



**Laredo Independent School District
Comprehensive Annual Financial Report
For the Year Ended
August 31, 2016**

Prepared by:

Financial Management Department

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**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2016**

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**LAREDO INDEPENDENT SCHOOL DISTRICT
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Dr. A. Marcus Nelson
Superintendent of Schools

January 19, 2017

*Board of Trustees
2016-2017*



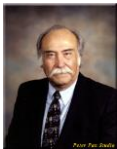
Dr. Cecilia M. Moreno
President, District 5



Hector J. Noyola
Vice President, District 3



Ricardo Garza
Secretary, District 5



Jose A. Valdez
Trustee, District 1



Cindy Liendo
Trustee, District 2



Hector J. Garcia
Trustee, District 6



Jose R. Perez, Jr.
Trustee, District 7



1702 Houston St. • Laredo, Texas 78040 • Ph. 956-273-1070

Board of Trustees and Taxpayers of
Laredo Independent School District
1702 Houston Street
Laredo, Texas 78040

Dear Board Members and Taxpayers:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Laredo Independent School District (the "District") for the fiscal year ended August 31, 2016. The report was prepared by the District's Division of Finance. The basic financial statements have been audited by the independent accounting firm of Weaver and Tidwell, LLP, whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects and is presented in a manner which daily sets forth the financial position and results of operations of the District. Furthermore, we believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

United States generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

The District is an independent school district, founded in 1882, governed by a seven-member Board of Trustees (the "Board"). The Board has governance responsibility over all activities related to public school education within the District. The District is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board Statement No. 14. As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) and its component unit in conformity with GASB Statement No. 14, The Financial Reporting Entity. The District is not reporting component units.

The Board is required to adopt an initial budget for the fiscal year no later than August 31 preceding the beginning of the fiscal year on September 1. This annual budget serves as the foundation for the District's financial planning and control. The budget is prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates.

Services Provided

The District provides a safe learning environment that ensures a quality education. Beginning with the 20 elementary schools, four middle schools, and extending through the four high schools (including Early College High School), students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. In addition, in the four middle schools a diversified group of elective subjects is added to the required studies, including, career studies, art, band, choir, orchestra, mariachi band and a foreign language. Similar individual educational needs continue at the four high schools.

Additionally, the District has a communication and fine arts magnet school that offers our students comprehensive courses of study in the areas of communication, dance, music, theatre arts, and visual arts with emphasis on creative development and artistic performance; a health and science magnet school that offers our students a wide range of health and science courses to prepare them for related careers; and a technology and engineering magnet school that offers our students courses of study towards industry certifications to prepare them for related careers.

The District also has an alternative education school and a non-traditional high school to serve the at-risk population.

Enrollment

Our enrollment for school year 2015-2016 was 24,199 students of which 6,010 students were enrolled at the high school level, 4,707 at the middle school level, and 13,482 at the elementary level.

Over 94% of our students are classified as economically disadvantaged, 41% as Bilingual, 8% as Special Education, and 7% participate in Gifted and Talented courses. In addition, 25% of high school students take Career and Technology courses.

Mission Statement

The mission of the District is to ensure that all students achieve their potential and graduate as bilingual, bi-literate, and be responsible adults with the skills to succeed in higher education, the workforce, or the military.

District Goals

- Goal I:** The school district will continue to develop, implement and monitor a quality educational program including curriculum, instruction, assessment and professional development which considers the specific needs of each Laredo Independent School District student and the community, supports high academic standards, and addresses state and federal accountability requirements.
- Goal II:** The school district will provide all students with a safe and nurturing learning environment that promotes attendance, character building and high achievement.
- Goal III:** The school district will encourage and promote a climate that engages families in the education of their children and establish a process that cultivates open and timely communication with our public.
- Goal IV:** The school district shall implement a Health and Wellness Program designed to improve the general health of children and adults by promoting practices that lead to living healthy, active lifestyles.
- Goal V:** The school district will continue to seek all possible avenues to contain and/or reduce costs of all initiatives in order to best represent the financial interests of the taxpayers. In addition, the school district will effectively manage financial resources, and conduct program evaluations that will support providing quality educational experiences for LISD students.
- Goal VI:** The Human Resources will actively pursue and hire highly qualified personnel and provide support that encourage growth, improvement and increased student achievement.
- Goal VII:** The Plant Facilities Department will ensure that students and staff are provided with quality support services as well as secure, properly maintained, energy efficient facilities that are conducive to academic achievement.

Achievements

The District received its fourteenth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2015. The rating system was established during the 77th Legislative session. School districts received their first official rating by TEA in August 2003 for the fiscal year 2001-2002.

Economic Condition and Outlook

Laredo Independent School District is located in the heart of the City of Laredo and encompasses approximately 13 square miles. On January 2010, the Metropolitan Statistical Area (MSA) reported population at about 236,091 for Laredo. With over 500,000 living across the river in Nuevo Laredo, both cities have a combined population of 736,091. Our District is an inner city district which serves the community of Laredo and Webb County. While the District serves a population slightly over 100,000, we expect enrollment to remain relatively constant over the next several years at about 24,000. Average daily

attendance (ADA) drives school funding and it has remained flat on an average annual basis of about 95%. The district continues to work with students to reduce truancy rates.

Laredo, Texas, best known for its geographic location as the number one port along the US and Mexico Border, with one international airport, one rail bridge and four vehicles bridges (two for commercial and three for private vehicles), is in the center of a vibrant era. This era includes the passage of the North American Free Trade Agreement, which has enhanced trade between the United States and Mexico, providing for a growing tax base and attracting new industries in the City. The Port of Laredo crosses over \$180.1 billion in imports and exports. With IH-35 bisecting the city, all the industrial parks and logistical centers are within five miles. However, due to an increase in property exemptions and reductions, the District has experienced a slender decline in net taxable property values. The District's matured base is mostly built so increases to its values in the future will come from revaluations and revitalization projects. The top 10 taxpayers account for about 7% of the assessed valuation.

The District's financial position has experienced surpluses over the past years and the District reserves most of the excess revenues for property acquisition, construction and other capital improvements. The fund balance remains stable and it is an indicator of sound financial management mainly attributed to the enforcement of efficiency measures reflected in the improvement plans, in the application of staffing formulas, and in the elimination of costs not aligned with academic achievement strategies and funding sources.

Financial Policies and Long-Term Financial Planning

The Superintendent's office and the executive staff oversee and coordinate all the elements involved in the strategic and financial planning process of the District. The planning process begins with demographic projections of student growth and the needs for classroom space. The District's student population experiences no annual growth as the District boundaries are locked. The classroom environment is determined by the Division of Curriculum and Instruction in their strategic planning for meeting the educational needs of our students and community. The educational planning process identifies the financial needs of the District and determines the proper allocation of District resources.

The District is towards the end of construction projects in which every school will either be renovated or newly constructed. The construction projects began in 1999 with the sale of \$144,000,000 of bonds. With the addition of more bond sales, it reached \$419,230,133 in original general obligation bond issues in year 2007. In July 2014, the District issued \$67,940,000 for new projects. The estimated final completion date for these projects is August 2018.

The Board approved policy establishing a capital improvement plan as a tool to assess long-term capital project requirements. This plan will assist the district in the prioritizing and financing of upcoming improvement projects. In addition, the capital improvement policy will prove beneficial during the assessment of the District's financial management by the credit agencies. The District plans to earmark annually \$1,000,000 for facility improvements and \$500,000 for equipment upgrades/replacements.

It is the responsibility of the Division of Finance to oversee all finance related issues, including the investment of construction funds and other funds for maximization of interest earnings, and to provide financial status reports to the Board with the objective of assisting in the accountability and decision-making process.

Other Information

The Accounting System and Budgetary Control

The Division of Finance is responsible for providing all District financial services including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management budgeting, procurement, tax office collections, self-funded health plan management, federal programs, grant writing, and special financial and policy analyses to District management. The Chief Financial Officer, appointed by the Superintendent, has oversight responsibility for the division's operations.

The District's computer hardware includes file servers as well as numerous personal computers and laptops. The Alio software is used and deployed on an Oracle database and runs on Windows servers. The District utilizes Weidenhammer who develops and support the Alio suite of financial and human resources software, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability over the District's assets.

The District also operates a student accountability system supported by the District's Information Technology Department. This system services all campuses of the District. The applications being used are attendance, grades and report cards, student tracking, and all other information required by the State of Texas.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting records for governmental fund types are maintained on a modified accrual basis with revenues recorded when services or goods are received and the liabilities are incurred. Accounting records for trust funds are maintained on the accrual basis.

The annual operating budget or financial plan is proposed by the Superintendent and enacted by the Board after public discussion. The site-based decision making process, as mandated by the education code, is the cornerstone of all LISD budgetary decisions. Each campus must have a Site-Based Decision Making (SBDM) committee made up of the campus principal, teachers, parents, and administrators. Their role is to build consensus and support all efforts consistent with reaching the campus goals and objectives. SBDM committee members, department directors and administrators are involved in the budgetary cycle.

Subsequent budget amendments must be approved by the Board for the General Fund Budget. For Special Revenue Funds, budget amendments are subject to the approval by the granting agency. A summary of all amendments is presented to the Board on a monthly basis. All departments are required to operate within their budgetary constraints. The operating budgets are amended prior to expenditure, and the accounting system provides a strong budgetary control over expenditures.

Independent Audit

The Texas Education Agency requires that an annual audit of the books of account, financial records, and transactions of all administrative departments of the school district be performed by an independent certified public accountant(s). The firm of Weaver and Tidwell, LLP, was selected by the District and approved by the Board. In addition to meeting the requirements set forth in the state and local policies, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984, as amended, and related OMB Circular A-133. The auditor's report on the basic financial statements and schedules are included in a separate report. The auditor's report related specifically to the single audit is included in the Single Audit section of the report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2015. This was the eighteenth consecutive year that the District has achieved this prestigious award. In order to be awarded this Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, GFOA awarded the District the Distinguished Budget Presentation Award for the fiscal period September 1, 2015 thru August 31, 2016. The primary purpose of this document is to provide timely and useful information concerning the past, current, and projected financial status of the District. The budget's main focus is the improvement of the instructional program with the fiscal resources available to the District. We believe our budget continues to conform to the GFOA's requirements and we will continue to submit it to this organization for evaluation and suggestions for improvement.

The Comptroller of Public Accounts in Texas launched a program to encourage local governments to meet a standard for financial transparency online. The program consists of Texas governments opening its books to the public by providing clear and consistent pictures of spending and sharing information in a user-friendly format that lets taxpayers access more detail. In April 7, 2015, the District was recognized with the Platinum Texas Comptroller Leadership Circle. The designation is valid for one year.

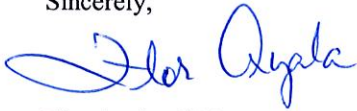
Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Division of Finance and the leadership of the Superintendent.

We would also like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, Weaver and Tidwell, LLP.

Furthermore, we would like to especially acknowledge the President of the Board and the Board of Trustees who have consistently supported the school district's goals of excellence in all aspects of financial management.

Sincerely,



Flor Ayala, CPA
Chief Financial Officer

**LAREDO INDEPENDENT SCHOOL DISTRICT
DISTRICT OFFICIALS, STAFF & CONSULTANTS
AUGUST 31, 2016**

ELECTED OFFICIALS

| Board of Trustees | Length of Service | Occupation |
|-------------------------------------|-------------------|---|
| Dr. Cecilia May Moreno President | 6 Years | Retired |
| Hector J. Noyola Vice-President | 2 Years | Executive Director - Boys and Girls Clubs of Laredo |
| Jesus Martinez Secretary | 8 Years | Retired |
| Jose A. Valdez Trustee | 19 Years | Retired |
| Ricardo Garza Trustee | 5 Years | Business Owner – Twins Mechanical, Inc. |
| Hector Garcia Trustee | 6 Years | General Manager - La Posada |
| Jose R. Perez Trustee | 8 Years | Retired |

APPOINTED OFFICIALS

| | |
|------------------------------|---|
| A. Marcus Nelson, Ed.D..... | Superintendent of Schools |
| Flor Ayala, CPA | Chief Financial Officer |
| Roberta Ramirez..... | Chief of Staff |
| Elva Margarita Martinez..... | Executive Director for Student Services |
| Dr. Sylvia Rios | Chief Academic Officer |
| Angel Velasquez..... | Chief Facilities & Operations Officer |

CONSULTANTS & ADVISORS

| | |
|-----------------------------------|---|
| Financial Advisor | Estrada-Hinojosa & Company, Inc. Dallas and San Antonio, Texas |
| Bond Counsel | J. Cruz & Associates, LLC Laredo, Texas |
| Co-Bond Counsel | Winstead PC San Antonio, Texas |
| Certified Public Accountants..... | Weaver and Tidwell, L.L.P. Austin, Texas |
| General Counsel | Kazen, Meurer & Perez, Attorneys-at-Law Laredo, Texas |

LAREDO INDEPENDENT SCHOOL DISTRICT

Board of Trustees August 31, 2016



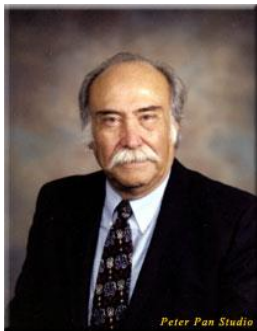
Dr. Cecilia May Moreno
President
District 5



Hector J. Noyola
Vice-President
District 3



Jesus Martinez
Secretary
District 2



Jose A. Valdez
Trustee
District 1



Ricardo Garza
Trustee
District 5



Hector Garcia
Trustee
District 6



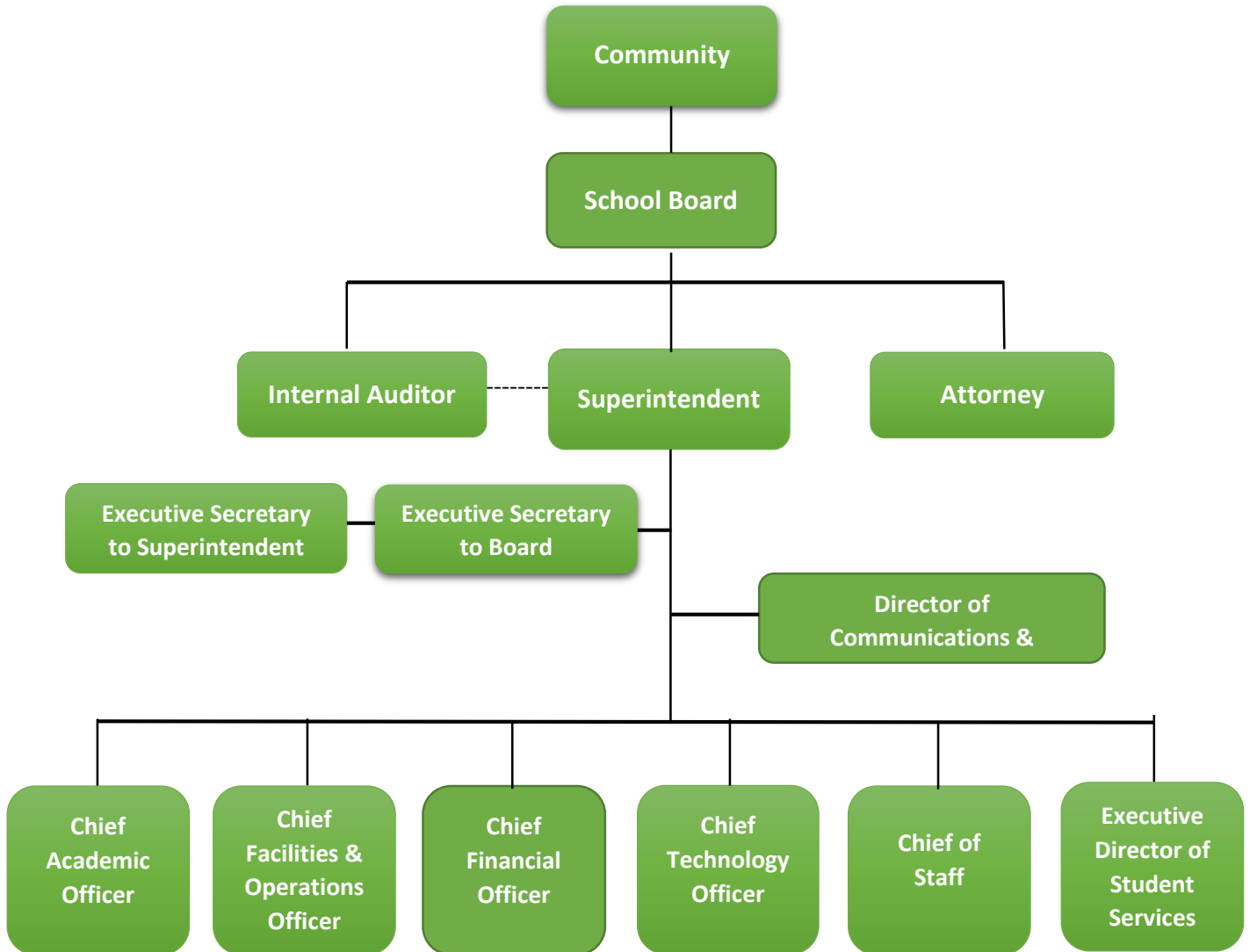
Jose R. Perez
Trustee
District 7

Superintendent of Schools



Dr. A. Marcus Nelson
August 3, 2009 to Present

LAREDO INDEPENDENT SCHOOL DISTRICT
Organizational Chart
August 31, 2016





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Laredo Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2015

Executive Director/CEO

CERTIFICATE OF BOARD

| | | |
|---|---------------------|---|
| Laredo Independent School District | Webb | 240-901 |
| <hr/> Name of School District | <hr/> County | <hr/> County District Number |

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved ___ disapproved for the year ended August 31, 2016 at a meeting of the Board of Trustees of such school district on the 19th day of January, 2017.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Laredo Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District (the District), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District, as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note U to the financial statements, net position of the governmental activities at August 31, 2015 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information on pages 4 – 16 and 67 – 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laredo Independent School District's basic financial statements. The introductory section, combining and other statements, capital asset section, statistical section, and schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and other statements, TEA required schedules, capital asset section, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 dated January 17, 2017 on our consideration of Laredo Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Laredo Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 17, 2017

**LAREDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)**

This section of the Laredo Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended August 31, 2016. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and related footnote disclosures.

FINANCIAL HIGHLIGHTS

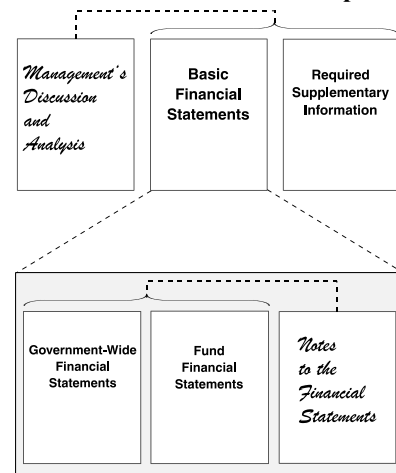
- The assets and deferred outflows of resources of the District exceeded its liabilities by \$214,503,585 (*net position*). Of this amount, \$50,516,231 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The District’s total net position decreased by \$3,120,170. The decrease is the net effect of the positive result of operations of \$2,607,976 and the prior period adjustment of \$5,728,146.
- The District had a total long-term debt outstanding (not including amortization of premium) of \$245,140,424, a decrease of \$13,351,467. No new debt was issued as current funds and savings were used to provide resources for certain projects included in the Capital Improvement Plan.
- The District’s governmental funds reported combined fund balances of \$153,687,081, a decrease of \$6,698,984 compared to last year. Approximately 41% or \$62,652,991 is available for spending at the government’s discretion (*unassigned fund balance*).
- The total fund balance of the General Fund decreased by \$15,487,860 mainly due to the transfer of funds from the General Fund to the Capital Project Fund for the construction of the administration building.
- The total of committed and unassigned components of fund balance for the General Fund was \$64,876,371, or approximately 29% of the General Fund total expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in more detail than the government-wide statements.
- *The governmental funds* statements show how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the District’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

Figure A-2 Major Features of the District’s Government-wide and Fund Financial Statements

| Type of Statements | District-Wide | Governmental Funds | Proprietary Funds | Fiduciary Funds |
|---|--|--|---|---|
| Scope | Entire district, except fiduciary activities | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance | Activities of the district that operate like a business, such as self-insurance funds | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies |
| Required financial statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses & Changes in Fund Balance • Statement of Cash Flows | <ul style="list-style-type: none"> • Statement of Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both short-term and long term; The district’s funds do not currently contain nonfinancial assets, though they can | All assets and liabilities, both short-term and long-term; The district’s funds do not currently contain nonfinancial assets, though they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid. |

Government-wide Statements

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

The two government-wide statements report the District’s net assets and how they have changed. Net Position - the difference between the District’s assets and liabilities - is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District’s tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District’s basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. State aid, property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

As presented, the District maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund and the Capital Projects Fund. The following are considered major funds for fiscal year ended 2016: General Fund and EDA 2014 Bond Series. Data from the other 38 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

- *Proprietary funds*—When a District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's Internal Service Fund is included within the governmental activities reported in the district-wide statements, but provides more detail and additional information, such as cash flows. The District uses the Internal Service Fund to report activities that relate to the District's self-insured health plan. The District implemented the self-insured plan on September 1, 2013.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budget to actual presentations for the General Fund in accordance with State Board of Education rules. The Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions related to the Teacher Retirement System of Texas are also included as Required Supplementary Information. In addition, budget to actual presentation for the Debt Service Fund is included in the TEA Required Schedules section.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$214,503,585 on August 31, 2016 (See Table A-1), of which unrestricted net assets (the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled \$50,516,231, a decrease of \$3,120,170 from the prior year due primarily by a prior period adjustment needed to correct revenue recognition aligned with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. The net position over time serves as a useful indicator of the District's financial position.

Table A-1
Laredo Independent School District's Net Position

| | Governmental Activities | | Percentage Change |
|--------------------------------------|-------------------------|-----------------------|----------------------|
| | 2016 | Restated 2015 | |
| Current assets and other assets | \$ 181,232,531 | \$ 190,021,363 | -5% |
| Capital assets, net | 369,778,551 | 377,104,107 | -2% |
| Total assets | <u>551,011,082</u> | <u>567,125,470</u> | <u>-3%</u> |
| Total deferred outflows of resources | 42,424,342 | 14,602,360 | 66% |
| Current liabilities | 23,475,605 | 25,461,777 | -8% |
| Non-Current liabilities | 344,239,592 | 329,610,624 | 4% |
| Total liabilities | <u>367,715,197</u> | <u>355,072,401</u> | <u>4%</u> |
| Total deferred inflows of resources | 11,216,642 | 9,031,674 | 19% |
| Net position: | | | |
| Net investment in capital assets | 150,253,093 | 151,104,801 | -1% |
| Restricted | 13,734,261 | 10,976,343 | 25% |
| Unrestricted | 50,516,231 | 55,542,611 | -9% |
| Total net position | <u>\$ 214,503,585</u> | <u>\$ 217,623,755</u> | <u>-1%</u> |

The District's current assets of \$149,845,531 were sufficient to cover current liabilities (to include debt due within one year) of \$39,848,457. This represents a current ratio of 3.76, which means that for every dollar the District owed there was \$4.55 available in current assets. By using the same formula and reducing current assets by the inventory amount, the quick ratio (acid test) decreased slightly to 3.72, which indicated a low risk of running out of working capital of \$157,756,926 to meet current obligations and operating expenses. Even though the current ratio is above two, all funds earn interest. Investment of all funds are governed by the following investment objectives, in order of priority: preservation and safety of principal, liquidity, and yield.

