16.5	16.4
Average Annual Faculty Salary	\$ 61,453	\$ 60,876	\$ 59,400	\$ 59,103	\$ 59,022	\$ 53,982	\$ 55,395	\$ 55,401	\$ 55,435	\$ 55,782

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

Student Classification	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Freshman	7,657	75.07%	7,622	74.86%	7,378	74.67%	6,602	71.95%	6,129	70.05%
Sophomore	1,887	18.50%	1,831	17.98%	1,816	18.38%	1,887	20.56%	1,884	21.53%
Unclassified	161	1.58%	197	1.93%	215	2.18%	231	2.52%	314	3.59%
Associate*	427	4.19%	460	4.52%	417	4.22%	399	4.35%	360	4.11%
Baccalaureate or Above**	68	0.67%	71	0.70%	55	0.56%	57	0.62%	62	0.71%
Total	10,200	100.00%	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%

Semester Hour Load	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	46	0.45%	72	0.71%	85	0.86%	94	1.02%	159	1.82%
3-5 semester hours	3,447	33.79%	3,453	33.92%	3,281	33.21%	2,775	30.24%	2,495	28.52%
6-8 Semester hours	2,039	19.99%	2,143	21.05%	2,073	20.98%	2,082	22.69%	1,857	21.23%
9-11 semester hours	1,475	14.46%	1,607	15.78%	1,603	16.22%	1,633	17.80%	1,501	17.16%
12-14 semester hours	2,748	26.94%	2,533	24.88%	2,472	25.02%	2,189	23.86%	2,358	26.95%
15-17 semester hours	426	4.18%	370	3.63%	360	3.64%	389	4.24%	372	4.25%
18 & over	19	0.19%	3	0.03%	7	0.07%	14	0.15%	7	0.08%
Total	10,200	100.00%	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%

Average course load	7.5	8.0	8.0	8.0	9.0
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Tuition Status	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	9,065	88.87%	9,075	89.14%	8,850	89.57%	8,129	88.59%	7,629	87.20%
Texas Resident (Out-of-District)	699	6.85%	694	6.82%	647	6.55%	649	7.07%	621	7.10%
Non-Resident Tuition	235	2.30%	189	1.86%	173	1.75%	202	2.20%	216	2.47%
Tuition Exempt	83	0.81%	97	0.95%	83	0.84%	73	0.80%	97	1.11%
Foreign	118	1.16%	126	1.24%	128	1.30%	123	1.34%	186	2.13%
Total	10,200	100.00%	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%

Notes:

* Previously earned an Associate Degree

** Previously earned a Baccalaureate or above degree

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

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	5,664	55.53%	5,730	56.28%	5,469	55.35%	5,112	55.71%	4,843	55.35%
Male	4,536	44.47%	4,451	43.72%	4,412	44.65%	4,064	44.29%	3,906	44.65%
Total	10,200	100.00%	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	142	1.39%	119	1.17%	126	1.28%	104	1.13%	134	1.53%
Hispanic	9,917	97.23%	9,938	97.61%	9,608	97.24%	8,886	96.84%	8,416	96.19%
African American	10	0.10%	7	0.07%	15	0.15%	9	0.10%	16	0.18%
Asian	21	0.21%	21	0.21%	24	0.24%	22	0.24%	21	0.24%
Foreign	42	0.41%	53	0.52%	65	0.66%	112	1.22%	145	1.66%
Native American	5	0.05%	5	0.05%	4	0.04%	2	0.02%	5	0.06%
Native Hawaiian	1	0.01%	1	0.01%	1	0.01%	2	0.02%	1	0.01%
Multiracial	1	0.01%	1	0.01%	-	0.00%	-	0.00%	2	0.02%
Unknown	61	0.60%	36	0.35%	38	0.38%	39	0.43%	9	0.10%
Total	10,200	100.00%	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%