Capital assets, which consisted of the District's land, buildings and improvements, construction-in-progress and equipment, represent about 62% of total assets. The decrease in current and other assets was mainly due to the drawdown of cash for construction related payments.

Ninety four percent of the District's largest liability was for the repayment of general obligation bonds. Other liabilities, representing about 6% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits. The debt to worth ratio, also called the leverage ratio, was 177%. This represented high debt financing which adds a level of risk, especially by creditors. However, the level of risk can be balanced with the State Aid the District continues to qualify at an approximate rate of 73% of the annual general obligation debt payment.

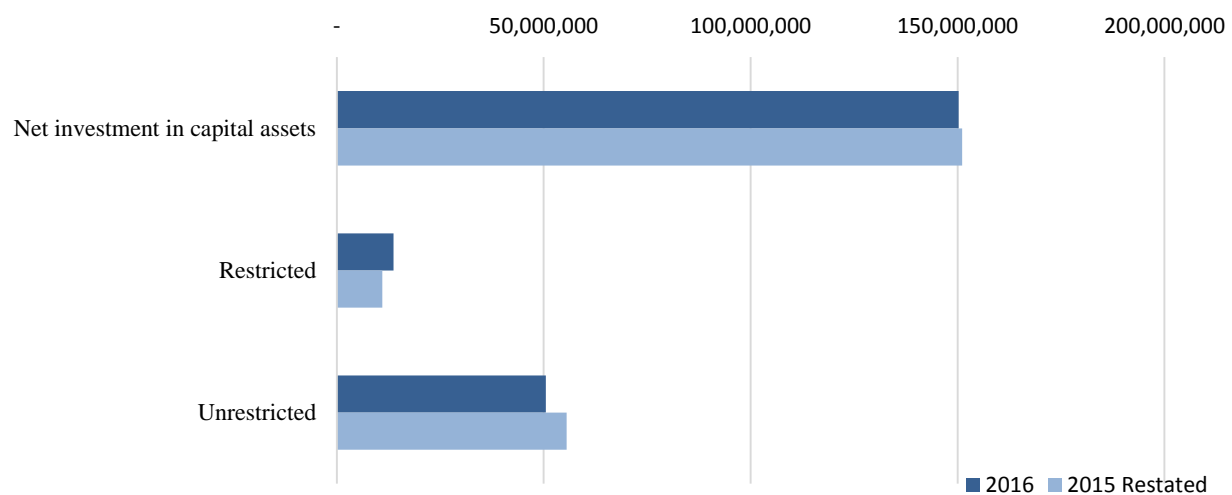
The District's net position is illustrated in Table A-2. The largest portion at 70% of the District's net position was represented by investments in capital assets (e.g., land, buildings, machinery, equipment, and vehicles). All related outstanding debt that was used to acquire these assets is reduced from the calculation and any unspent bond proceeds are added to the calculation. The District acquired these assets to provide public education services to the public.

Accordingly, these assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the associated liabilities.

An additional portion of the net position, 6% or \$13,734,261, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$50,516,231 is unrestricted and may be used to meet the government’s ongoing obligations.

The District reported positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Table A-2
Laredo Independent School District Net Position



Governmental Activities

Governmental activities increased the District’s net assets by \$2,607,976 (See Table A-3). However, this increase was reduced by a prior period adjustment of \$5,728,146 due to the correction of revenue recognition criteria in the proper period. Since a government appropriation is not equivalent to an authorization to pay an existing liability, the District will not accrue revenues for the first two instructional weeks of the new fiscal year in August since the State’s appropriation period begins in September. See Note U of the notes to the financial statements for more details about the prior year adjustment.

Total revenues for the District’s governmental activities increased by \$21,575,672 or 8% from the prior year. The increase was mainly attributed to the increase in the basic allotment from the State, increase in the Tier II Austin Yield, increase due to the movement of the “copper” pennies, and increase due to the hold harmless provision for the increase in the homestead exemption. Operating grants and contributions increased by 17% which was mainly due to the net effect of the proportionate share of TRS plan pension expense associated with the District and the reversal of TRS on-behalf contributions. Investment earnings increased by 366,671 or 67% compared to last year’s amount of \$548,472. While the District’s investments continue to outperform the rolling three and six months treasury yields, the increase is mainly attributed to the bond proceeds in Series 2014 that were invested while projects get constructed.

Total expenses were \$291,387,347. Total expenses increased by \$27,967,467 or 11%. In general, the increase in expenses was attributed to payroll costs in a combination of salary increases, pension costs, and additional personnel, as well as costs associated with districtwide capital improvement projects and equipment. An important cause for the overall increase was attributed to the increase in salary step and \$1,500 for full-time classroom teachers, librarians, and other positions on a teacher salary schedule. Professionals employees were approved a 2% increase from the midpoint level, while para-professional employees were approved a 6% increase from the midpoint level. Of the total

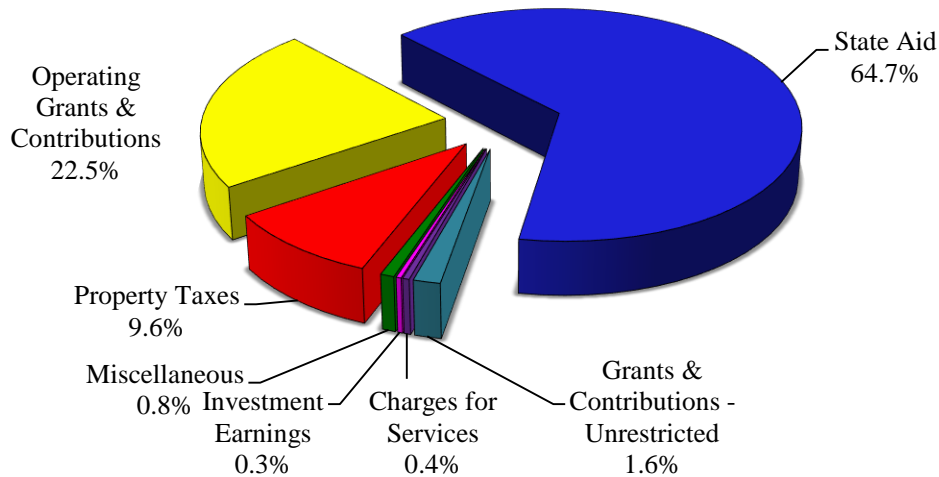
overall increase, \$23,298,429 or 83% were costs associated in providing direct instructional services to students which includes the salary raise of about \$3,000,000, allocated depreciation of \$13,435,165 and net of debt and capital items of \$7,134,152.

Table A-3
Laredo Independent School District's Changes in Net Assets

| | Governmental Activities | | Percentage Change |
|---|-------------------------|-----------------------|----------------------|
| | 2016 | Restated 2015 | |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 1,190,939 | \$ 1,363,293 | -13% |
| Operating grants and contributions | 66,225,000 | 56,404,405 | 17% |
| General revenues: | | | |
| Property taxes | 28,184,619 | 28,660,088 | -2% |
| State aid | 190,334,823 | 178,306,378 | 7% |
| Grants and contributions - unrestricted | 4,717,766 | 2,757,397 | 71% |
| Investment earnings | 915,143 | 548,472 | 67% |
| Miscellaneous | 2,427,033 | 4,379,618 | -45% |
| Total Revenues | <u>293,995,323</u> | <u>272,419,651</u> | <u>8%</u> |
| Expenses | | | |
| Instruction | 164,003,719 | 140,705,290 | 17% |
| Instructional resources and media services | 4,692,520 | 4,258,320 | 10% |
| Curriculum and staff development | 3,015,046 | 3,386,737 | -11% |
| Instructional leadership | 3,974,166 | 3,519,444 | 13% |
| School leadership | 14,258,331 | 13,128,484 | 9% |
| Guidance, counseling, and evaluation services | 9,280,681 | 8,403,036 | 10% |
| Social work services | 1,964,672 | 1,672,827 | 17% |
| Health services | 3,572,505 | 3,219,722 | 11% |
| Student transportation | 5,644,209 | 4,968,215 | 14% |
| Food services | 19,592,169 | 20,444,766 | -4% |
| Extracurricular activities | 6,290,355 | 5,077,865 | 24% |
| General administration | 6,625,767 | 5,906,408 | 12% |
| Plant maintenance and operations | 24,107,260 | 23,146,357 | 4% |
| Security and monitoring services | 5,765,749 | 5,750,694 | 0% |
| Data processing services | 4,617,645 | 5,986,245 | -23% |
| Community service | 2,180,015 | 2,144,279 | 2% |
| Interest on long-term debt | 11,514,895 | 10,916,641 | 5% |
| Bond Issuance Cost and Fees | 6,802 | 657,048 | -99% |
| Payments related to shared services arrangements | 6,000 | 6,000 | 0% |
| Payments to Juvenile Justice Alt. Education Program | 274,841 | 121,502 | 126% |
| Total Expenses | <u>291,387,347</u> | <u>263,419,880</u> | <u>11%</u> |
| Increase in net position | 2,607,976 | 8,999,771 | -71% |
| Net assets at beginning of year | 217,623,755 | 239,521,429 | -9% |
| Prior period adjustment | (5,728,146) | (30,897,445) | -81% |
| Net assets at end of year | <u>\$ 214,503,585</u> | <u>\$ 217,623,755</u> | <u>-1%</u> |

Figure A-1 highlights the District's revenues by funding source for the governmental activities. As illustrated, State Aid comprised the majority of the total revenues by 64.7%.

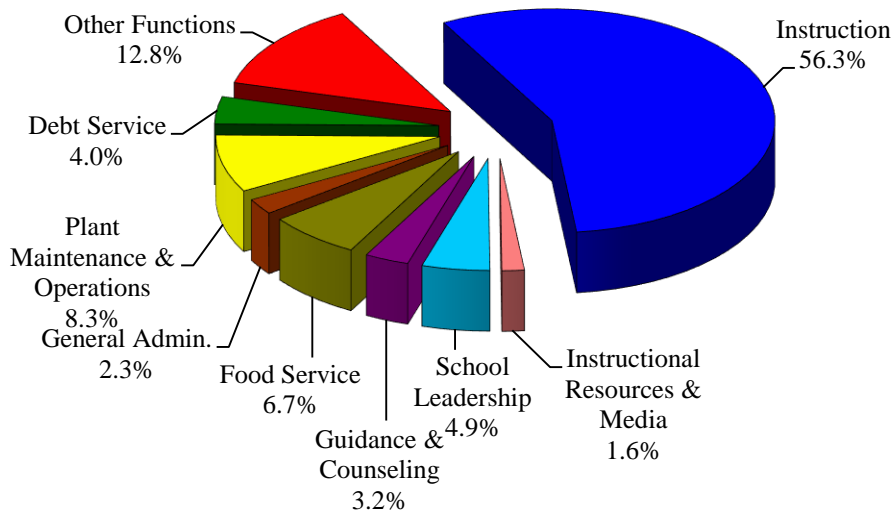
Figure A-1 District's Total Revenues



Total revenues were \$293,995,323. Overall, total revenues were \$2,607,976 greater than expenses for the year.

Figure A-2 presents the cost of each of the District's largest functions. Of the total expenses, direct instructional services represent the largest dollar expense at \$164,003,719 or 56.3%, followed by plant maintenance & operations at \$24,107,260 or 8.3%. Due to the nature of our public service, these two functions historically have been the highest costs to the District.

Figure A-2 District's Functional Expenses

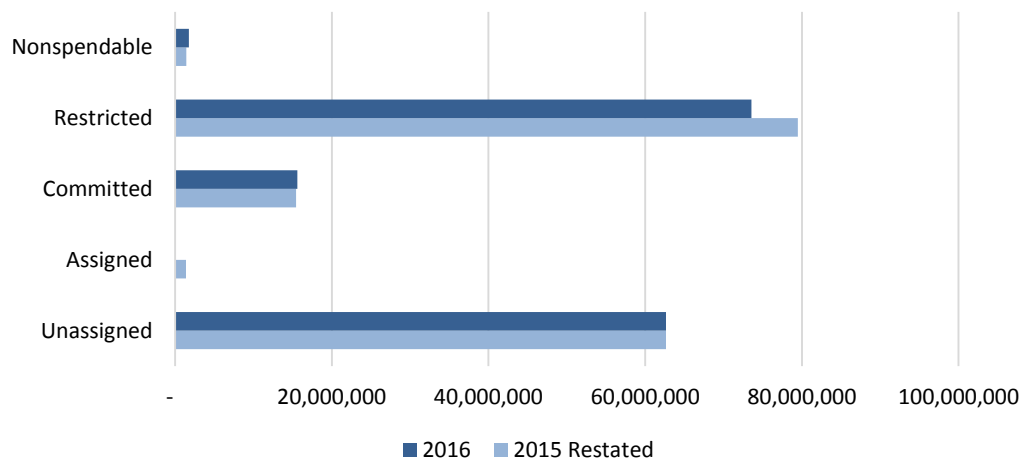


Governmental Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose.

As of the end of the fiscal year, the District’s governmental funds reported combined ending fund balances of \$153,687,081 a decrease of \$6,698,984 in comparison with the prior year. The decrease was mainly due to the use of bond proceeds for construction projects. Of the combined fund balance, \$62,652,991 constituted unassigned fund balance, which did not change from the previous year. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form such as inventories \$1,300,116 and as prepaid items \$475,992; 2) legally required to be maintained intact such as Federal and State Grants \$3,935,011, capital acquisition and contractual obligations \$76,173,088, the retirement of long term debt \$6,506,885; 3) committed for a particular purpose for E-Rate projects \$2,036,079, technology equipment and supplies \$187,301, campus activity \$343,451; and 4) assigned balance for a special revenue fund from the advertisement account \$76,167 for the maintenance of the jumbotron/school projects.

Components of Combined Fund Balance



General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$62,652,991, while total fund balance reached \$70,050,855. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28% of total general fund expenditures while total fund balance represents 32% of total general fund expenditures.

The unassigned fund balance gives the District a balance that is the equivalent of 102 days of expenditures based on 360 days of operations at an average daily rate of \$614,556. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures. The District continues to maintain the two month minimum expenditures required by the District’s policy in the amount of \$40 million. The unassigned fund balance is also useful in supporting supplemental programs without interruption while the District waits for state and federal reimbursements.

The fund balance of the general fund decreased by \$15,487,860 during the fiscal year when compared to the prior year. The decrease was primarily due to the transferring of \$10,983,224 of the Webb County Permanent School Fund money in to the capital projects fund to begin the planning stage for the administration building.

The Capital Projects Fund, a major fund, had a \$4,518,906 decrease in fund balance during the fiscal year. The large decrease was caused by the spending of resources obtained through the issuance of long term debt in 2014 for capital acquisition and construction. That is, the fund balance that resulted from the previous long-term debt issuance was

spent down during the fiscal year period presented as the related capital projects progressed, mainly for the completion of the H. B. Zachry Elementary School and the J. W. Nixon Tennis Courts.

Debt Service Fund. The Debt Service Fund ended with a fund balance of \$6,506,885 some of which was reserved for the payment of an outstanding \$8,000,000 Qualified Zone Academy Limited Maintenance Tax Note (QZAB) due to mature on October 3, 2021. The increase in fund balance during the current year in the Debt Service fund was \$1,189,210. The increase was due to the QZAB sinking deposit, interest earnings, and adjustments in state aid by the Texas Education Agency as a result of prior year underpayments.

The District received funding and will continue to receive funding under the Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA) programs to assist with the debt service payments on qualifying bonds. The State provides a guaranteed yield of \$35 per penny of tax effort per unweighted average daily attendance, which translates to about 70% in state aid for the annual debt payments. Since not all of our debt qualifies, we use maintenance and operations (M&O) to pay for the QZAB.

The increase in the interest cost was due to the Series 2014 Bond Series issued in late fiscal year 2014.

Laredo Independent School District's Analysis of Debt Service Funds

| | Debt Service Fund | | |
|--------------------------------|---------------------|---------------------|----------------|
| | 2016 | 2015 | Percent Change |
| Revenues | | | |
| Property taxes | \$ 7,407,734 | \$ 7,861,746 | -5.77% |
| State program revenues | <u>20,316,652</u> | <u>18,158,248</u> | 11.89% |
| Total revenues | <u>27,724,386</u> | <u>26,019,994</u> | 6.55% |
| Expenditures by function | | | |
| Principal long term debt | 13,200,574 | 14,711,406 | -10.27% |
| Interest on long term debt | 13,737,690 | 10,849,966 | 26.62% |
| Other fees | <u>6,800</u> | <u>657,048</u> | -99% |
| Total expenditures | <u>26,945,064</u> | <u>26,218,420</u> | 2.77% |
| Other financing sources (uses) | <u>409,888</u> | <u>1,414,976</u> | -71.03% |
| | 409,888 | 1,414,976 | -71.03% |
| Net change in fund balance | 1,189,210 | 1,216,550 | -2.25% |
| Fund balance, beginning | <u>5,317,675</u> | <u>4,101,125</u> | 29.66% |
| Fund balance, ending | <u>\$ 6,506,885</u> | <u>\$ 5,317,675</u> | 22.36% |

Capital Projects Fund. The District's Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities, specifically projects funded by bonds approved by the voters. The increase in combined fund balance of \$7,672,502 over last year was attributable mostly to the net effect of the transfer in from the general fund for the construction of the new administration building and costs related to other major construction projects. H. B. Zachry Elementary School and the Nixon High School Tennis Courts were completed with the use of bond proceeds from the EDA 2005 Series. The District also had ongoing construction projects such as the new construction of the final phase for the M. B. Lamar Middle School for which the proceeds from the EDA 2014 Series were used.

Business-type Activities

The District uses the Internal Service Fund to report activities that relate to the District's self-insured health plan. The District's self-funded plan is designed to provide quality, cost-effective health benefits to eligible employees. In its third year of implementation, the plan generated \$110,892 in net earnings at the end of the fiscal year. The net earnings will be reserved to offset future costs and/or spikes in utilization. The total net position for the plan was \$4,216,317 at the end of the fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances – Original and Final Budget

In general, the variances between the original and final budget are attributable to the timing and length of the budget preparation process. The original budget was prepared approximately nine months prior to the final budget approved in August 2016. The final budget reflects all budget revisions made throughout the fiscal year to adjust for known facts. Consequently, when the original budget is compared to the final budget, it would be expected that significant variances can occur.

The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times and the original appropriations had a net increase of \$2,520,638, as of the final amended budget. The activities are listed below.

Revenues

- Increase to appropriate excess revenues and transfer out to Capital Projects Fund for sports package, \$2,500,000
- Increase to appropriate revenues and expenditures for substitute salaries \$2,500,000 and TRS on behalf, \$950,000
- Increase to appropriate revenues for the National School Lunch Program Training Assistance Grant, \$5,000
- Increase to appropriate revenues for the 2016 Hunger Free Texans Keeping our Communities Healthy Conference Travel Grant Award, \$750
- Increase to appropriate revenues for the 2016 Team Up For School Nutrition Success Workshop Travel Grant, \$750

Expenditures

- Increase to fund substitute salaries \$2,500,000 and TRS on behalf, \$950,000
- Increase to fund classroom projectors, \$3,090,312
- Increase to fund middle school band uniforms, \$180,000
- Increase to fund technology improvements to buildings, \$110,000
- Increase to fund special education classroom cameras, \$390,000
- Increase to fund elementary school playground shades, \$932,000
- Increase to fund safety program cameras, \$200,000
- Increase to fund outstanding purchase orders, \$897,673
- Increase to fund additional food items and purchase point of sale scanners needed for daily operations, \$580,000
- Increase to fund the National School Lunch Program Training Assistance Grant, \$5,000
- Increase to fund the 2016 Hunger Free Texans Keeping our Communities Healthy Conference Travel Grant Award, \$750
- Increase to fund the 2016 Team Up For School Nutrition Success Workshop Travel Grant, \$750

Other Sources and (Uses)

- Increase to other sources from the 2005 Series Bond for outstanding purchase orders, \$210,877
- Increase to other uses to the Capital Projects Fund for sports package, \$2,500,000
- Increase to other uses to the Capital Projects Fund for the administration building, \$10,983,224

Variances – Final Budget and Actual Results

The significant budgetary variances between the final amended budget and the actual results are listed below.

Revenues

- The decrease of local revenues was due to the net effect of a lower property tax collections of \$428,998 and higher miscellaneous income of \$302,981.
- The decrease of state revenues was due to decrease in foundation school program payments and TRS on behalf payments of \$677,413.
- The increase of federal revenues was due to federal and grant indirect cost earnings of \$482,871.

Expenditures

- The District had salaries, payroll taxes and benefits savings of \$4,367,851.
- The District did not complete the purchase of professional and contracted services for \$952,020.
- The District did not complete the purchase of supplies and materials for \$1,018,869.
- The District did not complete the purchase of miscellaneous operating expenditures for \$654,888.
- The District did not complete the purchase of capital outlay for building and equipment for \$4,123,631.

Other Sources and (Uses)

- The District sold real property for \$11,500.
- The District did not complete the E-Rate budgeted projects of \$2,148,983.
- The District did not require the transfer into Athletics of \$163,854.
- The District transferred out less funds to Performing Arts Center, ERATE, and Capital Projects for \$737,293.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Capital Projects Funds are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2016, the District invested \$545,507,446 in a broad range of capital assets, including land, equipment, buildings and improvements as shown in Table A-4. This amount represents a net decrease (including additions and deductions) of 7,325,556 or 1.9% over the previous year. The decrease is due to the change in accumulated depreciation of \$10,930,062 from the prior year.

Table A-4
Laredo Independent School District's Capital Assets

| | 2016 | 2015 | Percentage Change |
|--------------------------------|-----------------------|-----------------------|----------------------|
| Land | \$ 19,372,448 | \$ 19,372,448 | 0.0% |
| Buildings and improvements | 483,002,781 | 466,974,591 | 3.4% |
| Equipment | 37,555,759 | 37,753,715 | -0.5% |
| Construction in progress | 5,576,458 | 17,802,186 | -68.7% |
| Totals at historical cost | <u>545,507,446</u> | <u>541,902,940</u> | <u>0.7%</u> |
| Total accumulated depreciation | <u>175,728,895</u> | <u>164,798,833</u> | <u>6.6%</u> |
| Net capital assets | <u>\$ 369,778,551</u> | <u>\$ 377,104,107</u> | <u>-1.9%</u> |

The District's fiscal year 2016 capital budget projects had combined unspent bond proceeds and local funds of \$76,173,088 which will be used for the completion of projects related to the rehabilitation of the Performance Arts Center, final phase of Lamar Middle School, upgrades to the baseball field and other capital improvement projects. More detailed information about the District's capital assets is presented in the notes to the financial statements (Note G).

Long Term Debt

At year-end, the District had loans, bonds, and compensated absences outstanding as shown in Table A-5. The table indicates a decrease of \$16,698,004 or 5.5% compared to the previous year. More detailed information about the District's debt is presented in the notes to the financial statements (Note K).

Table A-5
Laredo Independent School District's Long-Term Debt

| | 2016 | 2015 | Percentage Change |
|------------------------------|-----------------------|-----------------------|----------------------|
| Loans payable | \$ 8,000,000 | \$ 8,000,000 | 0.0% |
| Bonds payable | 275,614,165 | 291,774,065 | -5.5% |
| Compensated absences | 2,501,823 | 2,566,186 | -2.5% |
| Total long term debt payable | <u>\$ 286,115,988</u> | <u>\$ 302,340,251</u> | <u>-5.4%</u> |

Bond Ratings:
The District's bonds carry AAA rating with underlying ratings as follows:
Moody's Investor Services A1,
Fitch's AA- and
Standard & Poor's AA-

Due to the retirement of bonded debt, there was a decrease of \$16,159,900 or 5.5% in debt outstanding. The District did not issue new debt during the year.

The District continues to maintain its credit ratings. A credit rating is a score that shows the capacity of the District to meet its financial payments to the investors. It is a financial indicator to potential investors that helps us achieve lower interest rate costs. The bonds issued by the District are fully guaranteed by the Permanent School Fund (PSF) Bond Guarantee Program for the timely payment of the principal and interest in the event the school district is unable to meet debt service requirements.

State statute limits the amount of general obligation debt a governmental entity may issue to ten percent of the average full valuation. The current debt limitation for the District is \$301,743,067, which is in excess of the District's outstanding general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2016-17 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Laredo economy. The following factors listed below are highlights of the budget.

- The District experienced an increase in net taxable value of \$2,143,041,612 or 2.93% due to increases in non-homesite improvements. In addition, Senate Bill 1 increased the state homestead exemption from \$15,000 to \$25,000, with expected savings to the average homeowner of approximately \$125 per year. The District will be held harmless under this bill and any revenue loss will be made up by the State.
- The Board of Trustees approved a decrease in the Interest and Sinking tax rate of .0058, from .35550 to .34970.
- For the second year, the District opted to move 5.81 "copper" pennies over to the compressed rate in order to reduce the fractionally-funded penalty imposed against the Basic Allotment. This movement generated approximately \$4,127,619 in state aid.
- The District's fiscal year 2016-17 refined average daily attendance (ADA) was estimated at 22,200, compared to last year's actual 22,093.
- The basic allotment increased remained constant at \$5,140, while the Austin Yield (first six cents above the compressed rate) increased from \$74 to \$78.

The Board of Trustees approved a balanced budget for the Fiscal Year Ending August 31, 2017. The health insurance employer monthly contribution increased from \$336 to \$348 while employee contribution remained constant. Included in the budget is a step and a \$750 increase for full-time classroom teachers, librarians, and any other positions on a teacher salary schedule. The aggregate cost of this salary increase was approximately \$2,133,730. Professional employees were approved a 2% increase from the midpoint for an approximate amount of \$574,492. Lastly, Para-professional employees were approved a 4% increase from the midpoint for an approximate amount of \$1,737,436.

CONTACTING THE DISTRICT'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability and transparency for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Division of Finance at (956) 273-1043.

BASIC FINANCIAL STATEMENTS

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2016

EXHIBIT A-1

| Data Control Codes | Primary Government |
|--|----------------------------|
| | Governmental Activities |
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 129,172,737 |
| 1120 Current Investments | 11,063,743 |
| 1220 Property Taxes Receivable (Delinquent) | 3,338,795 |
| 1230 Allowance for Uncollectible Taxes | (2,420,055) |
| 1240 Due from Other Governments | 6,656,561 |
| 1250 Accrued Interest | 181,494 |
| 1290 Other Receivables, net | 76,148 |
| 1300 Inventories | 1,300,116 |
| 1410 Prepayments | 475,992 |
| Capital Assets: | |
| 1510 Land | 19,372,448 |
| 1520 Buildings, Net | 333,817,679 |
| 1530 Furniture and Equipment, Net | 11,011,966 |
| 1580 Construction in Progress | 5,576,458 |
| 1910 Long Term Investments | 31,387,000 |
| 1000 Total Assets | 551,011,082 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 1701 Deferred Charge for Refunding | 6,974,164 |
| 1705 Deferred Outflow Related to TRS | 35,450,178 |
| 1700 Total Deferred Outflows of Resources | 42,424,342 |
| LIABILITIES | |
| 2110 Accounts Payable | 5,716,183 |
| 2140 Interest Payable | 1,065,212 |
| 2150 Payroll Deductions & Withholdings | 1,923,732 |
| 2160 Accrued Wages Payable | 8,910,471 |
| 2180 Due to Other Governments | 2,755,335 |
| 2200 Accrued Expenses | 919,489 |
| 2300 Unearned Revenue | 2,185,183 |
| Noncurrent Liabilities | |
| 2501 Due Within One Year | 16,372,852 |
| 2502 Due in More Than One Year | 269,743,136 |
| 2540 Net Pension Liability (District's Share) | 58,123,604 |
| 2000 Total Liabilities | 367,715,197 |
| DEFERRED INFLOWS OF RESOURCES | |
| 2602 Deferred Gain on Refunding | 640,327 |
| 2605 Deferred Inflow Related to TRS | 10,576,315 |
| 2600 Total Deferred Inflows of Resources | 11,216,642 |
| NET POSITION | |
| 3200 Net Investment in Capital Assets | 150,253,093 |
| 3820 Restricted for Federal and State Programs | 3,935,011 |
| 3850 Restricted for Debt Service | 6,506,885 |
| 3860 Restricted for Capital Projects | 3,292,365 |
| 3900 Unrestricted | 50,516,231 |
| 3000 Total Net Position | \$ 214,503,585 |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT B-1

| Data Control Codes | 1 | Program Revenues | | 6 |
|--------------------------|----------|------------------------------|---|---|
| Codes | Expenses | 3 Charges for Services | 4 Operating Grants and Contributions | 6 Primary Gov. Governmental Activities |

Primary Government:

GOVERNMENTAL ACTIVITIES:

| | | | | |
|--|----------------|--------------|---------------|------------------|
| 11 Instruction | \$ 164,003,719 | \$ - | \$ 31,624,777 | \$ (132,378,942) |
| 12 Instructional Resources and Media Services | 4,692,520 | - | 622,736 | (4,069,784) |
| 13 Curriculum and Staff Development | 3,015,046 | - | 2,351,858 | (663,188) |
| 21 Instructional Leadership | 3,974,166 | - | 1,045,861 | (2,928,305) |
| 23 School Leadership | 14,258,331 | - | 1,266,359 | (12,991,972) |
| 31 Guidance, Counseling and Evaluation Services | 9,280,681 | - | 2,600,891 | (6,679,790) |
| 32 Social Work Services | 1,964,672 | - | 364,007 | (1,600,665) |
| 33 Health Services | 3,572,505 | - | 1,336,553 | (2,235,952) |
| 34 Student (Pupil) Transportation | 5,644,209 | - | 360,972 | (5,283,237) |
| 35 Food Services | 19,592,169 | 164,443 | 19,714,516 | 286,790 |
| 36 Extracurricular Activities | 6,290,355 | 222,554 | 688,772 | (5,379,029) |
| 41 General Administration | 6,625,767 | - | 444,948 | (6,180,819) |
| 51 Facilities Maintenance and Operations | 24,107,260 | - | 1,225,219 | (22,882,041) |
| 52 Security and Monitoring Services | 5,765,749 | 6,148 | 485,863 | (5,273,738) |
| 53 Data Processing Services | 4,617,645 | - | 323,083 | (4,294,562) |
| 61 Community Services | 2,180,015 | 797,794 | 1,762,585 | 380,364 |
| 72 Debt Service - Interest on Long Term Debt | 11,514,896 | - | - | (11,514,896) |
| 73 Debt Service - Bond Issuance Cost and Fees | 6,801 | - | - | (6,801) |
| 93 Payments related to Shared Services Arrangements | 6,000 | - | 6,000 | - |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 274,841 | - | - | (274,841) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 291,387,347 | \$ 1,190,939 | \$ 66,225,000 | (223,971,408) |

| Data Control Codes | General Revenues: | | |
|--------------------------|--|--|----------------|
| | Taxes: | | |
| MT | Property Taxes, Levied for General Purposes | | 21,003,850 |
| DT | Property Taxes, Levied for Debt Service | | 7,180,768 |
| SF | State Aid - Formula Grants | | 190,334,823 |
| GC | Grants and Contributions not Restricted | | 4,717,766 |
| IE | Investment Earnings | | 915,144 |
| MI | Miscellaneous Local and Intermediate Revenue | | 2,427,033 |
| TR | Total General Revenues | | 226,579,384 |
| CN | Change in Net Position | | 2,607,976 |
| NB | Net Position - Beginning | | 217,623,755 |
| PA | Prior Period Adjustment | | (5,728,146) |
| NE | Net Position--Ending | | \$ 214,503,585 |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

| Data Control Codes | 10 General Fund | 60 EDA 2014 Series | Other Funds | Total Governmental Funds |
|--|-----------------------|--------------------------|----------------------|--------------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ 61,173,676 | \$ 46,532,656 | \$ 13,784,373 | \$ 121,490,705 |
| 1120 Investments - Current | 4,005,297 | - | 7,058,446 | 11,063,743 |
| 1220 Property Taxes - Delinquent | 2,682,017 | - | 656,778 | 3,338,795 |
| 1230 Allowance for Uncollectible Taxes (Credit) | (1,944,003) | - | (476,052) | (2,420,055) |
| 1240 Receivables from Other Governments | 1,546,916 | - | 5,109,645 | 6,656,561 |
| 1250 Accrued Interest | 83,535 | - | 97,959 | 181,494 |
| 1260 Due from Other Funds | 3,278,043 | - | 27,130 | 3,305,173 |
| 1290 Other Receivables | 75,023 | - | 1,125 | 76,148 |
| 1300 Inventories | 1,300,116 | - | - | 1,300,116 |
| 1410 Prepayments | 475,992 | - | - | 475,992 |
| 1900 Other Assets | 14,000,000 | 10,000,000 | 7,387,000 | 31,387,000 |
| 1000 Total Assets | <u>\$ 86,676,612</u> | <u>\$ 56,532,656</u> | <u>\$ 33,646,404</u> | <u>\$ 176,855,672</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ 2,623,444 | \$ 707,589 | \$ 1,391,922 | \$ 4,722,955 |
| 2150 Payroll Deductions and Withholdings Payable | 1,923,732 | - | - | 1,923,732 |
| 2160 Accrued Wages Payable | 7,929,101 | - | 981,370 | 8,910,471 |
| 2170 Due to Other Funds | 116,619 | - | 3,190,239 | 3,306,858 |
| 2180 Due to Other Governments | 2,755,335 | - | - | 2,755,335 |
| 2300 Unearned Revenues | 539,512 | - | 90,988 | 630,500 |
| 2000 Total Liabilities | <u>15,887,743</u> | <u>707,589</u> | <u>5,654,519</u> | <u>22,249,851</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 Unavailable Revenue - Property Taxes | 738,014 | - | 180,726 | 918,740 |
| 2600 Total Deferred Inflows of Resources | <u>738,014</u> | <u>-</u> | <u>180,726</u> | <u>918,740</u> |
| FUND BALANCES | | | | |
| Nonspendable Fund Balance: | | | | |
| 3410 Inventories | 1,300,116 | - | - | 1,300,116 |
| 3430 Prepaid Items | 475,992 | - | - | 475,992 |
| Restricted Fund Balance: | | | | |
| 3450 Federal or State Funds Grant Restriction | 3,398,376 | - | 536,635 | 3,935,011 |
| 3470 Capital Acquisition and Contractual Obligation | - | 55,825,067 | 4,073,266 | 59,898,333 |
| 3480 Retirement of Long-Term Debt | - | - | 6,506,885 | 6,506,885 |
| 3490 Administration Building WCPSF | - | - | 3,218,263 | 3,218,263 |
| Committed Fund Balance: | | | | |
| 3510 Construction | - | - | 13,056,492 | 13,056,492 |
| 3545 Other Committed Fund Balance | 2,223,380 | - | 343,451 | 2,566,831 |
| Assigned Fund Balance: | | | | |
| 3590 Other Assigned Fund Balance | - | - | 76,167 | 76,167 |
| 3600 Unassigned Fund Balance | 62,652,991 | - | - | 62,652,991 |
| 3000 Total Fund Balances | <u>70,050,855</u> | <u>55,825,067</u> | <u>27,811,159</u> | <u>153,687,081</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 86,676,612</u> | <u>\$ 56,532,656</u> | <u>\$ 33,646,404</u> | <u>\$ 176,855,672</u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2016

| | |
|---|-----------------------|
| Total Fund Balances - Governmental Funds | \$ 153,687,081 |
| 1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. | 4,216,317 |
| 2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$541,902,940 and the accumulated depreciation was \$164,798,833. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation), long-term debt in the governmental activities, and deferred inflows and outflows of resources is to increase net position. | 80,769,014 |
| 3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays, debt principal payments, and changes in related deferred inflows and outflows of resources is to increase net position. | 26,366,579 |
| 4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$58,123,604, a deferred resource inflow related to TRS in the amount of \$10,576,315 and a deferred resource outflow related to TRS in the amount of \$35,450,178. This amounted to a decrease in net position in the amount of \$33,249,741. | (33,249,741) |
| 5 The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. | (18,204,405) |
| 6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position. | 918,740 |
| 19 Net Position of Governmental Activities | <u>\$ 214,503,585</u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | 10 General Fund | 60 EDA 2014 Series | Other Funds | Total Governmental Funds | |
|--|---|--------------------------|----------------------|--------------------------------|-----------------------|
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 24,044,343 | \$ 277,167 | \$ 10,169,994 | \$ 34,491,504 |
| 5800 | State Program Revenues | 179,392,397 | - | 24,714,188 | 204,106,585 |
| 5900 | Federal Program Revenues | 23,521,603 | - | 26,678,496 | 50,200,099 |
| 5020 | Total Revenues | <u>226,958,343</u> | <u>277,167</u> | <u>61,562,678</u> | <u>288,798,188</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 120,952,706 | - | 22,542,476 | 143,495,182 |
| 0012 | Instructional Resources and Media Services | 4,125,981 | - | 301,274 | 4,427,255 |
| 0013 | Curriculum and Instructional Staff Development | 608,074 | - | 2,310,290 | 2,918,364 |
| 0021 | Instructional Leadership | 2,978,890 | - | 805,359 | 3,784,249 |
| 0023 | School Leadership | 13,398,333 | - | 121,622 | 13,519,955 |
| 0031 | Guidance, Counseling and Evaluation Services | 6,779,951 | - | 2,049,707 | 8,829,658 |
| 0032 | Social Work Services | 1,641,883 | - | 240,164 | 1,882,047 |
| 0033 | Health Services | 2,252,846 | - | 1,153,189 | 3,406,035 |
| 0034 | Student (Pupil) Transportation | 4,725,024 | - | 8,243 | 4,733,267 |
| 0035 | Food Services | 18,259,928 | - | 812,538 | 19,072,466 |
| 0036 | Extracurricular Activities | 5,455,301 | - | 493,040 | 5,948,341 |
| 0041 | General Administration | 6,263,848 | - | 95,351 | 6,359,199 |
| 0051 | Facilities Maintenance and Operations | 22,553,763 | - | 623,389 | 23,177,152 |
| 0052 | Security and Monitoring Services | 4,701,445 | - | 187,307 | 4,888,752 |
| 0053 | Data Processing Services | 4,113,224 | - | 41,603 | 4,154,827 |
| 0061 | Community Services | 298,583 | - | 1,732,576 | 2,031,159 |
| Debt Service: | | | | | |
| 0071 | Principal on Long Term Debt | - | - | 13,200,573 | 13,200,573 |
| 0072 | Interest on Long Term Debt | - | - | 13,737,690 | 13,737,690 |
| 0073 | Bond Issuance Cost and Fees | - | - | 6,801 | 6,801 |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | 1,855,489 | 4,796,073 | 3,275,151 | 9,926,713 |
| Intergovernmental: | | | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | - | - | 6,000 | 6,000 |
| 0095 | Payments to Juvenile Justice Alternative Ed. Prg. | 274,841 | - | - | 274,841 |
| 6030 | Total Expenditures | <u>221,240,110</u> | <u>4,796,073</u> | <u>63,744,343</u> | <u>289,780,526</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>5,718,233</u> | <u>(4,518,906)</u> | <u>(2,181,665)</u> | <u>(982,338)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | 11,500 | - | - | 11,500 |
| 7915 | Transfers In | 2,016,329 | - | 15,683,864 | 17,700,193 |
| 8911 | Transfers Out (Use) | (17,505,776) | - | (194,417) | (17,700,193) |
| 7080 | Total Other Financing Sources (Uses) | <u>(15,477,947)</u> | <u>-</u> | <u>15,489,447</u> | <u>11,500</u> |
| 1200 | Net Change in Fund Balances | (9,759,714) | (4,518,906) | 13,307,782 | (970,838) |
| 0100 | Fund Balance - September 1 (Beginning) | 85,538,715 | 60,343,973 | 14,503,377 | 160,386,065 |
| 1300 | Prior Period Adjustment(s) | (5,728,146) | - | - | (5,728,146) |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ 70,050,855</u> | <u>\$ 55,825,067</u> | <u>\$ 27,811,159</u> | <u>\$ 153,687,081</u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016

| | | |
|--|-----------|------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | (970,838) |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position. | | 110,892 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2016 capital outlays and debt principal payments is to increase net position. | | 26,366,579 |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. | | (18,204,405) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position. | | 6,205 |
| The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. Contributions made after the measurement date of August 31, 2015, caused the change in the ending net position to increase in the amount of \$5,064,178. Contributions made before the measurement but during the 2014 fiscal year were also expended and recorded as a reduction in the net pension liability for the district. This also caused an increase in the change in net position in the amount of \$4,868,826. Contributions made before the measurement date and during the 2014 fiscal year were also expended in the 2015 fiscal year and recorded as an increase in net pension expense for the District. This caused a decrease in the change in net position totaling \$4,868,826. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$4,895,809. The net result is to decrease the change in net position by \$4,700,457. | | (4,700,457) |
| Change in Net Position of Governmental Activities | \$ | 2,607,976 |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2016

| | Governmental Activities - |
|---------------------------|---|
| | Health Plan Internal Service Fund |
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 7,682,032 |
| Due from Other Funds | <u>1,685</u> |
| Total Assets | <u>7,683,717</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 993,228 |
| Accrued Expenses | 919,489 |
| Unearned Revenues | <u>1,554,683</u> |
| Total Liabilities | <u>3,467,400</u> |
| NET POSITION | |
| Unrestricted Net Position | <u>4,216,317</u> |
| Total Net Position | <u><u>\$ 4,216,317</u></u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

| | Governmental Activities - |
|--|---|
| | Health Plan Internal Service Fund |
| <hr/> | |
| OPERATING REVENUES: | |
| Local and Intermediate Sources | \$ 19,248,051 |
| Total Operating Revenues | <u>19,248,051</u> |
| OPERATING EXPENSES: | |
| Other Operating Costs | 19,137,159 |
| Total Operating Expenses | <u>19,137,159</u> |
| Operating Income | 110,892 |
| Total Net Position - September 1 (Beginning) | <u>4,105,425</u> |
| Total Net Position - August 31 (Ending) | <u><u>\$ 4,216,317</u></u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

| | Governmental Activities - |
|---|---|
| | Health Plan Internal Service Fund |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from User Charges | \$ 19,256,348 |
| Cash Payments for Insurance Claims | (15,723,450) |
| Cash Payments for Suppliers | (2,914,830) |
| Net Cash Provided by Operating Activities | <u>618,068</u> |
| Net Increase in Cash and Cash Equivalents | 618,068 |
| Cash and Cash Equivalents at Beginning of Year | <u>7,063,964</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 7,682,032</u> |
| <u>Reconciliation of Operating Income to Net Cash</u> | |
| <u>Provided by Operating Activities:</u> | |
| Operating Income: | \$ 110,892 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Decrease (increase) in Receivables | 4,835 |
| Increase (decrease) in Accounts Payable | 381,609 |
| Increase (decrease) in Payroll Deductions | 17,748 |
| Increase (decrease) in Due from Other Funds | (1,286) |
| Increase (decrease) in Accrued Expenses | 105,214 |
| Increase (decrease) in Due to Other Funds | (944) |
| Net Cash Provided by Operating Activities | <u>\$ 618,068</u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2016

| | Agency Funds |
|---------------------------|-------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 420,152 |
| Total Assets | <u>\$ 420,152</u> |
| LIABILITIES | |
| Accounts Payable | \$ 600 |
| Due to Student Groups | 419,552 |
| Total Liabilities | <u>\$ 420,152</u> |

The notes to the financial statements are an integral part of this statement.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies

The basic financial statements of Laredo Independent School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental units in conjunction with the Texas Education Agency’s *Financial Accountability System Resource Guide* (“Resource Guide”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (“Board”), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is appointed and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the State Board of Education are reserved to the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statement No.14, *The Financial Reporting Entity*, and GASB Statement No.61, *The Financial Reporting Entity: Omnibus*. The District has no component units.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and statement of activities include the financial activities of the overall government, except for fiduciary activities. Since the resources in the Fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function. Indirect cost expenditures are determined by applying approved indirect cost rates to actual applicable expenditures of federally funded grant programs and therefore are included as an element of functional expenses. Indirect cost revenues are reported in the General Fund.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The fund financial statements provide information about the District’s Governmental and Fiduciary Funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

b. Fund Accounting

Major Governmental funds

- General Fund - District's primary operating fund: This classification must be used to account for funds in which the local governing board designates. It accounts for all financial resources of the District except those required to be accounted for in another fund.
- EDA 2014 Bond Series - Capital Projects Funds: The District accounts for proceeds from long-term debt financing (including the sale of bonds) and revenues and expenditures related to authorized construction and other capital asset acquisitions in this fund. The Board approves project budgets, not annual appropriated budgets.

Fiduciary Funds

Agency Funds: These Fiduciary Funds are used to account for assets secured by the District to serve as a trustee or as an agent for activities from student groups and other resources held in custodial nature (assets equal liabilities). Agency Funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, scholarships and/or other governmental units. These Fiduciary Funds consist of District Student Activity Funds, Donations and Scholarship Funds. Agency Funds have no measurement focus.

Fiduciary Fund Financial Statement is referenced as Exhibit E-1.

Proprietary Funds

Internal Service Fund: Revenues and expenses related to services provided to organizations within the District on a cost-reimbursement basis and are accounted for in an Internal Service Fund. The Internal Service Fund accounts for the operations of the self-funded health insurance program.

c. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Grant and similar revenues, revenues received from the State of Texas, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources, which is recognized as revenue in the period the amounts become available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts where expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Effective September 1, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application* (Statement No. 72), and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (Statement No. 79). Statement No. 72 addresses the accounting and reporting issues related to fair value measurements. Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The adoption of these standards did not have a significant impact on the District's financial statements.