	Fall 2019		Fall 2018		Fall 2017		Fall 2016		Fall 2015	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	3,333	32.68%	3,227	31.70%	2,465	24.95%	1,947	21.22%	1,364	15.59%
18-20	4,019	39.40%	3,848	37.80%	4,039	40.88%	3,828	41.72%	3,867	44.20%
21-25	1,813	17.77%	1,907	18.73%	2,152	21.78%	2,132	23.23%	2,176	24.87%
26-30	497	4.87%	576	5.66%	551	5.58%	585	6.38%	571	6.53%
31-40	352	3.45%	383	3.76%	412	4.17%	432	4.71%	472	5.39%
41 & Over	186	1.82%	240	2.36%	262	2.65%	252	2.75%	299	3.42%
Total	10,200	100.00%	10,181	100.00%	9,881	100.00%	9,176	100.00%	8,749	100.00%

Average Age	21	21	21	21	23
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Laredo College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2019-20 Fall Students as of Fall 2019
(Includes only public senior colleges in Texas)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Texas A&M International University	1,222	143	23	1,388	70.35%
2 The University of Texas - San Antonio	135	7	1	143	7.25%
3 Texas A&M University	121	7	-	128	6.49%
4 The University of Texas - Austin	77	7	-	84	4.26%
5 Texas State University	73	1	1	75	3.80%
6 Texas A&M University - Kingsville	36	3	1	40	2.03%
7 The University of Texas - Rio Grande Valley	26	12	-	38	1.93%
8 Texas A&M University - Corpus Christi	9	1	-	10	0.51%
9 Texas Tech University	8	-	-	8	0.41%
10 University of North Texas	7	-	-	7	0.35%
11 The University of Texas - Arlington	6	-	-	6	0.30%
12 Sam Houston State University	6	1	-	7	0.35%
13 The University of Texas of the Permian Basin	5	-	-	5	0.25%
14 University of Houston	3	1	-	4	0.20%
15 Lamar University	3	-	-	3	0.15%
16 The University of Texas - Dallas	3	1	-	4	0.20%
17 Texas A&M University - San Antonio	2	3	1	6	0.30%
18 Prairie View A&M University	2	-	-	2	0.10%
19 Midwestern State University	2	-	-	2	0.10%
20 University of Houston - Downtown	2	-	-	2	0.10%
21 Texas A&M University System Health Science Center	2	-	-	2	0.10%
22 Texas Tech University Health Sciences Center	1	-	-	1	0.05%
23 The University of Texas - Tyler	1	-	-	1	0.05%
24 The University of Texas Southwestern Medical Center	1	-	-	1	0.05%
25 Stephen F. Austin State University	1	-	-	1	0.05%
26 Texas A&M University - Galveston	1	-	-	1	0.05%
27 Texas Woman's University	1	-	-	1	0.05%
28 West Texas A&M University	1	-	-	1	0.05%
29 Angelo State University	1	-	-	1	0.05%
30 Texas A&M University - Central Texas	1	-	-	1	0.05%
Totals	1,759	187	27	1,973	100.00%

Source: Texas Higher Education Coordinating Board

Laredo College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2020 to 2016

	Fiscal Year				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Academic buildings	22	22	22	22	33
Square footage (in thousands)	691,136	691,136	691,136	691,136	560,079
Libraries	2	2	2	2	2
Square footage (in thousands)	27,494	27,494	27,494	27,494	47,886
Number of Volumes (in thousands)	110,516	110,533	110,523	152,386	151,233
Administrative and support buildings	20	20	20	20	12
Square footage (in thousands)	168,582	168,582	168,582	168,582	49,951
Dormitories	1	1	1	1	2
Square footage (in thousands)	6,226	6,226	6,226	6,226	3,119
Number of Beds	18	18	12	12	12
Apartments	18	18	18	18	14
Square footage (in thousands)	27,884	27,884	27,884	27,884	20,594
Number of Beds	65	65	58	58	39
Dining Facilities	2	2	4	4	2
Square footage (in thousands)	22,842	22,842	54,754	54,754	22,842
Average daily customers	N/A	N/A	N/A	420	N/A
Athletic Facilities	24	24	23	23	14
Square footage (in thousands)	114,167	114,167	114,167	114,167	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	3	2
Softball Field	1	1	1	1	1
Swimming Pool Complex	1	1	1	1	1
Tennis Courts	14	14	13	13	5
Plant Facilities	16	16	16	16	8
Square footage (in thousands)	62,911	62,911	62,911	62,911	126,791
Other Buildings	16	16	16	16	19
Square footage (in thousands)	41,474	41,474	41,474	41,474	32,770
Other Buildings	4	4	4	4	-
Square footage (in thousands)	22,611	22,611	22,611	22,611	-
Transportation	91	83	110	105	38
Cars	6	6	12	13	13
Light Trucks/Vans	23	21	13	12	25
Tractors/Trailers	11	11	13	10	-
Utility Vehicles	30	24	44	43	-
Motorized Implements	20	20	27	27	-
Passenger Bus	1	1	1	-	-
Transportation - Repair Shop	10	10	26	26	-
Cars	1	1	14	14	-
Light Trucks/Vans	3	3	4	4	-
Tractors/Trailers	6	6	8	8	-

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

Fiscal Year	Contact Hours		Total
	Academic	Voc Tech	
2019-20	2,522,432	898,912	3,421,344
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

SINGLE AUDIT SECTION

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Laredo College (the College), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 7, 2020.

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) as a basis for designing 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

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*.

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.



L. Lopez / L. Gonzalez
E. Anacostan

December 7, 2020

Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Laredo College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and State of Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2020. 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 and state 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, 2020.

Other Matters

We noted certain matters that we have reported to management of the District in a separate report dated December 7, 2020.

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.

A handwritten signature in black ink, appearing to read "Lopez / Gonzalez" followed by a large closing bracket, and "Associates" written below it.

December 7, 2020

LAREDO COLLEGE
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

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

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

<i>Identification of Major Programs</i>			
	CFDA Numbers(s)	Name of Federal Program or Cluster	
	84.007, 84.033, 84.063 84.031 84.425	Student Financial Assistance Cluster Higher Education Institutional Aid 2020 IHE Care Act	
	Dollar Threshold used to distinguish between Type A and Type B programs:	\$792,019	
	Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

LAREDO COLLEGE
Laredo, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS (Continued)

	Name of State Program		
	Texas Educational Opportunity Grant (Initial & Renewal)		
	Dollar Threshold used to distinguish between Type A and Type B programs:	\$300,000	
	Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

LAREDO COLLEGE
Laredo, Texas

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended August 31, 2020

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 designated 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.

None noted.

2020 Status:

Management assigned the Network Security Engineer to serve as the interim Information Security Officer (ISO), while the search and hiring process for this position is underway. The interim ISO coordinated the College's effort in completing a risk assessment on its information system. The risk assessment followed the Texas Cybersecurity Framework that parallels the requirements of CFR 314.4 (b) and was completed on May 5, 2020. The table below correlates the requirements of CFR 314.4 (b) with the Texas Cybersecurity Framework.

CFR 314.4 (b) requirement	Texas Cybersecurity Framework requirement
1. Employee training and management	a. Security awareness and training b. Privacy awareness and training
2. Information systems	
a. Network and software design	a. Enterprise Architecture, Roadmap & Emerging Technology b. System Configuration Hardening and Patch Management c. Security Systems Management
b. Information processing	a. Network Access and Perimeter Controls b. Internet Content Filtering c. Account Management d. Spam Filtering e. Portable and Remote Computing
c. Storage	a. Media b. Physical and Environmental Protection c. Access Control d. Data Loss Prevention
e. Transmission and disposal	a. Enterprise Security Policy, Standards, and Guidelines b. Systems Communications Protection c. Cryptography d. Media
3. Detecting, preventing and responding to attacks intrusions and other system failures	a. Vulnerability Assessment b. Malware Protection c. Security Monitoring and Event Analysis d. Cyber-Security Incident Response e. Privacy Incident Response f. Disaster Recovery Procedures

The College is addressing the recommendations identified in the risk assessment report dated 5/15/20 and will continue to do so until completed. Out of the 8 findings identified in the report, the College has fully remediated one of the items and has already addressed components of the other 7.

On August 26, 2020, the College conducted a second scan of its information system to verify items already addressed.

The College has hired an Information Security Officer who will be joining the College on January 4, 2021. One of the ISO's first assignments will be to review the recommendations identified on the assessment reports so that appropriate resources can be secured to remediate pending items. A proper timeline will be developed to address the recommendations once resources are identified.

Meanwhile, the appropriate safeguards required to correct each recommendation are documented.