3. Financial Statement Amounts

a. Deposits

The District'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 date of acquisition.

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping or trust with the District's agent bank or letters of credit from FHLB in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation insurance.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are carried at cost, which is determined principally by the average cost method, while investments of food commodities are recorded at market values supplied by the United States Department of Agriculture (USDA). Inventories are considered expenditures or expenses as they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the USDA and recorded as inventory and unearned revenues when received.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

When requisitioned, inventory and unearned revenues are relieved, expenditures are changed, and revenue is recognized for an equal amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

c. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are \$1,944,003 and \$476,052 for the Debt Service Fund which is based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. Land and Construction in Progress are not depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Lives (Years) |
|-------------------------|-----------------------------------|
| Buildings | 15 – 30 |
| Furniture and Equipment | 3 – 15 |
| Vehicles | 7 – 10 |

e. Receivable and Payable Balances

The District believes sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year-end.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are presented gross on the governmental fund financial statements. The effect of interfund activity has been eliminated from the government-wide financial statements.

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Significant assumptions are required in the calculation of the revenue from the Foundation School Program. It is possible this estimate could be revised in the near term and that the revision could be material.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Budgets

The budget was prepared for adoption for all required governmental fund Types. The following procedures are followed in establishing the budgetary data:

- 1) Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days of the public notice for the meeting has been provided.
- 3) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, several amendments were necessary.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Debt Service Fund, and the General Fund - Food Service. The Special Revenue Funds and Capital Projects Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The budget was properly amended throughout the year by the Board.

Each budget is controlled by the budget coordinator at the expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. Budget information is summarized next:

| | Original Budget | Increase / (Decrease) | Amended Budget |
|-----------------------------|--------------------|--------------------------|-------------------|
| General Fund | \$203,424,434 | \$9,249,985 | \$212,674,419 |
| General Fund – Food Service | 19,096,451 | 586,500 | 19,682,951 |
| Debt Service Fund | 26,958,264 | - | 26,958,264 |

It is noted that during this fiscal year, the budget appropriations in General Fund were increased to appropriate assigned fund balance to fund the outstanding purchase orders in the amount of \$686,796. Additionally, budget appropriations in the General Fund were increased to appropriate committed fund balance to fund classroom projectors in the amount of \$3,090,312, to fund middle school band uniforms in the amount of \$180,000, to fund technology improvements to buildings in the amount of \$110,000, to fund special education classroom cameras in the amount of \$390,000, to fund elementary school playground shades in the amount of \$932,000, and to fund safety program cameras in the amount of \$200,000. Furthermore, budget appropriations in the General Fund were increased to appropriate additional foundation revenue and various other revenues to fund salaries in the amount of \$2,500,000, and to fund additional T.R.S. on behalf payments in the amount of \$950,000. Lastly, budget appropriations in the General Fund (E-Rate) contracted services were increased due to the additional revenues received in the amount of \$210,877. Budget appropriations in Child Nutrition Program were increased to appropriate unassigned fund balance to fund daily operations in the amount of \$580,000, and to appropriate revenues and expenditures for three Texas Department of Agriculture Training Grants in the amount of \$6,500.

j. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31. However, encumbrances outstanding at year end, not otherwise restricted or committed, are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

Significant encumbrances included in governmental fund balances are as follows:

| | Encumbrances included in: |
|-----------------------------|------------------------------|
| | Restricted Fund Balance |
| EDA 2014 Bond Series | \$ 186,597 |
| Nonmajor Governmental Funds | 40,697,548 |
| Total | \$ 40,884,145 |

k. Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. There is no District liability as of August 31, 2016.

l. Unearned Revenues

Unearned revenues arise principally from amounts received from the state that relate to the subsequent fiscal year.

m. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

n. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category.

The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the reacquisition price over the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows of resources for pension are reported in the government-wide financial statement of net position. Deferred outflows result from pension plan contributions made after the measurement date of the net pension liability. Deferred outflows also include the District's proportionate share of the deferred outflows of resources of the TRS plan. These deferred outflows include the differences between expected and actual economic experience and changes in actuarial assumptions. The deferred outflows of resources related to the District's contributions which are subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the District reports a deferred gain on refunding and Deferred Inflow related to TRS in the government-wide statement of net position, and unavailable revenue-property taxes in the governmental balance sheet.

A deferred gain on refunding results from the difference in the carrying value of refunded debt over its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources for pension are reported in the government-wide financial statement of net position. These deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

Unavailable revenue-property taxes is deferred and recognized as an inflow of resources in the period that the amounts become available. These are reported as deferred inflows of resources at the fund level and are recognized as revenues at the government-wide level.

p. Investment Policy

The District's general policy is to report money market investments, short-term participating interest-earning investment contracts, and investments in certain qualifying external investment pools at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value.

The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase.

The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public funds investment pools in Texas (“Pools”) are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. As of August 31, the District invested part of its money with Texas DAILY and TexPool, which hold an AAAM rating from Standard and Poor’s (S&P).

TexPool and TexasDAILY are external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texpool and Texas DAILY have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

q. Fund Balance and Net Position

Governmental Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Significant Accounting Policies (Continued)

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes Federal, State and local grants, contractual obligations for personal property, bond proceeds, and retirement of long term debt.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes construction projects not funded by bonded debt, retirements of loans or notes committed by the Board, equipment not funded by bonded debt and local Special Revenue funds.

Assigned - includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. As per the District's policy, fund balance can only be assigned by the District Board of Trustees. This classification includes construction and encumbrances.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. In this category funds are available for appropriation at Board's discretion as per Fund Balance policy.

Government-Wide Financial Statements

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding unspent proceeds that are directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Federal and State Programs - the component of net position that reports the difference between assets and liabilities for all state and federal programs.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by law.

Restricted for Capital Projects - the component of net position that accounts for the difference between assets and liabilities for all district construction projects.

Unrestricted - the difference between the assets and liabilities that is not reported in any of the classifications above.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

B. Reconciliation of Government –Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the Government-Wide Statement of Net Position:

The governmental funds balance sheet includes a reconciliation between fund balance of the total governmental funds and net assets of the governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains: “Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements.”

The details of the \$26,366,579 difference are as follows:

| | |
|--|-----------------------------|
| <u>Assets:</u> | |
| Increase in Buildings and Improvements | \$ 16,028,190 |
| Decrease in Equipment | (197,956) |
| Depreciation on disposed Buildings | 4,362,899 |
| Depreciation on disposed Equipment | 2,911,444 |
| Decrease in Construction in Progress | <u>(12,225,728)</u> |
| Subtotal | \$ 10,878,849 |
| <u>Deferred outflows of Resources:</u> | |
| Increase in Deferred Charge for refunding | (565,020) |
| <u>Long - Term Liabilities:</u> | |
| Decrease in termination benefits & compensated absences | 64,363 |
| Increase in Interest payable | (220,773) |
| Principal Payments on bonds payable | 13,351,467 |
| Amortization of premium on bonds | <u>2,808,433</u> |
| Subtotal | 16,003,490 |
| <u>Deferred inflows of Resources:</u> | |
| Decrease in Deferred Gain for refunding | 49,260 |
| Net Adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities | <u><u>\$ 26,366,579</u></u> |

2. The \$26,366,579 amount applies to the reconciliation of the total net change in fund balances in the governmental funds and change in net position in the governmental activities.

C. Compliance and Accountability

Excess Actual Over Budget

For the year ended August 31, 2016, appropriations exceeded expenditures in all legally budgeted funds.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

D. Deposits and Investments

Cash Deposits: The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities and letters of credit which comply with state. These securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities and letters of credit are in compliance with the Texas Government Code, Chapter 2257 "Collateral for Public Funds", and are sufficient to meet the terms agreed to in the current depository contract as approved by TEA. The pledge of approved securities and letter of credits is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Investments: Investments, except for the investment pools, for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to U.S. Agencies, certificates of deposit and investment pools.

The carrying amount of the District's deposits and investments are as follows:

| | | |
|---|------------|-------------|
| Cash in Bank or On Hand - Primary Government | \$ | 51,990,235 |
| Cash Equivalents | | |
| Investment Pools Accounts: | | |
| TexasDAILY | 73,397,413 | |
| TexPool | 3,785,089 | |
| Current Investments | | |
| Certificates of Deposit: | | |
| Comerica Bank | 2,029,297 | |
| Texas Term | 4,446,000 | |
| Discount Notes: | | |
| Federal Home Loan Discount Note | 4,588,446 | |
| Total Cash Equivalents and Current Investments | | 88,246,245 |
| Long Term Investments | | 31,387,000 |
| | | |
| Total Deposits and Investments - Primary Government | \$ | 171,623,480 |

Deposits:

At August 31, 2016, the District's bank deposits (cash and interest bearing accounts) were \$140,742,396. The District's cash deposits at August 31, 2016 and during the year ended August 31, 2016, were entirely covered by FDIC insurance, by pledged collateral held by the District's agent bank in the District's name and letters of credit from the Federal Home Loan Bank.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: BBVA Compass Bank

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

D. Deposits and Investments (Continued)

- b. The total collateral amount at the highest combined balance on deposits was \$117,750,000 which is the sum of eight letters of credit plus the FDIC coverage.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$106,138,613 and occurred during the month of January 2016.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Investments:

Investments, except for the investment pools, for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit and Share Certificates, (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, and (10) common trust funds.

External Investment Pool-Primary Government:

Texas DAILY is a portfolio established by Texas Term Advisory Board pursuant to the provisions of the Texas TERM Common Investment Contract that established the Pool. Texas DAILY is a local government investment portfolio established to allow school districts and other governmental entities in Texas to pool their funds for investment under the provisions of the Inter local Cooperation Act, Chapter 791 of the Texas Government Code, the Public Funds Investment Act and other similar cooperative statutes and under the statutes governing investment of funds by those local governments.

TexPool is a local government investment pool created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts administers the Texas Local Government Investment Pools (the "TexPool Portfolios") as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

D. Deposits and Investments (Continued)

The Comptroller and the Trust Company have contracted with Federated Investors, Inc. (“Federated”), as administrator and investment manager for the TexPool Portfolios.

As noted in the District’s Significant Accounting Policies, the District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*.

Credit Risk. In accordance with state law and the District’s investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1,P-1, or have an equivalent rating, and obligations of states, agencies, counties, and cities must be rated at least A or its equivalent. As of August 31, 2016, Texas Daily and Texpool were rated AAAM by Standard and Poor’s (S&P). The District did not have any investments in commercial paper as of August 31, 2016. The District’s investments in bonds of Federal National Mortgage Association (FNMA) were rated AAA by S&P.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and yield. In addition, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District’s investments are allocated as follows: FNMA (2.67%), Texas Daily (42.77%), Texas Term (8.64%), TexPool (2.21%), Comerica (1.18%) and BBVA Compass (42.53%).

Interest Rate Risk. In accordance with state law and the District’s investment policy, the District does not purchase any investments with maturities greater than two and a half (2.5) years for its Operating Funds.

The investment maturities in the following table reflect the maturity date of the investments in each category due 12 months from the balance sheet date. The District uses its investments in the investment pools, certificates of deposits and a discount note to further mitigate interest rate risk.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

D. Deposits and Investments (Continued)

The District's investments at August 31, 2016 are shown below:

| Investment Maturities in Years | | | |
|--------------------------------|----------------|------------------|---------------|
| Investment | Fair Value | Less than 1 Year | 1 to 2 Years |
| Agency Bonds & Discount Notes | | | |
| FNMA Note | \$ 4,588,446 | \$ 4,588,446 | \$ - |
| | 4,588,446 | 4,588,446 | - |
| Investment Pools | | | |
| Texpool | 3,785,089 | 3,785,089 | - |
| Texas Daily | 73,397,413 | 73,397,413 | - |
| | 77,182,502 | 77,182,502 | - |
| Certificates of Deposit | | | |
| Comerica | 2,029,297 | 2,029,297 | - |
| BBVA Compass | 21,000,000 | - | 21,000,000 |
| Texas Term | 14,833,000 | 4,446,000 | 10,387,000 |
| | 37,862,297 | 6,475,297 | 31,387,000 |
| Total Fair Value | \$ 119,633,245 | \$ 88,246,245 | \$ 31,387,000 |

TexPool and TexasDAILY are external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texpool and Texas DAILY have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity. Fair Value of Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

D. Deposits and Investments (Continued)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The District's investments, whether recorded at fair value, cost, or amortized cost, at August 31, 2016 are shown below:

| Investment Type | Cost or | Fair Value | | | Total |
|-------------------------------|-----------------------|-------------|---------------------|-------------|-----------------------|
| | Amortized Cost | Level 1 | Level 2 | Level 3 | |
| Agency Bonds & Discount Notes | | | | | |
| FNMA Note | \$ - | \$ - | \$ 4,588,446 | \$ - | \$ 4,588,446 |
| | - | - | 4,588,446 | - | 4,588,446 |
| Investment Pools | | | | | |
| Texpool | 3,785,089 | - | - | - | 3,785,089 |
| Texas Daily | 73,397,413 | - | - | - | 73,397,413 |
| | 77,182,502 | - | - | - | 77,182,502 |
| Certificates of Deposit | | | | | |
| Comerica | 2,029,297 | - | - | - | 2,029,297 |
| BBVA Compass | 21,000,000 | - | - | - | 21,000,000 |
| Texas Term | 14,833,000 | - | - | - | 14,833,000 |
| | 37,862,297 | - | - | - | 37,862,297 |
| Total Investments | <u>\$ 115,044,799</u> | <u>\$ -</u> | <u>\$ 4,588,446</u> | <u>\$ -</u> | <u>\$ 119,633,245</u> |

The fair value of agency bonds and discount notes is determined using quoted prices for comparable instruments, which is considered a market approach. The fair value of the investments in U.S. Government Agency securities is based on quoted market prices. The amount of increase in the fair value of these investments is \$72,144 during the year ended August 31, 2016. The total investment income for the year is \$144,639.

E. Due to and from Other Governments and Agencies

The District participates in a variety of federal, state, and local programs from which it receives grants to partially or fully finance certain activities. Amounts due to and from federal, state, and local governments as of August 31, 2016 are summarized below and are reported on the government-wide statement of net position.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

E. Due to and from Other Governments and Agencies (Continued)

| | Due to Other Governments | Due from Other Governments |
|--|--------------------------------|----------------------------------|
| <u>General Funds:</u> | | |
| General Fund | \$ 2,754,370 | \$ 767,835 |
| Food Service Fund | 965 | 779,081 |
| Total General Funds | 2,755,335 | 1,546,916 |
| <u>Nonmajor Governmental Funds:</u> | | |
| ESEA I, A Improving Basic Program | - | 2,261,024 |
| ESEA Title I Part C Migrant | - | 15,716 |
| IDEA - Part B Formula | - | 915,169 |
| IDEA - Part B Preschool | - | 88 |
| IDEA - Part B Deaf | - | 4,404 |
| IDEA - Part B Preschool Deaf | - | 219 |
| Career and Technical - Basic Grant | - | 22,996 |
| ESEA II, A Training and Recruiting | - | 394,108 |
| Title III, A English Lang. Acquisition | - | 52,800 |
| Prekindergarten Grant | - | 448,078 |
| OCDETF Grant | - | 5,452 |
| Debt Service Fund | - | 989,591 |
| Total Nonmajor Governmental Funds | 2,755,335 | 5,109,645 |
| Total Governmental Funds | \$ 2,755,335 | \$ 6,656,561 |

F. Interfund Balances and Activities

1. Interfund Receivables and Interfund Payables

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts due are scheduled to be repaid within one year. Interfund balances between governmental funds, and Proprietary Funds are eliminated in the statement of net position and reported as internal balances.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

F. Interfund Balances and Activities (Continued)

The composition of interfund balances at August 31, 2016 consisted of the following:

| | Interfund Receivables | Interfund Payables |
|-----------------------------------|-----------------------|--------------------|
| <u>Governmental Funds:</u> | | |
| General Fund | \$ 3,278,043 | \$ 116,619 |
| Nonmajor Governmental Funds | 27,130 | 3,190,239 |
| Total Governmental Funds | 3,305,173 | 3,306,858 |
| <u>Proprietary Fund:</u> | | |
| Health Plan Internal Service Fund | 1,685 | - |
| Total – All Funds | \$ 3,306,858 | \$ 3,306,858 |

2. Transfers To/From Other Funds

Transfers between the Special Revenue Funds, Capital Projects Funds, and the General Fund are to account for the District's local share of grant funds. Transfers to the Debt Service Fund are related to amounts to cover interest and principal on debt. Transfers to and from other funds at August 31, 2016 consisted of the following:

| Transfers From | Transfers To | Amount | Purpose |
|------------------|------------------------|---------------|---|
| General Fund | Capital Projects | \$ 14,691,921 | Transfer to cover for capital improvement projects |
| General Fund | Debt Service Fund | 409,887 | Transfer for principal payments and agent fees. |
| General Fund | Athletics Program | 1,489,476 | Transfer to cover athletic costs for the District. |
| General Fund | Performing Arts Center | 582,056 | Transfer to cover Performing Arts Center costs for the District. |
| General Fund | E-Rate | 332,436 | Transfer to cover local 10% share of grant and items ineligible for E-Rate. |
| Capital Projects | E-Rate | 194,417 | Transfer to cover local 10% share of grant and items ineligible for E-Rate. |
| | | \$ 17,700,193 | |

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

G. Capital Assets

Capital asset activity for the year ended August 31, 2016 was as follows:

| | Beginning Balances | Additions | Dispositions and Adjustments | Ending Balances |
|---|-----------------------|----------------------|------------------------------------|-----------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 19,372,448 | \$ - | \$ - | \$ 19,372,448 |
| Construction in Progress | 17,802,186 | 8,942,762 | 21,168,490 | 5,576,458 |
| Total capital assets not being depreciated | 37,174,634 | 8,942,762 | 21,168,490 | 24,948,906 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 466,974,591 | 21,168,490 | 5,140,300 | 483,002,781 |
| Equipment | 37,753,715 | 2,740,696 | 2,938,652 | 37,555,759 |
| Total capital assets being depreciated | 504,728,306 | 23,909,186 | 8,078,952 | 520,558,540 |
| Less accumulated depreciation: | | | | |
| Building and Improvements | 138,400,655 | 15,147,346 | 4,362,899 | 149,185,102 |
| Equipment | 26,398,178 | 3,057,059 | 2,911,444 | 26,543,793 |
| Total accumulated depreciation | 164,798,833 | 18,204,405 | 7,274,343 | 175,728,895 |
| Total capital assets being depreciated, net | 339,929,473 | 5,704,781 | 804,609 | 344,829,645 |
| Governmental activities capital assets, net | <u>\$ 377,104,107</u> | <u>\$ 14,647,543</u> | <u>\$ 21,973,099</u> | <u>\$ 369,778,551</u> |

Depreciation was charged to the following functions as follows:

| | |
|--|----------------------|
| Instruction | \$ 13,435,165 |
| Instruction Resources and Media Services | 133,712 |
| Instructional Leadership | 4,379 |
| School Leadership | 88,362 |
| Guidance, Counseling & Evaluation Services | 5,038 |
| Social Work Services | 4,456 |
| Transportation | 1,767,174 |
| Food Service | 33,661 |
| Athletics | 403,870 |
| General Administration | 23,714 |
| Plan Maintenance and Operations | 739,264 |
| Security and Monitoring Services | 955,536 |
| Data Processing Services | 452,233 |
| Parental Involvement | 157,841 |
| Total Depreciation | <u>\$ 18,204,405</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

H. Unearned Revenues

Unearned revenues at August 31, 2016 consisted of the following:

| | |
|--|--------------|
| <u>General Funds:</u> | |
| Food Service | \$ 469,787 |
| Escrow Taxes | 69,725 |
| Total General Funds | 539,512 |
| | |
| <u>Nonmajor Governmental Funds:</u> | |
| Instructional Materials Allotment | 52,573 |
| LEOSE | 658 |
| Equitable Sharing Program | 35,946 |
| TFB Garden Grant | 3 |
| Performing Arts Center | 1,808 |
| Total Nonmajor Governmental Funds | 90,988 |
| | |
| Total Governmental Funds | 630,500 |
| | |
| Proprietary Fund | |
| Health Plan Internal Service Fund | 1,554,683 |
| | |
| Total – All Funds | \$ 2,185,183 |

I. Loans Payable

The District may borrow money for the purpose of paying maintenance expenses and may evidence those loans with negotiable notes. The District pledged proceeds of its maintenance tax to secure maintenance tax notes for the purpose of financing the renovation and equipment of qualified zone academies, within the meaning of section 1397(d) of the Internal Revenue Code of 1986, located within the District in accordance with the provisions of Section 45.108, Texas Education Code, as amended.

A Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 was entered into on October 3, 2005, for the purpose of financing the construction of academics for three middle schools and two high schools. The loan has an interest rate of 0% and an original term of sixteen years. The principal payment of \$8,000,000 is due to mature on October 3, 2021. In connection with the Qualified Zone Academy Limited Maintenance Tax Note, within the Interest and Sinking Fund, there shall be established a “Cumulative Sinking Fund Deposit Account”; provided however that the Cumulative Sinking Fund Deposit Account shall at all times be maintained by the District with, and held by, the Registrar.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

I. Loans Payable (Continued)

The following is a summary of loan transaction of the District for the year ending August 31, 2016.

| Description | Balance Outstanding 9/1/2015 | Issued Current Year | Retired Current Year | Balance Outstanding 8/31/2016 | Amounts Due Within One Year |
|------------------------|------------------------------------|---------------------------|----------------------------|-------------------------------------|-----------------------------------|
| Note - October 3, 2005 | \$ 8,000,000 | \$ - | \$ - | \$ 8,000,000 | \$ - |
| | <u>\$ 8,000,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,000,000</u> | <u>\$ -</u> |

No interest was paid during the year on loans. All loans are funded from Maintenance and Operations (M&O) tax.

The following is a schedule of the required payments for these loans:

| Year Ending August 31, | Principal | Interest | Total |
|---------------------------|---------------------|-------------|---------------------|
| 2017 | \$ - | \$ - | \$ - |
| 2018 | - | - | - |
| 2019 | - | - | - |
| 2020 | - | - | - |
| 2021 | - | - | - |
| 2022 - 2026 | 8,000,000 | - | 8,000,000 |
| | <u>\$ 8,000,000</u> | <u>\$ -</u> | <u>\$ 8,000,000</u> |

The future sinking fund requirements for the Qualified Zone Academy Limited Maintenance Tax Note of \$8,000,000 are as follows:

| Year Ending August 31, | Amount |
|---------------------------|---------------------|
| 2017 | \$ 389,887 |
| 2018 | 389,887 |
| 2019 | 389,887 |
| 2020 | 389,887 |
| 2021 | 389,887 |
| 2022 - 2026 | 389,887 |
| Total | <u>\$ 2,339,322</u> |

J. Long-Term Obligations

The District issues general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. The bonds are supported by a pledge of the District's full faith and credit and require a levy and collection of taxes without limitation as to rate or amount on all property subject to taxation by the District sufficient in amount to pay the principal and interest on such bonds as they become due. The indentures also require that a Debt Service Fund be created and administered by the District solely for paying principal and interest when due.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

J. Long-Term Obligations (Continued)

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

Bonded indebtedness of the District reflected in the General Long Term Debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Total principal amount of Tax Bond indebtedness cannot exceed 10 percent of the taxable assessed valuation of property in the School District.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2016 are as follows:

Interest paid on bonded indebtedness during the current year was \$13,737,690.

| Description | Rate Payable | Original Issue | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|--------------|-----------------------|-----------------------|---------------------|----------------------|-----------------------|----------------------|
| <i>Unlimited Tax Refunding Bonds, Series 2001:</i> | | | | | | | |
| Capital Appreciation | 5.00-5.375% | \$ 2,509,910 | \$ 9,678,616 | \$ 995,963 | \$ 3,915,000 | \$ 6,759,579 | \$ 833,573 |
| <i>Unlimited Tax School Building Bonds, Series 2006:</i> | | | | | | | |
| Current Interest | 4.125-5.00% | 56,950,000 | 2,165,000 | - | 2,165,000 | - | - |
| <i>Unlimited Tax Refunding Bonds, Series 2010:</i> | | | | | | | |
| Current Interest | 4.00-5.00% | 18,420,000 | 18,420,000 | - | - | 18,420,000 | - |
| <i>Unlimited Tax Refunding Bonds, Series 2011:</i> | | | | | | | |
| Current Interest | 2.00-5.00% | 18,415,000 | 10,625,000 | - | 900,000 | 9,725,000 | 930,000 |
| <i>Unlimited Tax School Building Bonds, Series 2013:</i> | | | | | | | |
| Current Interest | 4.00-5.00% | 43,425,000 | 39,225,000 | - | 2,055,000 | 37,170,000 | 2,135,000 |
| <i>Unlimited Tax School Building Bonds, Series 2014:</i> | | | | | | | |
| Current Interest | 4.00-5.00% | 67,160,000 | 67,160,000 | - | 2,240,000 | 64,920,000 | 2,330,000 |
| <i>Unlimited Tax School Refunding Bonds, Series 2014:</i> | | | | | | | |
| Current Interest | 4.00% | 11,310,000 | 11,310,000 | - | - | 11,310,000 | - |
| Capital Appreciation | 9.63-9.68% | 22,690,000 | 24,813,275 | 2,457,570 | 3,625,000 | 23,645,845 | 2,745,000 |
| <i>Unlimited Tax School Refunding Bonds, Series 2015:</i> | | | | | | | |
| Current Interest | 2.00-5.00% | 65,560,000 | 67,095,000 | - | 1,905,000 | 65,190,000 | 4,215,000 |
| TOTALS | | \$ 306,439,910 | \$ 250,491,891 | \$ 3,453,533 | \$ 16,805,000 | \$ 237,140,424 | \$ 13,188,573 |

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

J. Long-Term Obligations (Continued)

The following is a schedule of the required payments for these general obligation bonds:

| Year Ending August 31, | Principal | Capital Appreciation Bond | Interest | Total |
|---------------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| 2017 | \$ 13,188,573 | \$ 3,265,218 | \$ 13,744,540 | \$ 26,933,113 |
| 2018 | 13,265,762 | 2,963,499 | 13,655,099 | 26,920,861 |
| 2019 | 16,545,000 | 457,851 | 10,384,462 | 26,929,462 |
| 2020 | 17,030,000 | 417,763 | 9,890,963 | 26,920,963 |
| 2021 | 17,555,000 | 379,861 | 9,348,412 | 26,903,412 |
| 2022-2026 | 82,370,000 | 1,441,616 | 37,019,305 | 119,389,305 |
| 2027-2031 | 52,930,000 | 215,281 | 12,859,012 | 65,789,012 |
| 2032-2036 | 15,115,000 | - | 1,536,000 | 16,651,000 |
| | <u>\$ 227,999,335</u> | <u>\$ 9,141,089</u> | <u>\$ 108,437,793</u> | <u>\$ 336,437,128</u> |

Capital Appreciation Bonds

The total accretion of discount on capital appreciation bonds that is included in the August 31, 2016 ending balance of \$237,140,424 is \$9,141,089.

Defeased Bonds

In prior years, the District defeased certain general obligation bonds by placing the bond proceeds in an irrevocable trust for all future debt service payments on the refunded bonds. Accordingly, the trust accounts for the assets and liabilities for the defeased bonds and are not included in the District's financial statements in the amount of \$271,978,252.

**LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016**

K. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2016, was as follows:

| Description | Balance Outstanding 9/1/2015 | Issued/Increase Current Year | Retired/Decrease Current Year | Balance Outstanding 8/31/2016 | Amounts Due Within One Year |
|--|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Loans Payable | | | | | |
| Loans | \$ 8,000,000 | \$ - | \$ - | \$ 8,000,000 | \$ - |
| General Obligation Bonds | 250,491,891 | 3,453,533 | 16,805,000 | 237,140,424 | 13,188,573 |
| Bonds Premium Amortization - Net | 41,282,174 | - | 2,808,433 | 38,473,741 | 2,779,128 |
| Total Bonds and Loans Payable | 291,774,065 | 3,453,533 | 19,613,433 | 275,614,165 | 15,967,701 |
| Other Liabilities | | | | | |
| Compensated Absences | 2,566,186 | 340,787 | 405,150 | 2,501,823 | 405,151 |
| Total Other Liabilities | 2,566,186 | 340,787 | 405,150 | 2,501,823 | 405,151 |
| Total Governmental Activities Long-term Liabilities | \$ 302,340,251 | \$ 3,794,320 | \$ 20,018,583 | \$ 286,115,988 | \$ 16,372,852 |

General Operating Fund is used to liquidate the liability for compensated absences.

L. Major Sources of Revenue from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

| | General Fund | 2014 Bond Series Fund | Other Governmental Funds | Total |
|----------------------------------|----------------------|--------------------------|--------------------------------|----------------------|
| Property Taxes | \$ 20,746,310 | \$ - | \$ 7,068,894 | \$ 27,815,204 |
| Penalties & Interest | 483,936 | - | 143,231 | 627,167 |
| Investment Income | 381,503 | 277,167 | 256,474 | 915,144 |
| Rental of Facilities & Insurance | 246,682 | - | 179,299 | 425,981 |
| Co-curricular | 384,585 | - | - | 384,585 |
| Webb County Permanent Fund | - | - | 887,375 | 887,375 |
| Childcare Services - PEP Prog | - | - | 209,640 | 209,640 |
| Miscellaneous | 1,801,327 | - | 1,425,081 | 3,226,408 |
| | \$ 24,044,343 | \$ 277,167 | \$ 10,169,994 | \$ 34,491,504 |

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

M. Accumulated State Personal and Sick Leave Benefits

Buy back of accrued sick leave at retirement – The District buys back accrued unused sick leave from employees when they retire from the District with full benefits under the Teacher Retirement System. Buy back of accrued leave is at the rates established in the District's Local Policy. This one-time-only benefit is available to employees who have served at least ten consecutive years in the District; however, the plan applies also to employees who die while employed in the District, regardless of the length of their employment, with payment made to the designated beneficiary.

Rate for professional employees – A professional employee who retires meeting the eligibility criteria specified above shall be paid for accumulated leave up to a maximum of 40 days of state/personal leave, of which 5 days are at 100% daily base rate, 10 days at 75% daily base rate, and 25 days at 50% of the daily base rate of pay; in addition, 40 days of local sick leave are at \$100 per day.

Rate for para-professional and auxiliary employees – A paraprofessional or auxiliary employee who retires meeting the eligibility criteria specified above shall be paid for accumulated leave to a maximum of 80 days of leave combination of state/personal plus local leave, of which the first 10 days are at 100% daily base rate, the next 15 days are at 75% daily base rate, and the next 55 days are at 50% of the daily base rate of pay.

As of August 31, 2016, the balance for the State Personal and Sick Leave is \$2,501,823. The estimated amount due within a year totals to \$405,151. The General Fund and Special Revenue Funds, if allowed, are expected to pay for these.

N. Risk Financing Activities

The District is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2016, the District purchased commercial insurance to cover these risks. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Workers' Compensation

The District was self-insured for workers' compensation claims in fiscal years 2002, 2003, and 2004. The liabilities reported are based on claims outstanding incurred through August 31, 2016 and are based on cost estimates. The District accounts for claim payments in the General Fund.

A summary of the workers' compensation claims aggregate for prior and current year is presented below:

| Year | Beginning of Fiscal Year Liability | Current Year Claims &/or changes in Estimates | Claims Payments | Balance at Fiscal Year-End |
|-----------|------------------------------------|---|-----------------|----------------------------|
| 2014-2015 | \$77,949 | - | - | \$77,949 |
| 2015-2016 | \$77,949 | - | - | \$77,949 |

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

N. Risk Financing Activities (Continued)

Health Insurance

The claims for the health insurance liability of \$919,489 reported in the Internal Service Fund at August 31, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amounts are as follows:

| | 2015 | 2016 |
|-----------------------------|--------------|-------------------------|
| Beginning of year liability | \$ 482,503 | \$ 814,275 |
| Current year claims | 14,794,083 | 16,111,649 |
| Changes in estimates | 331,772 | 105,214 |
| Claims payments | (14,794,083) | (16,111,649) |
| End of year liability | \$ 814,275 | \$ 919,489 ¹ |

¹Claim liabilities are due within one year of the date of net position.

O. Defined Benefit Pension Plan

Plan Description. The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

O. Defined Benefit Pension Plan (Continued)

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

| | <u>2015</u> | <u>2016</u> |
|--|-------------|--------------|
| Member | 6.7% | 7.2% |
| Non-Employer Contributing Entity (State) | 6.8% | 6.8% |
| Employers | 6.8% | 6.8% |
| 2015 Employer Contributions | | \$4,868,826 |
| 2015 Member Contributions | | \$10,471,038 |
| 2015 NECE On-Behalf Contributions | | \$7,652,262 |

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

O. Defined Benefit Pension Plan (Continued)

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions. The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|-----------------------------|
| Valuation Date | August 31, 2015 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 8.00% |
| Long-term expected Investment Rate of Return | 8.00% |
| Inflation | 2.50% |
| Salary Increases Including Inflation | 3.50 to 9.50% |
| Payroll Growth Rate | 2.50% |
| Benefit Changes During the Year | None |
| Ad hoc Post Employment Benefit Changes | None |

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

O. Defined Benefit Pension Plan (Continued)

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

| Asset Class | Target Allocation | Real Return Geometric Basis | Long-Term Expected Portfolio Real Rate of Return* |
|-------------------------------|-------------------|--------------------------------|--|
| Global Equity | | | |
| U.S. | 18% | 4.6% | 1.0% |
| Non-U.S. Developed | 13% | 5.1% | 0.8% |
| Emerging Markets | 9% | 5.9% | 0.7% |
| Directional Hedge Funds | 4% | 3.2% | 0.1% |
| Private Equity | 13% | 7.0% | 1.1% |
| Stable Value | | | |
| U.S. Treasuries | 11% | 0.7% | 0.1% |
| Absolute Return | 0% | 1.8% | 0.0% |
| Hedge Funds (Stable Value) | 4% | 3.0% | 0.1% |
| Cash Real Return | 1% | -0.2% | 0.0% |
| Global Inflation Linked Bonds | 3% | 0.9% | 0.0% |
| Real Assets | 16% | 5.1% | 1.1% |
| Energy and Natural Resources | 3% | 6.6% | 0.2% |
| Commodities | 0% | 1.2% | 0.0% |
| Risk Parity | | | |
| Risk Parity | <u>5%</u> | <u>6.7%</u> | <u>0.3%</u> |
| Inflation Expectations | | | 2.2% |
| Alpha | | | 1.0% |
| Total | 100% | | 8.7% |

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

O. Defined Benefit Pension Plan (Continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

| | 1% Decrease in Discount Rate (7.0%) | Discount Rate (8.0%) | 1% Increase in Discount Rate (9.0%) |
|---|---|-------------------------|---|
| Proportionate share of the net pension liability: | \$91,068,733 | \$58,123,604 | \$30,682,360 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2015, the District reported a liability of \$58,123,604 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|--|---------------|
| District’s proportionate share of the collective net pension liability | \$58,123,604 |
| State’s proportionate share that is associated with District | \$91,324,939 |
| Total | \$149,448,543 |

The net pension liability was measured as of August 31, 2015 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, 2014 thru August 31, 2015.

At August 31, 2015 the employer’s proportion of the collective net pension liability was 0.1644294% which was an increase of 0.0623367% from its proportionate measured as of August 31, 2014.

Changes since the Prior Actuarial Valuation – The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

O. Defined Benefit Pension Plan (Continued)

6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$13,012,334 and revenue of \$13,012,334 for support provided by the State.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

O. Defined Benefit Pension Plan (Continued)

At August 31, 2015, the District 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 experience | \$350,751 | \$2,233,742 |
| Changes in actuarial assumptions | \$1,474,217 | \$2,073,596 |
| Difference between projected and actual investment earnings | \$14,314,549 | \$6,251,204 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | \$14,246,483 | \$17,773 |
| Total as of August 31, 2015 measurement date | \$30,386,000 | \$10,576,315 |
| Contributions paid to TRS subsequent to the measurement date | \$5,064,178 | - |
| Total as of fiscal year-end | \$35,450,178 | \$10,576,315 |

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

| Year ended August 31: | Pension Expense Amount |
|-----------------------|------------------------|
| 2017 | \$3,544,851 |
| 2018 | \$3,544,851 |
| 2019 | \$3,544,851 |
| 2020 | \$5,682,588 |
| 2021 | \$2,028,077 |
| Thereafter | \$1,518,467 |

P. Health Care Coverage

For the term effective 9/1/15-8/31/16, the District was self-funded with BCBS of Texas as the medical provider. BCBS of Texas, the districts medical provider as well as the local servicing agency, Laurel Insurance Agency, contracted by BCBS of Texas, administered and serviced the group health insurance program. The District maintains both aggregate and individual stop-loss coverage for catastrophic losses exceeding \$200,000 per claim.

The District contributed \$336 for all Teacher Retirement System (TRS) qualified employees towards the cost of participation in the Preferred Provider Organization (PPO) medical insurance program.

There are four (4) insurance plan options (Basic, Low, High, and State Comparable) as well as options of the four (4) tier coverage levels (Employee Only, Employee & Spouse, Employee & Children, Employee & Family) within each option. The District also offered continued coverage in accordance with federal law to all employees and dependents that are no longer eligible for coverage, but meet COBRA requirements.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

P. Health Care Coverage (Continued)

The District's health insurance program has been very efficient and successful in that the District has been able to provide employees different choices of plans and levels of benefits which are in compliance with the TRS Comparability Program. Employee participation in the District's medical insurance is estimated at 3,002 or 81% of the eligible employee base of 3,707, as of May 31, 2016, and is considered moderately high. Upon review by TRS, via the mandatory comparability reporting requirements, it was determined that the District satisfied all of the reporting requirements of the Education Code for the 2012-2013 comparability study. It was determined that our district makes available to the employees group health coverage that is comparable to the basic health coverage; provided to state employees under the Texas Employees Uniform Group Insurance Benefits Act.

Q. Commitments and Contingencies

1. Contingencies

The District participates in grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collection of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

The District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any material adverse effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

R. Construction Commitments

As of August 31, 2016, the District was obligated under the terms of various agreements for the construction of the following projects:

| Project Name | Contract Amount | Paid to Date | Commitment Balance Remaining | Retainage Payable Amount |
|------------------------------------|---------------------|--------------------|------------------------------------|--------------------------------|
| New School Construction/Renovation | \$42,962,666 | \$4,621,267 | \$38,341,399 | \$ 694,245 |
| Environmental Services | 1,186,698 | 161,102 | 1,025,596 | - |
| Portable Rentals | 71,144 | - | 71,144 | - |
| Electrical Services | 19,510 | - | 19,510 | - |
| Architect Services | 3,163,090 | 1,736,594 | 1,426,496 | - |
| Total | \$47,403,108 | \$6,518,963 | \$40,884,145 | \$ 694,245 |

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

S. Shared Service Arrangements

The Laredo Independent School District (LISD) participates in the Regional Day School Program for the Deaf (RDSPD), a shared service arrangement with school districts: United Independent School District (UISD), Jim Hogg County Independent School District (JHCISD), and Webb Consolidated Independent School District (WCISD). The District is acting as the fiscal agent for the parties involved. The purpose of the Laredo Independent School District RDSPD is to serve students who are auditory impaired and between the ages of 0 and 21. Funding for the LISD RDSPD is provided by TEA and by the member Districts. Revenue from the respective member Districts is presented below:

| | | |
|--------|----|------------|
| LISD | \$ | 245,440 |
| UISD | | 458,000 |
| JHCISD | | 15,999 |
| WCISD | | 2,667 |
| | | \$ 722,106 |

As a fiscal agent, LISD RDSPD is responsible for reporting all financial activities of the shared service arrangement. The District accounts for the activity in Special Revenue Fund 435.

T. Fund Balance

As of August 31, 2016, the District has classified its Committed and Assigned Fund Balances as follows:

| | General Funds | Nonmajor Funds | Total Governmental Funds |
|---|--------------------------|---------------------------|---|
| <u>Committed Fund Balance</u> | | | |
| <i>Other Committed Fund Balance</i> | | | |
| E-Rate Projects | \$ 2,036,079 | \$ - | \$ 2,036,079 |
| Technology | 187,301 | - | 187,301 |
| Campus Activity Funds | - | 343,451 | 343,451 |
| <i>Total Other Committed Fund Balance</i> | \$ 2,223,380 | \$ 343,451 | \$ 2,566,831 |
| <u>Assigned Fund Balance</u> | | | |
| <i>Other Assigned Fund Balance</i> | | | |
| District-Wide Projects | \$ - | \$ 76,167 | \$ 76,167 |
| <i>Total Other Assigned Fund Balance</i> | \$ - | \$ 76,167 | \$ 76,167 |

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

U. Prior Period Adjustment

During the year ended August 31, 2016, management re-considered its revenue recognition criteria related to GASB Statement No. 33 Accounting and Financial Reporting for Nonexchange Transactions, and determined that a portion of state revenue, totaling \$5,728,146, accrued at August 31, 2015 should not have been. As a result of this consideration, unassigned fund balance in the general fund at August 31, 2015 has been restated to \$56,924,845, and total change in fund balance for the year ended August 31, 2015 was a decrease of \$33,662,870.

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--|---|----------------|--------------------------------|--|--------------|
| | Original | Final | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 23,647,376 | \$ 24,170,360 | \$ 24,044,343 | \$ (126,017) |
| 5800 | State Program Revenues | 175,119,810 | 180,069,810 | 179,392,397 | (677,413) |
| 5900 | Federal Program Revenues | 22,555,216 | 23,038,732 | 23,521,603 | 482,871 |
| 5020 | Total Revenues | 221,322,402 | 227,278,902 | 226,958,343 | (320,559) |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 116,554,483 | 123,585,644 | 120,952,706 | 2,632,938 |
| 0012 | Instructional Resources and Media Services | 4,232,001 | 4,245,596 | 4,125,981 | 119,615 |
| 0013 | Curriculum and Instructional Staff Development | 814,260 | 772,184 | 608,074 | 164,110 |
| 0021 | Instructional Leadership | 3,028,834 | 3,122,712 | 2,978,890 | 143,822 |
| 0023 | School Leadership | 13,536,353 | 13,581,262 | 13,398,333 | 182,929 |
| 0031 | Guidance, Counseling and Evaluation Services | 6,812,981 | 6,946,860 | 6,779,951 | 166,909 |
| 0032 | Social Work Services | 1,692,822 | 1,790,151 | 1,641,883 | 148,268 |
| 0033 | Health Services | 2,302,462 | 2,339,411 | 2,252,846 | 86,565 |
| 0034 | Student (Pupil) Transportation | 4,978,662 | 5,099,560 | 4,725,024 | 374,536 |
| 0035 | Food Services | 18,760,259 | 19,346,759 | 18,259,928 | 1,086,831 |
| 0036 | Extracurricular Activities | 5,195,976 | 5,994,958 | 5,455,301 | 539,657 |
| 0041 | General Administration | 7,393,806 | 6,524,817 | 6,263,848 | 260,969 |
| 0051 | Facilities Maintenance and Operations | 23,712,558 | 23,203,286 | 22,553,763 | 649,523 |
| 0052 | Security and Monitoring Services | 4,559,015 | 4,772,170 | 4,701,445 | 70,725 |
| 0053 | Data Processing Services | 4,216,027 | 4,545,480 | 4,113,224 | 432,256 |
| 0061 | Community Services | 347,538 | 417,040 | 298,583 | 118,457 |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | 4,172,848 | 5,794,480 | 1,855,489 | 3,938,991 |
| Intergovernmental: | | | | | |
| 0095 | Payments to Juvenile Justice Alternative Ed. Prg. | 210,000 | 275,000 | 274,841 | 159 |
| 6030 | Total Expenditures | 222,520,885 | 232,357,370 | 221,240,110 | 11,117,260 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,198,483) | (5,078,468) | 5,718,233 | 10,796,701 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | - | - | 11,500 | 11,500 |
| 7915 | Transfers In | 3,736,289 | 4,329,166 | 2,016,329 | (2,312,837) |
| 8911 | Transfers Out (Use) | (4,377,845) | (18,243,069) | (17,505,776) | 737,293 |
| 7080 | Total Other Financing Sources (Uses) | (641,556) | (13,913,903) | (15,477,947) | (1,564,044) |
| 1200 | Net Change in Fund Balances | (1,840,039) | (18,992,371) | (9,759,714) | 9,232,657 |
| 0100 | Fund Balance - September 1 (Beginning) | - | 79,810,570 | 85,538,715 | 5,728,145 |
| 1300 | Prior Period Adjustment(s) | - | - | (5,728,146) | (5,728,146) |
| 3000 | Fund Balance - August 31 (Ending) | \$ (1,840,039) | \$ 60,818,199 | \$ 70,050,855 | \$ 9,232,656 |

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

Budgetary Information

The budget was prepared for adoption for all required Governmental Fund Types. The following procedures are followed in establishing the budgetary data:

- 1) Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days of the public notice for the meeting has been provided.
- 3) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, several amendments were necessary.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and Debt Service. The Special Revenue Funds and Capital Projects Funds adopt project-length budgets which may not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States. The budget was properly amended throughout the year by the Board. Expenditures may not legally exceed budgeted appropriations at the function level.

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-6

| | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-----------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.1644294% | 0.1020927% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 58,123,604 | \$ 27,270,373 |
| State's Proportionate Share of the Net Pension Liability (Asset) associated with the District | 91,324,939 | 78,764,172 |
| Total | <u>\$ 149,448,543</u> | <u>\$ 106,034,545</u> |
| District's Covered-Employee Payroll | \$ 156,283,905 | \$ 146,636,889 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 37.19% | 18.60% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.43% | 83.25% |

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "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 INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2016

EXHIBIT G-7

| | 2016 | 2015 |
|---|----------------|----------------|
| Contractually Required Contribution | \$ 5,064,178 | \$ 4,868,826 |
| Contribution in Relation to the Contractually Required Contribution | (5,064,178) | (4,868,826) |
| Contribution Deficiency (Excess) | \$ -0- | \$ -0- |
| District's Covered-Employee Payroll | \$ 160,736,603 | \$ 156,283,905 |
| Contributions as a Percentage of Covered-Employee Payroll | 3.15% | 3.12% |

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "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 INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

1. Changes of benefit terms

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

2. Changes of assumptions

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

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

2. Changes of assumptions (Continued)

12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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COMBINING AND OTHER STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for Federal, State, and locally funded grants. These grants, referred to as projects, are awarded to the Laredo Independent School District with the purpose of accomplishing specific educational purposes.

211 ESEA, Title I, Part A - Improving Basic Program

This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

212 ESEA, Title I, Part C - Education of Migratory Children

This fund classification is to be used to account, on a project basis, for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

224 IDEA, Part B - Formula

This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

225 IDEA, Part B - Preschool

This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities.

226 IDEA, Part B - Discretionary (Deaf)

This fund classification is to be used to account, on a project basis, for funds used to support an Education Service Center (ESC) special education component and also:

- Targeted support to LEA's
- Regional Day School Programs for the Deaf
- Private residential placements
- Priority projects
- Other emerging needs

227 IDEA, Part B - Formula (Deaf)

This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with deaf and hard of hearing disabilities.

228 IDEA, Part B - Preschool (Deaf)

This fund classification is to be used to account, on a project basis, for funds granted for preschool children with deaf and hard of hearing disabilities.

242 Summer Feeding Program, Texas Department of Agriculture (TDA)

This fund classification is to be used to account, on a project basis, for funds received from the Department of Human Services that are awarded for meals provided to the community based on the average number of daily participants. This fund should be used regardless of whether a school district's National School Breakfast and Lunch Program is accounted for in the General Fund (101), a Special Revenue Fund (240) or an Enterprise Fund (701).

244 Title I, Part C – Carl d. Perkins Career and Technical Edu. Grant

This fund classification is to be used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at 1) a limited number of campuses (sites) or 2) a limited number of program areas.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

253 IDEA, Part C- Early Childhood Intervention (Deaf)

This fund classification is to be used to account, on a project basis, for funds granted to operate educational intervention program for children, birth to three, with disabilities and developmental delays.

255 ESEA, Title II, Part A

This fund classification is to be used to provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

263 ESEA, Title III, Part A – English Language Acquisition

This fund classification is to be used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

288 Aware (Advancing Wellness and Resilience in Education) Grant

This fund classification is to be used to account for funds granted to support the training of school personnel and other adults who interact with youth in both school setting and communities to detect and respond to mental illness in children and youth, including how to encourage adolescents and their families experiencing these problems to seek treatment.

289 Other Federal Special Revenue Funds

This fund classification is to be used to account, on a project basis, for funds granted to provide professional and contracted services, existing supplementary software updates, training, and summer school for limited English proficient children.

394 Life Skill Program

This fund classification is to be used to account, on a project basis, for funds granted to provide pregnant and parenting students the services needed to keep them in school until completion.

397 Advanced Placement Incentives

This fund classification is to be used to recognize and reward those students, teachers, and schools that successfully achieve the educational goals of the state. The subsidies and awards granted are for the purpose of promoting academic enhancement.

410 Instructional Materials Allotment

This fund classification is to be used to account, on a project basis, for funds awarded to school districts to purchase technological software, equipment, or textbooks that contribute to student learning, or to pay for training for educational personnel involved in the use of these materials.

424 LEOSE

This fund classification is to be used to account, on a project basis, for funds awarded to qualified Law Enforcement Agencies for costs related to the continuing education of persons licensed under Chapter 1701, Occupations Code.

429 Pre-K Grant and Other Local

The Pre-K Grant Program presents an opportunity for LISD to provide universal access to quality prekindergarten services and boost achievement among our minority students.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

435 Regional Day School for the Deaf

This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis for funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD). These funds are not to be used to pay salaries of teachers with a teaching assignment other than deaf students in the RDSPD. State deaf funds should not be used to pay the salary of teachers of American Sign Language as a foreign language at the junior high or high school level, as this is a course for regular education credit.

461 Campus Activity

This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

482 Dr. Hochman Classroom Grant

This fund classification is to be used to account for awards granted to teachers on a need basis allowing purchases for educational materials and supplies.

483 Equitable Sharing Program

This fund classification is to be used to account, on a project basis, for funds awarded to the Laredo ISD Police Department for law enforcement investigations, training, equipment, travel, awareness, gang education and awareness programs.

484 OCDETF Grant

This fund classification is used to account, on a project basis, for funds granted to the Laredo ISD Department for overtime and/or other costs associated with law enforcement.

485 UTMB: University of Texas Medical Branch Health HCOE

This fund classification is to be used to in support of the Hispanic Center of Excellence Medical Careers Diversity Program.

487 TFB Garden Grant

This fund classification is to be used to account for the implementation of small gardens at school locations.

488 Advertising Funds

This fund classification is to be used, on a project basis, to account for proceeds from advertising activities and to earmark the proceeds to promote school projects and educational programs that directly benefit students.

489 Body Worn Camera

This fund classification is used to account for funds granted to the Laredo ISD Police Department for the implementation of the District's body-worn camera project.

490 Performing Arts Center

This fund classification is to be used to account for rental receipts from the auditorium, ballroom, meeting rooms, Veterans Field and swimming pool, and the disbursements for its operation and maintenance.

491 Anti- Gang Project

This fund classification is used to account for overtime incurred by the Laredo ISD Police Department Officer working the Anti-Gang detail. The Anti-Gang Project targets criminal street gangs and juvenile delinquency in our schools and community.

496 Marching Band Festival

This fund classification is to be used to account for band festival receipts and disbursements related to band festival.

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LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 212 ESEA Title I Part C Migrant | 224 IDEA - Part B Formula |
|--|--|--|---------------------------------|
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ - | \$ - | \$ - |
| 1120 Investments - Current | - | - | - |
| 1220 Property Taxes - Delinquent | - | - | - |
| 1230 Allowance for Uncollectible Taxes (Credit) | - | - | - |
| 1240 Receivables from Other Governments | 2,261,024 | 15,716 | 915,169 |
| 1250 Accrued Interest | - | - | - |
| 1260 Due from Other Funds | - | - | - |
| 1290 Other Receivables | - | 14 | - |
| 1900 Other Assets | - | - | - |
| 1000 Total Assets | <u>\$ 2,261,024</u> | <u>\$ 15,730</u> | <u>\$ 915,169</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | \$ 61,128 | \$ 1,558 | \$ 39,239 |
| 2160 Accrued Wages Payable | 589,164 | 570 | 166,840 |
| 2170 Due to Other Funds | 1,610,732 | 13,602 | 709,090 |
| 2300 Unearned Revenues | - | - | - |
| 2000 Total Liabilities | <u>2,261,024</u> | <u>15,730</u> | <u>915,169</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 Unavailable Revenue - Property Taxes | - | - | - |
| 2600 Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Restricted Fund Balance: | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - |
| 3470 Capital Acquisition and Contractual Obligation | - | - | - |
| 3480 Retirement of Long-Term Debt | - | - | - |
| 3490 Administration Building WCPSF | - | - | - |
| Committed Fund Balance: | | | |
| 3510 Construction | - | - | - |
| 3545 Other Committed Fund Balance | - | - | - |
| Assigned Fund Balance: | | | |
| 3590 Other Assigned Fund Balance | - | - | - |
| 3000 Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 2,261,024</u> | <u>\$ 15,730</u> | <u>\$ 915,169</u> |

| 225 IDEA - Part B Preschool | 226 IDEA - Part B Discretionary | 227 IDEA - Part B Deaf | 228 IDEA - Part B Preschool Deaf | 242 Summer Feeding Program | 244 Career and Technical - Basic Grant | 253 IDEA Part C Deaf - Early Intervention | 255 ESEA II, A Training and Recruiting |
|-----------------------------------|---------------------------------------|------------------------------|---|-------------------------------------|---|--|---|
| \$ - | \$ - | \$ - | \$ - | \$ 209,580 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 88 | - | 4,404 | 219 | - | 22,996 | - | 394,108 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 88</u> | <u>\$ -</u> | <u>\$ 4,404</u> | <u>\$ 219</u> | <u>\$ 209,580</u> | <u>\$ 22,996</u> | <u>\$ -</u> | <u>\$ 394,108</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 88,347 | \$ - | \$ - | \$ 5,046 |
| - | - | - | - | 44,760 | 7,612 | - | 95,592 |
| 88 | - | 4,404 | 219 | 76,473 | 15,384 | - | 293,470 |
| - | - | - | - | - | - | - | - |
| <u>88</u> | <u>-</u> | <u>4,404</u> | <u>219</u> | <u>209,580</u> | <u>22,996</u> | <u>-</u> | <u>394,108</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 88</u> | <u>\$ -</u> | <u>\$ 4,404</u> | <u>\$ 219</u> | <u>\$ 209,580</u> | <u>\$ 22,996</u> | <u>\$ -</u> | <u>\$ 394,108</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

| Data Control Codes | 263 Title III, A English Lang Acquisition | 288 Aware Grant | 289 Other Federal Special Revenue Funds | 394 Life Skills Program |
|--------------------------------------|--|-----------------------|--|----------------------------------|
| ASSETS | | | | |
| 1110 | Cash and Cash Equivalents | \$ - | \$ - | \$ - |
| 1120 | Investments - Current | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (Credit) | - | - | - |
| 1240 | Receivables from Other Governments | 52,800 | - | - |
| 1250 | Accrued Interest | - | - | - |
| 1260 | Due from Other Funds | - | - | - |
| 1290 | Other Receivables | - | - | - |
| 1900 | Other Assets | - | - | - |
| 1000 | Total Assets | <u>\$ 52,800</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| 2110 | Accounts Payable | \$ - | \$ - | \$ - |
| 2160 | Accrued Wages Payable | 28,562 | - | - |
| 2170 | Due to Other Funds | 24,238 | - | - |
| 2300 | Unearned Revenues | - | - | - |
| 2000 | Total Liabilities | <u>52,800</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 | Unavailable Revenue - Property Taxes | - | - | - |
| 2600 | Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| 3450 | Federal or State Funds Grant Restriction | - | - | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - |
| 3490 | Administration Building WCPSF | - | - | - |
| Committed Fund Balance: | | | | |
| 3510 | Construction | - | - | - |
| 3545 | Other Committed Fund Balance | - | - | - |
| Assigned Fund Balance: | | | | |
| 3590 | Other Assigned Fund Balance | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 52,800</u> | <u>\$ -</u> | <u>\$ -</u> |

| 397 Advanced Placement Incentives | 410 Instructional Materials Allotment | 424 LEOSE | 429 Pre-K Grant and Other Local | 435 SSA Regional Day School - Deaf | 461 Campus Activity Funds | 482 Dr. Hochman Classroom Grant | 483 Equitable Sharing Program |
|--|--|---------------|--|---|------------------------------------|--|--|
| \$ 45,076 | \$ 106,316 | \$ 658 | \$ - | \$ 518,108 | \$ 362,946 | \$ 4,561 | \$ 23,065 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 448,078 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 15,572 |
| - | - | - | - | - | 1,111 | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 45,076</u> | <u>\$ 106,316</u> | <u>\$ 658</u> | <u>\$ 448,078</u> | <u>\$ 518,108</u> | <u>\$ 364,057</u> | <u>\$ 4,561</u> | <u>\$ 38,637</u> |
| \$ - | \$ 40,888 | \$ - | \$ 448,078 | \$ - | \$ 20,262 | \$ - | \$ - |
| - | - | - | - | 39,730 | - | - | - |
| - | 4,235 | - | - | - | 344 | - | 2,691 |
| - | 52,573 | 658 | - | - | - | - | 35,946 |
| - | <u>97,696</u> | <u>658</u> | <u>448,078</u> | <u>39,730</u> | <u>20,606</u> | - | <u>38,637</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 45,076 | 8,620 | - | - | 478,378 | - | 4,561 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 343,451 | - | - |
| - | - | - | - | - | - | - | - |
| <u>45,076</u> | <u>8,620</u> | <u>-</u> | <u>-</u> | <u>478,378</u> | <u>343,451</u> | <u>4,561</u> | <u>-</u> |
| <u>\$ 45,076</u> | <u>\$ 106,316</u> | <u>\$ 658</u> | <u>\$ 448,078</u> | <u>\$ 518,108</u> | <u>\$ 364,057</u> | <u>\$ 4,561</u> | <u>\$ 38,637</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

| Data Control Codes | 484 OCDEF Grant | 485 UTMB Health HCOE | 487 TFB Garden Grant | 488 Advertising | |
|--------------------------------------|--|-------------------------------|----------------------------|--------------------|------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ - | \$ - | \$ 87 | \$ 77,284 |
| 1120 | Investments - Current | - | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (Credit) | - | - | - | - |
| 1240 | Receivables from Other Governments | 5,452 | - | - | - |
| 1250 | Accrued Interest | - | - | - | - |
| 1260 | Due from Other Funds | 2,691 | - | - | - |
| 1290 | Other Receivables | - | - | - | - |
| 1900 | Other Assets | - | - | - | - |
| 1000 | Total Assets | <u>\$ 8,143</u> | <u>\$ -</u> | <u>\$ 87</u> | <u>\$ 77,284</u> |
| LIABILITIES | | | | | |
| 2110 | Accounts Payable | \$ - | \$ - | \$ 84 | \$ 1,117 |
| 2160 | Accrued Wages Payable | 2,470 | - | - | - |
| 2170 | Due to Other Funds | 5,673 | - | - | - |
| 2300 | Unearned Revenues | - | - | 3 | - |
| 2000 | Total Liabilities | <u>8,143</u> | <u>-</u> | <u>87</u> | <u>1,117</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| 2601 | Unavailable Revenue - Property Taxes | - | - | - | - |
| 2600 | Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted Fund Balance: | | | | | |
| 3450 | Federal or State Funds Grant Restriction | - | - | - | - |
| 3470 | Capital Acquisition and Contractual Obligation | - | - | - | - |
| 3480 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Administration Building WCPSF | - | - | - | - |
| Committed Fund Balance: | | | | | |
| 3510 | Construction | - | - | - | - |
| 3545 | Other Committed Fund Balance | - | - | - | - |
| Assigned Fund Balance: | | | | | |
| 3590 | Other Assigned Fund Balance | - | - | - | 76,167 |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>76,167</u> |
| 4000 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 8,143</u> | <u>\$ -</u> | <u>\$ 87</u> | <u>\$ 77,284</u> |

| 489 Body Worn Camera | 490 Performing Arts Center | 491 Anti-Gang Project | 496 Marching Band Festival | Total Nonmajor Special Revenue Funds | 511 Debt Service Fund | 616 Capital Projects | 625 QZAB 2000 Series |
|----------------------------|-------------------------------------|-----------------------------|----------------------------------|---|--------------------------------|----------------------------|-------------------------------|
| \$ - | \$ 41,254 | \$ - | \$ - | \$ 1,388,935 | \$ 859,902 | \$ 6,952,559 | \$ 14,426 |
| - | - | - | - | - | 4,588,446 | 2,470,000 | - |
| - | - | - | - | - | 656,778 | - | - |
| - | - | - | - | - | (476,052) | - | - |
| - | - | - | - | 4,120,054 | 989,591 | - | - |
| - | - | - | - | - | 60,093 | 37,866 | - |
| - | - | - | - | 18,263 | 8,853 | 14 | - |
| - | - | - | - | 1,125 | - | - | - |
| - | - | - | - | - | - | 7,387,000 | - |
| <u>\$ -</u> | <u>\$ 41,254</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,528,377</u> | <u>\$ 6,687,611</u> | <u>\$ 16,847,439</u> | <u>\$ 14,426</u> |
| \$ - | \$ 33,376 | \$ - | \$ - | \$ 739,123 | \$ - | \$ 79,841 | \$ 14,420 |
| - | 6,070 | - | - | 981,370 | - | - | - |
| - | - | - | - | 2,760,643 | - | 418,741 | 6 |
| - | 1,808 | - | - | 90,988 | - | - | - |
| <u>-</u> | <u>41,254</u> | <u>-</u> | <u>-</u> | <u>4,572,124</u> | <u>-</u> | <u>498,582</u> | <u>14,426</u> |
| - | - | - | - | - | 180,726 | - | - |
| - | - | - | - | - | 180,726 | - | - |
| - | - | - | - | 536,635 | - | - | - |
| - | - | - | - | - | - | 74,102 | - |
| - | - | - | - | - | 6,506,885 | - | - |
| - | - | - | - | - | - | 3,218,263 | - |
| - | - | - | - | - | - | 13,056,492 | - |
| - | - | - | - | 343,451 | - | - | - |
| - | - | - | - | 76,167 | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>956,253</u> | <u>6,506,885</u> | <u>16,348,857</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ 41,254</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,528,377</u> | <u>\$ 6,687,611</u> | <u>\$ 16,847,439</u> | <u>\$ 14,426</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

| Data Control Codes | 626 QZAB 2001 Series | 630 QZAB 2005 Series | 695 EDA 2005 Series | 698 IFA 2006 Series |
|--|-------------------------------|-------------------------------|------------------------------|------------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ 11,077 | \$ 8,554 | \$ 2,922,429 | \$ 1,626,491 |
| 1120 Investments - Current | - | - | - | - |
| 1220 Property Taxes - Delinquent | - | - | - | - |
| 1230 Allowance for Uncollectible Taxes (Credit) | - | - | - | - |
| 1240 Receivables from Other Governments | - | - | - | - |
| 1250 Accrued Interest | - | - | - | - |
| 1260 Due from Other Funds | - | - | - | - |
| 1290 Other Receivables | - | - | - | - |
| 1900 Other Assets | - | - | - | - |
| 1000 Total Assets | <u>\$ 11,077</u> | <u>\$ 8,554</u> | <u>\$ 2,922,429</u> | <u>\$ 1,626,491</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ 11,073 | \$ 8,551 | \$ 207,888 | \$ 331,026 |
| 2160 Accrued Wages Payable | - | - | - | - |
| 2170 Due to Other Funds | 4 | 3 | 10,842 | - |
| 2300 Unearned Revenues | - | - | - | - |
| 2000 Total Liabilities | <u>11,077</u> | <u>8,554</u> | <u>218,730</u> | <u>331,026</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 Unavailable Revenue - Property Taxes | - | - | - | - |
| 2600 Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - | - |
| 3470 Capital Acquisition and Contractual Obligation | - | - | 2,703,699 | 1,295,465 |
| 3480 Retirement of Long-Term Debt | - | - | - | - |
| 3490 Administration Building WCPSF | - | - | - | - |
| Committed Fund Balance: | | | | |
| 3510 Construction | - | - | - | - |
| 3545 Other Committed Fund Balance | - | - | - | - |
| Assigned Fund Balance: | | | | |
| 3590 Other Assigned Fund Balance | - | - | - | - |
| 3000 Total Fund Balances | <u>-</u> | <u>-</u> | <u>2,703,699</u> | <u>1,295,465</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 11,077</u> | <u>\$ 8,554</u> | <u>\$ 2,922,429</u> | <u>\$ 1,626,491</u> |

| Total Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|---|--|
| \$ 11,535,536 | \$ 13,784,373 |
| 2,470,000 | 7,058,446 |
| - | 656,778 |
| - | (476,052) |
| - | 5,109,645 |
| 37,866 | 97,959 |
| 14 | 27,130 |
| - | 1,125 |
| 7,387,000 | 7,387,000 |
| <u>\$ 21,430,416</u> | <u>\$ 33,646,404</u> |
| | |
| \$ 652,799 | \$ 1,391,922 |
| - | 981,370 |
| 429,596 | 3,190,239 |
| - | 90,988 |
| <u>1,082,395</u> | <u>5,654,519</u> |
| | |
| - | 180,726 |
| <u>-</u> | <u>180,726</u> |
| | |
| - | 536,635 |
| 4,073,266 | 4,073,266 |
| - | 6,506,885 |
| 3,218,263 | 3,218,263 |
| | |
| 13,056,492 | 13,056,492 |
| - | 343,451 |
| | |
| - | 76,167 |
| <u>20,348,021</u> | <u>27,811,159</u> |
| | |
| <u>\$ 21,430,416</u> | <u>\$ 33,646,404</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 212 ESEA Title I Part C Migrant | 224 IDEA - Part B Formula |
|---|--|--|---------------------------------|
| REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | - | - | - |
| 5900 Federal Program Revenues | 16,145,127 | 296,783 | 5,062,099 |
| 5020 Total Revenues | <u>16,145,127</u> | <u>296,783</u> | <u>5,062,099</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 10,825,946 | 66,100 | 3,279,695 |
| 0012 Instructional Resources and Media Services | 265,668 | - | - |
| 0013 Curriculum and Instructional Staff Development | 1,739,830 | 1,075 | 110,046 |
| 0021 Instructional Leadership | 198,711 | 78,684 | 293,879 |
| 0023 School Leadership | 93,480 | - | - |
| 0031 Guidance, Counseling and Evaluation Services | 679,113 | 54,677 | 1,208,807 |
| 0032 Social Work Services | 239,115 | - | - |
| 0033 Health Services | 1,021,666 | 1,009 | 129,768 |
| 0034 Student (Pupil) Transportation | - | 5,843 | 2,400 |
| 0035 Food Services | - | - | - |
| 0036 Extracurricular Activities | 27,800 | - | 29,711 |
| 0041 General Administration | - | - | - |
| 0051 Facilities Maintenance and Operations | 51,200 | 298 | - |
| 0052 Security and Monitoring Services | 43,513 | - | - |
| 0053 Data Processing Services | - | - | - |
| 0061 Community Services | 959,085 | 89,097 | 7,793 |
| Debt Service: | | | |
| 0071 Principal on Long Term Debt | - | - | - |
| 0072 Interest on Long Term Debt | - | - | - |
| 0073 Bond Issuance Cost and Fees | - | - | - |
| Capital Outlay: | | | |
| 0081 Facilities Acquisition and Construction | - | - | - |
| Intergovernmental: | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | - | - | - |
| 6030 Total Expenditures | <u>16,145,127</u> | <u>296,783</u> | <u>5,062,099</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| 7915 Transfers In | - | - | - |
| 8911 Transfers Out (Use) | - | - | - |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

| 225 IDEA - Part B Preschool | 226 IDEA - Part B Discretionary | 227 IDEA - Part B Deaf | 228 IDEA - Part B Preschool Deaf | 242 Summer Feeding Program | 244 Career and Technical - Basic Grant | 253 IDEA Part C Deaf - Early Intervention | 255 ESEA II, A Training and Recruiting |
|-----------------------------------|---------------------------------------|------------------------------|---|-------------------------------------|---|--|---|
| \$ - | \$ - | \$ - | \$ - | \$ 2,411 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| 11,295 | 8,485 | 10,227 | 3,382 | 810,127 | 422,187 | 610 | 2,177,288 |
| 11,295 | 8,485 | 10,227 | 3,382 | 812,538 | 422,187 | 610 | 2,177,288 |
| 11,295 | 2,485 | 9,007 | 3,382 | - | 274,098 | 610 | 1,705,828 |
| - | - | - | - | - | - | - | - |
| - | - | 1,220 | - | - | 92,578 | - | 314,837 |
| - | - | - | - | - | 2,978 | - | 156,008 |
| - | - | - | - | - | - | - | 615 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 812,538 | - | - | - |
| - | - | - | - | - | 8,732 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 41,603 | - | - |
| - | - | - | - | - | 2,198 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 6,000 | - | - | - | - | - | - |
| 11,295 | 8,485 | 10,227 | 3,382 | 812,538 | 422,187 | 610 | 2,177,288 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | 263 Title III, A English Lang Acquisition | 288 Aware Grant | 289 Other Federal Special Revenue Funds | 394 Life Skills Program |
|--|--|-----------------------|--|----------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ 209,640 |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | <u>1,578,992</u> | <u>48,727</u> | <u>48,976</u> | <u>-</u> |
| 5020 Total Revenues | <u>1,578,992</u> | <u>48,727</u> | <u>48,976</u> | <u>209,640</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 1,241,230 | - | 48,976 | 209,640 |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | 43,242 | - | - | - |
| 0021 Instructional Leadership | 53,983 | - | - | - |
| 0023 School Leadership | 8 | - | - | - |
| 0031 Guidance, Counseling and Evaluation Services | - | 47,678 | - | - |
| 0032 Social Work Services | - | 1,049 | - | - |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Facilities Maintenance and Operations | 7,845 | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | 232,684 | - | - | - |
| Debt Service: | | | | |
| 0071 Principal on Long Term Debt | - | - | - | - |
| 0072 Interest on Long Term Debt | - | - | - | - |
| 0073 Bond Issuance Cost and Fees | - | - | - | - |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | - | - | - | - |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | - | - | - | - |
| 6030 Total Expenditures | <u>1,578,992</u> | <u>48,727</u> | <u>48,976</u> | <u>209,640</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | - | - | - | - |
| 8911 Transfers Out (Use) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | - | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 397 Advanced Placement Incentives | 410 Instructional Materials Allotment | 424 LEOSE | 429 Pre-K Grant and Other Local | 435 SSA Regional Day School - Deaf | 461 Campus Activity Funds | 482 Dr. Hochman Classroom Grant | 483 Equitable Sharing Program |
|--|--|--------------|--|---|------------------------------------|--|--|
| \$ - | \$ 6,367 | \$ - | \$ - | \$ 476,666 | \$ 869,473 | \$ - | \$ 78 |
| - | 3,701,838 | 2,153 | 448,105 | 245,440 | - | - | - |
| - | - | - | - | - | - | - | 32,813 |
| - | 3,708,205 | 2,153 | 448,105 | 722,106 | 869,473 | - | 32,891 |
| 351 | 3,663,948 | - | 448,078 | 660,405 | 87,563 | 2,447 | - |
| - | - | - | 27 | - | 35,579 | - | - |
| - | 7,462 | - | - | - | - | - | - |
| 341 | 20,775 | - | - | - | - | - | - |
| - | - | - | - | - | 27,519 | - | - |
| - | - | - | - | 58,633 | 799 | - | - |
| - | - | - | - | - | 746 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 410,072 | - | - |
| - | 20,113 | - | - | - | - | - | - |
| - | - | - | - | - | 6,715 | - | - |
| - | - | 2,153 | - | - | 12,056 | - | 32,891 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 311,880 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 692 | 3,712,298 | 2,153 | 448,105 | 719,038 | 892,929 | 2,447 | 32,891 |
| (692) | (4,093) | - | - | 3,068 | (23,456) | (2,447) | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (692) | (4,093) | - | - | 3,068 | (23,456) | (2,447) | - |
| 45,768 | 12,713 | - | - | 475,310 | 366,907 | 7,008 | - |
| \$ 45,076 | \$ 8,620 | \$ - | \$ - | \$ 478,378 | \$ 343,451 | \$ 4,561 | \$ - |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | 484 OCDETF Grant | 485 UTMB Health HCOE | 487 TFB Garden Grant | 488 Advertising |
|---|------------------------|-------------------------------|----------------------------|--------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ 1,392 | \$ 497 | \$ 28,500 |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | 17,963 | - | - | - |
| 5020 Total Revenues | <u>17,963</u> | <u>1,392</u> | <u>497</u> | <u>28,500</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | - | 1,392 | - | - |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | - | - | - |
| 0021 Instructional Leadership | - | - | - | - |
| 0023 School Leadership | - | - | - | - |
| 0031 Guidance, Counseling and Evaluation Services | - | - | - | - |
| 0032 Social Work Services | - | - | - | - |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | 497 | 3,608 |
| 0052 Security and Monitoring Services | 17,963 | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | - | - | - | - |
| Debt Service: | | | | |
| 0071 Principal on Long Term Debt | - | - | - | - |
| 0072 Interest on Long Term Debt | - | - | - | - |
| 0073 Bond Issuance Cost and Fees | - | - | - | - |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | - | - | - | - |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | - | - | - | - |
| 6030 Total Expenditures | <u>17,963</u> | <u>1,392</u> | <u>497</u> | <u>3,608</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,892</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | - | - | - | - |
| 8911 Transfers Out (Use) | - | - | - | - |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | - | - | - | 24,892 |
| 0100 Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>51,275</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 76,167</u> |

| 489 Body Worn Camera | 490 Performing Arts Center | 491 Anti-Gang Project | 496 Marching Band Festival | Total Nonmajor Special Revenue Funds | 511 Debt Service Fund | 616 Capital Projects | 625 QZAB 2000 Series |
|----------------------------|-------------------------------------|-----------------------------|----------------------------------|---|--------------------------------|----------------------------|-------------------------------|
| \$ - | \$ 184,955 | \$ - | \$ 13,225 | \$ 1,793,204 | \$ 7,407,735 | \$ 948,226 | \$ - |
| - | - | - | - | 4,397,536 | 20,316,652 | - | - |
| 2,151 | - | 1,264 | - | 26,678,496 | - | - | - |
| 2,151 | 184,955 | 1,264 | 13,225 | 32,869,236 | 27,724,387 | 948,226 | - |
| - | - | - | - | 22,542,476 | - | - | - |
| - | - | - | - | 301,274 | - | - | - |
| - | - | - | - | 2,310,290 | - | - | - |
| - | - | - | - | 805,359 | - | - | - |
| - | - | - | - | 121,622 | - | - | - |
| - | - | - | - | 2,049,707 | - | - | - |
| - | - | - | - | 240,164 | - | - | - |
| - | - | - | - | 1,153,189 | - | - | - |
| - | - | - | - | 8,243 | - | - | - |
| - | - | - | - | 812,538 | - | - | - |
| - | 5,655 | - | 11,070 | 493,040 | - | - | - |
| - | 75,238 | - | - | 95,351 | - | - | - |
| - | 553,226 | - | - | 623,389 | - | - | - |
| 2,151 | 73,161 | 1,264 | 2,155 | 187,307 | - | - | - |
| - | - | - | - | 41,603 | - | - | - |
| - | 129,839 | - | - | 1,732,576 | - | - | - |
| - | - | - | - | - | 13,200,573 | - | - |
| - | - | - | - | - | 13,737,690 | - | - |
| - | - | - | - | - | 6,801 | - | - |
| - | - | - | - | - | - | 866,714 | - |
| - | - | - | - | 6,000 | - | - | - |
| 2,151 | 837,119 | 1,264 | 13,225 | 33,524,128 | 26,945,064 | 866,714 | - |
| - | (652,164) | - | - | (654,892) | 779,323 | 81,512 | - |
| - | 582,056 | - | - | 582,056 | 409,887 | 14,691,921 | - |
| - | - | - | - | - | - | - | - |
| - | 582,056 | - | - | 582,056 | 409,887 | 14,691,921 | - |
| - | (70,108) | - | - | (72,836) | 1,189,210 | 14,773,433 | - |
| - | 70,108 | - | - | 1,029,089 | 5,317,675 | 1,575,424 | - |
| \$ - | \$ - | \$ - | \$ - | \$ 956,253 | \$ 6,506,885 | \$ 16,348,857 | \$ - |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | 626 QZAB 2001 Series | 630 QZAB 2005 Series | 695 EDA 2005 Series | 698 IFA 2006 Series |
|---|-------------------------------|-------------------------------|------------------------------|------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ 14,842 | \$ 5,987 |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | - | - | - | - |
| 5020 Total Revenues | <u>-</u> | <u>-</u> | <u>14,842</u> | <u>5,987</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | - | - | - | - |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | - | - | - |
| 0021 Instructional Leadership | - | - | - | - |
| 0023 School Leadership | - | - | - | - |
| 0031 Guidance, Counseling and Evaluation Services | - | - | - | - |
| 0032 Social Work Services | - | - | - | - |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | - | - | - | - |
| Debt Service: | | | | |
| 0071 Principal on Long Term Debt | - | - | - | - |
| 0072 Interest on Long Term Debt | - | - | - | - |
| 0073 Bond Issuance Cost and Fees | - | - | - | - |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | - | - | 2,040,767 | 367,670 |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | - | - | - | - |
| 6030 Total Expenditures | <u>-</u> | <u>-</u> | <u>2,040,767</u> | <u>367,670</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>(2,025,925)</u> | <u>(361,683)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | - | - | - | - |
| 8911 Transfers Out (Use) | - | - | (194,417) | - |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(194,417)</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | - | - | (2,220,342) | (361,683) |
| 0100 Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>4,924,041</u> | <u>1,657,148</u> |
| 3000 Fund Balance - August 31 (Ending) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,703,699</u></u> | <u><u>\$ 1,295,465</u></u> |

| Total Nonmajor Capital Project Funds | Total Nonmajor Governmental Funds |
|---|--|
| \$ 969,055 | \$ 10,169,994 |
| - | 24,714,188 |
| - | 26,678,496 |
| <u>969,055</u> | <u>61,562,678</u> |
| - | 22,542,476 |
| - | 301,274 |
| - | 2,310,290 |
| - | 805,359 |
| - | 121,622 |
| - | 2,049,707 |
| - | 240,164 |
| - | 1,153,189 |
| - | 8,243 |
| - | 812,538 |
| - | 493,040 |
| - | 95,351 |
| - | 623,389 |
| - | 187,307 |
| - | 41,603 |
| - | 1,732,576 |
| - | 13,200,573 |
| - | 13,737,690 |
| - | 6,801 |
| 3,275,151 | 3,275,151 |
| - | 6,000 |
| <u>3,275,151</u> | <u>63,744,343</u> |
| <u>(2,306,096)</u> | <u>(2,181,665)</u> |
| 14,691,921 | 15,683,864 |
| (194,417) | (194,417) |
| <u>14,497,504</u> | <u>15,489,447</u> |
| 12,191,408 | 13,307,782 |
| <u>8,156,613</u> | <u>14,503,377</u> |
| <u>\$ 20,348,021</u> | <u>\$ 27,811,159</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

| | BALANCE SEPTEMBER 1 2015 | ADDITIONS | DEDUCTIONS | BALANCE AUGUST 31 2016 |
|--|--------------------------------|--------------|--------------|------------------------------|
| STUDENT ACTIVITY ACCOUNT | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 306,922 | \$ 1,527,608 | \$ 1,512,911 | \$ 321,619 |
| Liabilities: | | | | |
| Due to Student Groups | \$ 306,922 | \$ 1,527,608 | \$ 1,512,911 | \$ 321,619 |
| BACK TO SCHOOL ASSISTANCE PROGRAM | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 11,506 | \$ 8,514 | \$ 5,081 | \$ 14,939 |
| Liabilities: | | | | |
| Due to Student Groups | \$ 11,506 | \$ 8,514 | \$ 5,081 | \$ 14,939 |
| DONATIONS FUND | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 33,174 | \$ 18,557 | \$ 19,519 | \$ 32,212 |
| Liabilities: | | | | |
| Accounts Payable | \$ 2,010 | \$ - | \$ 2,010 | \$ - |
| Due to Student Groups | 31,164 | 18,557 | 17,509 | 32,212 |
| Total Liabilities | \$ 33,174 | \$ 18,557 | \$ 19,519 | \$ 32,212 |
| SCHOLARSHIPS FUND | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 73,949 | \$ 49,817 | \$ 72,384 | \$ 51,382 |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,000 | \$ 600 | \$ 1,000 | \$ 600 |
| Due to Student Groups | 72,949 | 49,217 | 71,384 | 50,782 |
| Total Liabilities | \$ 73,949 | \$ 49,817 | \$ 72,384 | \$ 51,382 |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 425,551 | \$ 1,604,496 | \$ 1,609,895 | \$ 420,152 |
| Liabilities: | | | | |
| Accounts Payable | \$ 3,010 | \$ 600 | \$ 3,010 | \$ 600 |
| Due to Student Groups | 422,541 | 1,603,896 | 1,606,885 | 419,552 |
| Total Liabilities | \$ 425,551 | \$ 1,604,496 | \$ 1,609,895 | \$ 420,152 |

T.E.A. REQUIRED SCHEDULES

| (10) Beginning Balance 9/1/2015 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2016 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 919,405 | \$ - | \$ 39,744 | \$ 5,669 | \$ (136,634) | \$ 737,358 |
| 157,802 | - | 5,512 | 1,240 | (1,175) | 149,875 |
| 192,430 | - | 6,260 | 1,409 | (781) | 183,980 |
| 190,593 | - | 9,185 | 2,067 | (632) | 178,709 |
| 192,538 | - | 15,840 | 3,564 | 1,041 | 174,175 |
| 251,915 | - | 22,507 | 5,064 | 1,184 | 225,528 |
| 270,984 | - | 36,624 | 8,240 | 1,595 | 227,715 |
| 332,202 | - | 74,781 | 16,826 | 145 | 240,740 |
| 838,720 | - | 346,374 | 123,496 | (29,013) | 339,837 |
| - | 28,362,607 | 20,189,434 | 6,901,289 | (391,007) | 880,877 |
| <u>\$ 3,346,589</u> | <u>\$ 28,362,607</u> | <u>\$ 20,746,261</u> | <u>\$ 7,068,864</u> | <u>\$ (555,277)</u> | <u>\$ 3,338,795</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2016

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--|---|--------------|--------------------------------|--|-------------|
| | Original | Final | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 7,432,397 | \$ 7,432,397 | \$ 7,407,735 | \$ (24,662) |
| 5800 | State Program Revenues | 19,395,549 | 19,395,549 | 20,316,652 | 921,103 |
| 5020 | Total Revenues | 26,827,946 | 26,827,946 | 27,724,387 | 896,441 |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| 0071 | Principal on Long Term Debt | 13,200,574 | 13,200,574 | 13,200,573 | 1 |
| 0072 | Interest on Long Term Debt | 13,737,690 | 13,737,690 | 13,737,690 | - |
| 0073 | Bond Issuance Cost and Fees | 20,000 | 20,000 | 6,801 | 13,199 |
| 6030 | Total Expenditures | 26,958,264 | 26,958,264 | 26,945,064 | 13,200 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | (130,318) | (130,318) | 779,323 | 909,641 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7915 | Transfers In | 409,888 | 409,888 | 409,887 | (1) |
| 1200 | Net Change in Fund Balances | 279,570 | 279,570 | 1,189,210 | 909,640 |
| 0100 | Fund Balance - September 1 (Beginning) | - | 5,317,675 | 5,317,675 | - |
| 3000 | Fund Balance - August 31 (Ending) | \$ 279,570 | \$ 5,597,245 | \$ 6,506,885 | \$ 909,640 |

CAPITAL ASSETS

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2016

| LOCATION AND ACTIVITY | TOTALS | LAND | BUILDINGS | FURNITURE & EQUIPMENT |
|------------------------------------|---------------|--------------|---------------|-----------------------|
| High Schools: | | | | |
| Martin | \$ 82,055,517 | \$ 6,033,289 | \$ 73,921,359 | \$ 2,100,869 |
| Nixon | 72,651,689 | 3,250,112 | 67,211,444 | 2,190,133 |
| Cigarroa | 34,570,185 | 872,258 | 31,686,601 | 2,011,326 |
| VMT Communications & Arts | 22,848,697 | 83,362 | 21,909,066 | 856,269 |
| Francisco Lara Academy | 2,707,498 | - | 2,651,006 | 56,492 |
| Early College High School @ TAMIU | 9,210,051 | 249,109 | 8,476,654 | 484,288 |
| Valdez | 896,123 | 3,106 | 893,017 | |
| Middle Schools: | | | | |
| Christen | 29,246,408 | 117,596 | 28,359,732 | 769,080 |
| Lamar | 12,376,044 | 186,887 | 11,442,567 | 746,590 |
| Cigarroa | 11,801,871 | - | 11,425,431 | 376,440 |
| Memorial | 15,389,217 | 447,337 | 14,182,370 | 759,510 |
| Elementary Schools: | | | | |
| Bruni | 8,154,293 | 6,139 | 7,819,365 | 328,789 |
| Jose Gallegos | 10,513,378 | 694,545 | 9,463,464 | 355,369 |
| Daiches | 9,247,408 | 28,111 | 8,936,353 | 282,944 |
| Farias | 12,057,223 | 1,750,761 | 9,965,518 | 340,944 |
| Heights | 8,112,961 | 400,313 | 7,162,237 | 550,411 |
| Tarver | 6,952,626 | 75,100 | 6,659,554 | 217,972 |
| Leyendecker | 11,653,434 | 133,989 | 11,054,258 | 465,187 |
| Macdonell | 7,858,214 | 1,348,364 | 6,195,369 | 314,481 |
| Milton | 7,215,223 | 164,517 | 6,764,012 | 286,694 |
| Alma Pierce | 10,342,969 | 47,542 | 9,673,526 | 621,901 |
| Ryan | 11,026,257 | 238,047 | 10,442,143 | 346,067 |
| Santa Maria | 7,524,029 | 20,950 | 7,188,225 | 314,854 |
| Santo Nino | 7,171,452 | 132,267 | 6,599,342 | 439,843 |
| D. D. Hachar | 11,501,888 | 484,686 | 10,616,173 | 401,029 |
| J. C. Martin | 13,103,420 | 240,525 | 12,358,138 | 504,757 |
| H. B. Zachry | 24,602,377 | 101,298 | 24,064,081 | 436,998 |
| J. Kawas | 7,991,737 | 238,434 | 7,374,422 | 378,881 |
| Dovalina | 6,851,767 | 35,000 | 6,296,743 | 520,024 |
| H. Ligarde | 7,475,131 | 129,588 | 6,884,170 | 461,373 |
| T. Sanchez/Ochoa | 6,952,439 | 120,000 | 6,434,077 | 398,362 |
| Other Departments: | | | | |
| Construction Department | - | - | - | - |
| Pregnancy Ed., & Parenting Program | 58,876 | - | 58,876 | - |
| Superintendent's Office | 89,127 | 5,545 | 83,582 | - |
| Board Room | 42,455 | 34,455 | - | 8,000 |
| Tax Office | 21,038 | - | 21,038 | - |
| Risk Management | 25,702 | - | - | 25,702 |
| Financial Management | 1,653,374 | 10,000 | 1,512,578 | 130,796 |
| Human Resources | 31,348 | - | - | 31,348 |
| Office of Public Information | 201,347 | - | 201,347 | - |
| Safety & Occupational Health Dept. | 5,000 | - | - | 5,000 |
| Student Services | - | - | - | - |
| Internal Auditor | 10,187 | - | - | 10,187 |
| Hearings Officer | - | - | - | - |
| Assets Management | 1,398,039 | 149,990 | 396,899 | 851,150 |
| Records & Assets | 612,152 | 127,770 | 348,562 | 135,820 |
| Performing Arts Center | 2,153,579 | - | 2,000,000 | 153,579 |
| State Bilingual | - | - | - | - |
| Office of Compliance | - | - | - | - |
| Fine Arts | 17,800 | - | 10,350 | 7,450 |
| Special Programs/Planning | - | - | - | - |
| Early Childhood Department | 5,000 | - | - | 5,000 |

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2016

| LOCATION AND ACTIVITY | TOTALS | LAND | BUILDINGS | FURNITURE & EQUIPMENT |
|-----------------------------------|-----------------------|----------------------|-----------------------|--------------------------|
| | | | | (Continued) |
| Secondary Department | - | - | - | - |
| Instructional Department | 24,206 | - | - | 24,206 |
| Career & Technology | 28,928 | - | - | 28,928 |
| Testing and Assessment Department | 5,000 | - | - | 5,000 |
| District Wide | 13,272,289 | 1,153,262 | 10,275,962 | 1,843,065 |
| Crimestoppers | 9,500 | - | - | 9,500 |
| Instructional Technology | 1,144,305 | - | 1,037,114 | 107,191 |
| Health Services | 1,687 | - | 1,687 | - |
| Pupil Transportation | 11,398,419 | 78,925 | 4,140,664 | 7,178,830 |
| Athletic | 539,715 | - | 243,017 | 296,698 |
| Special Education | 429,884 | 4,705 | 362,088 | 63,091 |
| Printing/Creative Services | 351,804 | - | - | 351,804 |
| Instructional Television | 1,072,715 | 52,647 | 416,406 | 603,662 |
| Information Technology | 4,171,468 | - | 608,802 | 3,562,666 |
| Division of Operations | 153,016 | - | - | 153,016 |
| LISD Police Department | 865,515 | - | - | 865,515 |
| Child Nutrition Program | 9,925,479 | 121,287 | 7,023,514 | 2,780,678 |
| Migrant | 150,508 | 630 | 149,878 | - |
| Total Assets by Location | 539,930,988 | 19,372,448 | 483,002,781 | 37,555,759 |
| Construction in Progress | 5,576,458 | - | - | - |
| Total General Fixed Assets | <u>\$ 545,507,446</u> | <u>\$ 19,372,448</u> | <u>\$ 483,002,781</u> | <u>\$ 37,555,759</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2016

| Location and Activity | Balance at Beginning of Year | Additions | Deletions | Balance at End of Year |
|------------------------------------|---------------------------------|------------|--------------|---------------------------|
| High Schools: | | | | |
| Martin | \$ 81,994,466 | \$ 94,857 | \$ 33,806.00 | \$ 82,055,517 |
| Nixon | 71,360,300 | 1,453,767 | 162,379 | 72,651,689 |
| Cigarroa | 34,710,158 | 66,452 | 206,425 | 34,570,185 |
| VMT Communications & Arts | 22,608,036 | 250,922 | 10,261 | 22,848,697 |
| Francisco Lara Academy | 2,707,498 | - | - | 2,707,498 |
| Early College High School @ TAMIU | 9,210,051 | - | - | 9,210,051 |
| Valdez | 654,123 | 242,000 | - | 896,123 |
| Middle Schools: | | | | |
| Christen | 29,225,561 | 52,653 | 31,806 | 29,246,408 |
| Lamar | 16,183,197 | - | 3,807,153 | 12,376,044 |
| Cigarroa | 11,970,291 | - | 168,420 | 11,801,871 |
| Memorial | 15,389,217 | - | - | 15,389,217 |
| Elementary Schools: | | | | |
| Bruni | 8,159,293 | - | 5,000 | 8,154,293 |
| Jose Gallegos | 10,306,645 | 206,733 | - | 10,513,378 |
| Daiches | 9,247,408 | - | - | 9,247,408 |
| Farias | 12,018,323 | 61,990 | 23,090 | 12,057,223 |
| Heights | 8,038,526 | 74,435 | - | 8,112,961 |
| Tarver | 6,947,176 | 5,450 | - | 6,952,626 |
| Leyendecker | 11,541,522 | 111,912 | - | 11,653,434 |
| Macdonell | 7,858,214 | - | - | 7,858,214 |
| Milton | 7,186,979 | 28,244 | - | 7,215,223 |
| Alma Pierce | 10,250,194 | 101,230 | 8,455 | 10,342,969 |
| Ryan | 10,973,109 | 62,534 | 9,386 | 11,026,257 |
| Santa Maria | 7,459,388 | 64,641 | - | 7,524,029 |
| Santo Nino | 7,024,194 | 147,258 | - | 7,171,452 |
| D. D. Hachar | 11,490,166 | 11,722 | - | 11,501,888 |
| J. C. Martin | 13,055,547 | 47,873 | - | 13,103,420 |
| H. B. Zachry | 7,625,504 | 18,369,253 | 1,392,380 | 24,602,377 |
| J. Kawas | 7,915,509 | 76,228 | - | 7,991,737 |
| Dovalina | 6,760,025 | 91,742 | - | 6,851,767 |
| H. Ligarde | 7,376,892 | 98,239 | - | 7,475,131 |
| T. Sanchez/Ochoa | 6,908,619 | 50,317 | 6,497 | 6,952,439 |
| Other Departments: | | | | |
| Construction Dept. | - | - | - | - |
| Pregnancy Ed., & Parenting Program | 58,876 | - | - | 58,876 |
| Superintendent's Office | 89,127 | - | - | 89,127 |
| Board Room | 42,455 | - | - | 42,455 |
| Tax Office | 21,038 | - | - | 21,038 |
| Risk Management | 25,702 | - | - | 25,702 |
| Financial Management | 1,653,374 | - | - | 1,653,374 |
| Human Resources | 36,367 | - | 5,019 | 31,348 |
| Office of Public Information | 201,347 | - | - | 201,347 |
| Safety & Occupational Health Dept. | 5,000 | - | - | 5,000 |
| Student Services | - | - | - | - |
| Internal Auditor | 10,187 | - | - | 10,187 |
| Hearings Officer | - | - | - | - |
| Assets Management | 1,438,945 | 130,018 | 170,924 | 1,398,039 |
| Records & Assets | 620,844 | - | 8,692 | 612,152 |
| Performing Arts Center | 2,073,507 | 80,072 | - | 2,153,579 |
| State Bilingual | - | - | - | - |
| Office of Compliance | - | - | - | - |
| Fine Arts | 17,800 | - | - | 17,800 |
| Special Programs/Planning | - | - | - | - |
| Early Childhood Department | 5,000 | - | - | 5,000 |
| Secondary Department | 5,000 | - | 5,000 | - |
| Instructional Department | 24,206 | - | - | 24,206 |
| Career & Technology | 28,928 | - | - | 28,928 |
| Testing and Assessment Department | 5,000 | - | - | 5,000 |

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2016

| Location and Activity | Balance at Beginning of Year | Additions | Deletions | Balance at End of Year |
|----------------------------|---------------------------------|----------------------|----------------------|---------------------------|
| | | | | (Continued) |
| District Wide | 13,344,784 | - | 72,495 | 13,272,289 |
| Crimestoppers | 9,500 | - | - | 9,500 |
| Instructional Technology | 1,144,305 | - | - | 1,144,305 |
| Health Services | 1,687 | - | - | 1,687 |
| Pupil Transportation | 11,343,451 | 1,200,003 | 1,145,034 | 11,398,419 |
| Athletic | 536,981 | 8,734 | 6,000 | 539,715 |
| Special Education | 442,995 | - | 13,111 | 429,884 |
| Printing/Creative Services | 351,804 | - | - | 351,804 |
| Instructional Television | 1,009,537 | 63,178 | - | 1,072,715 |
| Information Technology | 4,557,459 | 284,999 | 670,990 | 4,171,468 |
| Division of Operations | 48,447 | 123,931 | 19,362 | 153,016 |
| LISD Police Department | 617,716 | 247,799 | - | 865,515 |
| Child Nutrition Program | 10,022,746 | - | 97,267 | 9,925,479 |
| Migrant | 150,508 | - | - | 150,508 |
| Total Assets by Location | 524,100,754 | 23,909,186 | 8,078,952 | 539,930,988 |
| Construction in Progress | 17,802,186 | \$ 8,942,762 | 21,168,490 | 5,576,458 |
| Total General Fixed Assets | <u>\$ 541,902,940</u> | <u>\$ 32,851,948</u> | <u>\$ 29,247,442</u> | <u>\$ 545,507,446</u> |

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDING AUGUST 31, 2016

| Function | Land | Buildings | Furniture & Equipment | Construction in Progress | Total |
|--|----------------------|-----------------------|--------------------------|-----------------------------|-----------------------|
| Prior Year Data | \$ 19,372,448 | \$ 466,974,591 | \$ 37,753,715 | \$ 17,802,186 | \$ 541,902,940 |
| Instruction | - | - | 171,639 | - | 171,639 |
| Instructional Resources & Media Services | - | - | 54,694 | - | 54,694 |
| Curriculum & Instructional Staff Development | - | - | - | - | - |
| Instructional Administration | - | - | (5,000) | - | (5,000) |
| School Administration | - | - | - | - | - |
| Guidance and Counseling Services | - | - | - | - | - |
| Social Work Services | - | - | - | - | - |
| Health Services | - | - | - | - | - |
| Student (Pupil) Transportation | - | - | (220,384) | - | (220,384) |
| Food Services | - | - | (305,932) | - | (305,932) |
| Cocurricular/Extracurricular Activities | - | - | 186,857 | - | 186,857 |
| General Administration | - | - | (13,711) | - | (13,711) |
| Plant Maintenance and Operations | - | - | 255,769 | - | 255,769 |
| Security and Monitoring Services | - | - | 267,865 | - | 267,865 |
| Data Processing Services | - | - | (493,197) | - | (493,197) |
| Community Services | - | - | 68,882 | - | 68,882 |
| Facilities Acquisition and Construction | - | 16,028,190 | (165,438) | (12,225,728) | 3,637,024 |
| Total Expenditures | <u>\$ 19,372,448</u> | <u>\$ 483,002,781</u> | <u>\$ 37,555,759</u> | <u>\$ 5,576,458</u> | <u>\$ 545,507,446</u> |

Statistical Section (Unaudited)

This part of the Laredo Independent School District Statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supp

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i> | 106 - 111 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i> | 112 - 115 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i> | 116 - 118 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i> | 119 - 121 |
| Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</i> | 122 - 126 |

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide informat*

Schedule 1
Laredo Independent School District
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 Restated ¹ | 2015 | 2016 |
| Governmental activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 88,131,399 | \$ 87,359,760 | \$ 11,006,905 | \$ 99,028,291 | \$ 129,424,249 | \$ 115,519,722 | \$ 152,236,839 | \$ 138,879,715 | \$ 151,104,801 | \$ 150,253,093 |
| Restricted | | | | | | | | | | |
| Federal and State Programs | 6,526,044 | 2,985,517 | 2,803,798 | 6,023,568 | 6,848,569 | 5,996,416 | 5,027,681 | 4,561,680 | 3,328,310 | 3,935,011 |
| Debt Service | 14,711,181 | 15,672,278 | 18,103,437 | 20,245,918 | 22,139,631 | 14,453,416 | 5,370,711 | 4,101,125 | 5,317,675 | 6,506,885 |
| Capital Projects | - | 11,250,991 | 107,820,884 | 1,303,248 | 806,912 | 11,202,938 | 526,698 | 1,261,086 | 2,330,358 | 3,292,365 |
| Campus Activities | - | - | 186,869 | 196,270 | - | - | - | - | - | - |
| Other Purposes | - | - | 416,474 | 11,104,927 | 10,570,736 | - | - | - | - | - |
| Unrestricted | 17,481,717 | 27,790,751 | 24,926,533 | 50,537,828 | 46,602,044 | 76,310,038 | 73,970,082 | 90,717,823 | 55,542,611 | 50,516,231 |
| Total primary government net position | <u>\$ 126,850,341</u> | <u>\$ 145,059,297</u> | <u>\$ 165,264,900</u> | <u>\$ 188,440,050</u> | <u>\$ 216,392,141</u> | <u>\$ 223,482,530</u> | <u>\$ 237,132,011</u> | <u>\$ 239,521,429</u> | <u>\$ 217,623,755</u> | <u>\$ 214,503,585</u> |

Notes: ¹ Net Investment in Capital Assets, Restricted for Capital Projects and Unrestricted were reclassified with no impact to Total Net Position.

Schedule 2
Laredo Independent School District
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(accrual basis of accounting)

| Unaudited | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| 11 Instruction | \$ 129,599,244 | \$ 134,358,549 | \$ 141,320,598 | \$ 146,735,324 | \$ 134,847,028 | \$ 140,108,277 | \$ 137,739,434 | \$ 142,552,448 | \$ 140,705,290 | \$ 164,003,719 |
| 12 Instructional Resources & Media Svcs. | 5,063,766 | 4,989,927 | 6,751,828 | 5,382,316 | 4,920,120 | 4,465,110 | 3,959,506 | 4,176,228 | 4,258,320 | 4,692,520 |
| 13 Curriculum & Instructional Staff Devpt. | 4,422,899 | 3,667,984 | 3,578,264 | 3,191,229 | 2,388,482 | 2,733,097 | 3,453,301 | 4,487,817 | 3,386,737 | 3,015,046 |
| 21 Instructional Leadership | 4,645,809 | 4,883,535 | 5,009,620 | 4,858,256 | 4,594,040 | 3,853,769 | 3,349,037 | 3,498,834 | 3,519,444 | 3,974,166 |
| 23 School Leadership | 10,985,322 | 11,506,693 | 11,421,441 | 11,941,453 | 12,315,890 | 13,014,688 | 12,245,906 | 12,764,478 | 13,128,484 | 14,258,331 |
| 31 Guidance, Counseling, and Evaluation Svcs. | 8,023,575 | 7,927,242 | 7,966,627 | 8,295,054 | 8,006,556 | 7,496,736 | 7,492,742 | 8,119,158 | 8,403,036 | 9,280,681 |
| 32 Social Work Services | 1,909,811 | 1,873,976 | 1,645,934 | 1,560,438 | 1,463,034 | 1,222,820 | 1,238,760 | 1,529,866 | 1,672,827 | 1,964,672 |
| 33 Health Services | 2,937,961 | 3,028,304 | 3,208,410 | 3,291,693 | 3,222,582 | 3,140,289 | 2,917,063 | 3,251,157 | 3,219,722 | 3,572,505 |
| 34 Student (Pupil) Transportation | 3,715,848 | 3,779,327 | 3,367,034 | 3,741,933 | 5,058,546 | 5,173,676 | 4,234,494 | 4,173,383 | 4,968,215 | 5,644,209 |
| 35 Food Services | 14,169,981 | 12,521,327 | 13,192,002 | 14,853,696 | 16,435,137 | 16,726,252 | 17,009,230 | 18,234,193 | 20,444,766 | 19,592,169 |
| 36 Cocurricular/Extracurricular Activities | 3,733,030 | 3,401,939 | 3,671,452 | 3,994,642 | 4,001,848 | 4,120,248 | 4,431,509 | 4,893,908 | 5,077,865 | 6,290,355 |
| 41 General Administration | 6,192,926 | 6,876,464 | 7,814,329 | 7,351,514 | 5,877,835 | 5,805,488 | 5,586,204 | 6,573,738 | 5,906,408 | 6,625,767 |
| 51 Plant Maintenance & Operations | 20,750,136 | 20,569,466 | 21,573,534 | 21,345,976 | 21,067,890 | 22,447,885 | 20,231,257 | 21,627,117 | 23,146,357 | 24,107,260 |
| 52 Security & Monitoring Services | 3,625,540 | 3,031,417 | 3,107,258 | 2,968,302 | 8,753,039 | 4,205,124 | 3,087,696 | 5,366,645 | 5,750,694 | 5,765,749 |
| 53 Data Processing Services | 3,305,837 | 2,968,845 | 3,634,101 | 3,353,815 | 3,538,788 | 7,844,613 | 4,004,593 | 4,454,289 | 5,986,245 | 4,617,645 |
| 61 Community Services | 945,323 | 1,307,808 | 1,344,733 | 1,490,872 | 1,856,922 | 1,516,879 | 1,593,443 | 1,926,382 | 2,144,279 | 2,180,015 |
| 72 Debt Service - Interest on Long-Term Debt | 13,274,418 | 15,747,078 | 14,434,609 | 12,893,768 | 13,009,498 | 12,386,876 | 11,794,066 | 9,811,292 | 10,916,641 | 11,514,895 |
| 73 Bond Issuance Costs and Fees | - | 222,245 | 263,236 | 254,559 | 279,195 | 300,252 | 285,502 | 1,801,763 | 657,048 | 6,802 |
| 81 Facilities Acquisition | 5,235,162 | 81,952 | - | - | - | - | - | - | - | - |
| 93 Payments to Fiscal Agents/Mem. | 8,903 | 8,391 | 6,637 | - | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 95 Payments to Juvenile Justice Alternative Ed. | 12,390 | 163,153 | 85,320 | 85,320 | 72,443 | 58,618 | 162,740 | 184,386 | 121,502 | 274,841 |
| Total primary government expenses | 242,557,881 | 242,915,622 | 253,396,967 | 257,590,160 | 251,714,873 | 256,626,697 | 244,822,483 | 259,433,082 | 263,419,880 | 291,387,347 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Instruction | 815 | - | 4,350 | 294,749 | - | - | - | 642,644 | - | - |
| Instructional Resources & Media Svcs. | - | - | - | - | - | - | - | - | - | - |
| Curriculum & Instructional Staff Devpt. | - | - | - | - | - | - | - | - | - | - |
| Instructional Leadership | - | - | - | - | - | - | - | - | - | - |
| School Leadership | - | - | - | - | - | - | - | - | - | - |
| Guidance, Counseling, and Evaluation Svcs. | - | - | - | - | - | - | - | - | - | - |
| Social Work Services | - | - | - | - | - | - | - | - | - | - |
| Health Services | - | - | - | - | - | - | - | - | - | - |
| Student (Pupil) Transportation | - | - | - | - | 25,388 | 24,898 | 41,081 | - | - | - |
| Food Services | 121,443 | 281,112 | 312,052 | 330,569 | 323,896 | 345,903 | 339,974 | 340,262 | 229,878 | 164,443 |
| Extracurricular Activities | 171,645 | 201,995 | 210,088 | 154,023 | 145,658 | 240,733 | 221,142 | 214,101 | 243,410 | 222,554 |
| General Administration | - | - | - | - | 2,539 | - | 22,121 | - | 7,005 | - |
| Plant Maintenance and Operations | - | - | - | 1,073 | - | 7,414 | 7,625 | - | - | - |
| Security & Monitoring Services | - | - | - | - | - | - | - | - | - | 6,148 |
| Data Processing Services | - | - | - | - | 3,253 | - | - | - | - | - |
| Community Services | - | 10,372 | - | - | 220,876 | 224,081 | 252,807 | 192,117 | 883,000 | 797,794 |
| Facilities Acquisition | - | - | - | - | - | - | - | - | - | - |
| Payments to Juvenile Justice Alternative Ed. | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 60,095,888 | 49,795,966 | 52,900,270 | 75,483,285 | 77,827,937 | 65,735,610 | 60,252,450 | 59,480,070 | 56,404,405 | 66,225,000 |
| Total primary government program revenues | 60,389,791 | 50,289,445 | 53,426,760 | 76,263,699 | 78,549,547 | 66,578,639 | 61,137,200 | 60,869,194 | 57,767,698 | 67,415,939 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Total primary government net expense | \$ 182,168,090 | \$ 192,626,177 | \$ 199,970,207 | \$ 181,326,461 | \$ 173,165,326 | \$ 190,048,058 | \$ 183,685,283 | \$ 198,563,888 | \$ 205,652,182 | \$ 223,971,408 |

Schedule 3
Laredo Independent School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | Fiscal Year | | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|-----------------------------|---------------------|---------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| Net (Expense)/Revenue | | | | | | | | <u>Restated¹</u> | | | |
| Total primary government net expense | \$ 182,168,090 | \$ 192,626,177 | \$ 199,970,207 | \$ 181,326,461 | \$ 173,165,326 | \$ 190,048,058 | \$ 183,685,283 | \$ 198,563,888 | \$ 205,652,182 | \$ 223,971,408 | |
| General Revenues and Other Changes in Net Position | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | |
| Taxes | | | | | | | | | | | |
| Property taxes levied for general purposes | 25,493,615 | 21,700,103 | 17,815,685 | 21,204,563 | 21,057,468 | 21,005,060 | 21,171,067 | 20,829,646 | 21,127,655 | 21,003,850 | |
| Property taxes levied for debt service | 4,391,830 | 4,857,268 | 4,205,999 | 4,772,952 | 4,738,142 | 4,726,261 | 4,763,468 | 4,689,267 | 7,532,433 | 7,180,768 | |
| Unrestricted State Aid Formula Grants | 155,643,283 | 176,570,738 | - | 169,891,579 | 166,315,755 | 165,355,519 | 160,288,363 | 169,677,509 | 178,306,378 | 190,334,823 | |
| Unrestricted grants and contributions | 559,150 | 658,657 | 188,393,928 | 1,531,997 | 5,278,634 | 2,301,647 | 6,240,658 | 2,789,961 | 2,757,397 | 4,717,766 | |
| Investment earnings | 12,207,337 | 9,893,383 | 5,936,051 | 3,706,251 | 1,456,958 | 783,823 | 607,821 | 374,341 | 548,472 | 915,144 | |
| Miscellaneous | 3,106,862 | 5,089,737 | 4,731,278 | 3,394,271 | 2,270,460 | 2,966,137 | 4,263,387 | 5,453,682 | 4,379,618 | 2,427,033 | |
| Loss on Sale of Capital Assets | - | - | - | - | - | - | - | - | - | - | |
| Special Item | 7,731,745 | - | - | - | - | - | - | 109,849 | - | - | |
| Total primary government | <u>209,133,822</u> | <u>218,769,886</u> | <u>221,082,941</u> | <u>204,501,613</u> | <u>201,117,417</u> | <u>197,138,447</u> | <u>197,334,764</u> | <u>203,924,255</u> | <u>214,651,953</u> | <u>226,579,384</u> | |
| Change in Net Position | | | | | | | | | | | |
| Total primary government | <u>\$ 26,965,732</u> | <u>\$ 26,143,709</u> | <u>\$ 21,112,734</u> | <u>\$ 23,175,152</u> | <u>\$ 27,952,091</u> | <u>\$ 7,090,389</u> | <u>\$ 13,649,481</u> | <u>\$ 5,360,367</u> | <u>\$ 8,999,771</u> | <u>\$ 2,607,976</u> | |

Notes: ¹ Unrestricted State Aid Formula Grants and Unrestricted grants and contributions were reclassified without impact to Net Position

Schedule 4
Laredo Independent School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| FISCAL YEAR | 2007 | 2008 | 2009 | 2010 | 2011¹ | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 1,178,052 | \$ 1,035,264 | \$ 3,047,831 | \$ 1,126,204 | \$ 1,431,972 | \$ 1,776,108 |
| Restricted | - | - | - | - | 14,881,931 | 14,929,976 | 2,873,497 | 5,291,807 | 5,117,869 | 3,398,376 |
| Committed | - | - | - | - | - | 3,851,761.00 | 3,955,409 | 12,012,274 | 15,438,210 | 2,223,380 |
| Assigned | - | - | - | - | 10,430,944 | 10,498,376 | 5,006,798 | 617,873 | 897,673 | - |
| Unassigned | - | - | - | - | 59,272,362 | 62,570,104 | 62,652,991 | 62,652,991 | 62,652,991 | 62,652,991 |
| Reserved | 15,458,084 | 14,158,322 | 16,513,895 | 15,665,794 | - | - | - | - | - | - |
| Unreserved | 15,426,003 | 32,504,685 | 45,310,703 | 55,213,049 | - | - | - | - | - | - |
| Total general fund | <u>\$ 30,884,087</u> | <u>\$ 46,663,007</u> | <u>\$ 61,824,598</u> | <u>\$ 70,878,843</u> | <u>\$ 85,763,289</u> | <u>\$ 92,885,481</u> | <u>\$ 77,536,526</u> | <u>\$ 81,701,149</u> | <u>\$ 85,538,715</u> | <u>\$ 70,050,855</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | 2,982,829 | 2,269,378 | 660,832 | 530,959 | 540,799 | 536,635 |
| Debt Service Funds | - | - | - | - | 22,139,631 | 14,453,416 | 5,370,711 | 4,101,125 | 5,317,675 | 6,506,885 |
| Capital Projects Funds | - | - | - | - | 71,105,330 | 62,570,106 | 65,857,222 | 101,546,934 | 68,500,586 | 76,173,088 |
| Committed | | | | | | | | | | |
| Special revenue funds | - | - | - | - | 1,831,277 | 305,522 | 334,011 | 411,447 | 366,907 | 343,451 |
| Capital projects funds | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | 29,175 | 121,383 | 76,167 |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Reserved | 162,144,593 | 29,362,125 | 24,795,478 | 47,946,686 | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 6,526,044 | 2,985,517 | 3,205,029 | 3,366,692 | - | - | - | - | - | - |
| Capital projects funds | - | 105,931,575 | 96,330,178 | 67,346,619 | - | - | - | - | - | - |
| Debt Service funds | - | - | - | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 168,670,637</u> | <u>\$ 138,279,217</u> | <u>\$ 124,330,685</u> | <u>\$ 118,659,997</u> | <u>\$ 98,059,067</u> | <u>\$ 79,598,422</u> | <u>\$ 72,222,776</u> | <u>\$ 106,619,640</u> | <u>\$ 74,847,350</u> | <u>\$ 83,636,226</u> |

Notes: ¹ Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. See Note A to the Basic Financial Statements.

Schedule 5
Laredo Independent School District
Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| FISCAL YEAR | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal sources: | | | | | | | | | | |
| Federal Grants | \$ 34,948,185 | \$ 29,766,786 | \$ 34,134,993 | \$ 41,198,981 | \$ 43,871,485 | \$ 41,978,269 | \$ 39,913,339 | \$ 36,613,595 | \$ 29,020,689 | \$ 31,396,178 |
| Food services | 11,750,545 | 12,266,676 | 13,241,239 | 14,174,829 | 15,779,620 | 15,742,194 | 16,475,778 | 16,936,477 | 18,536,349 | 18,803,921 |
| Total federal sources | <u>46,698,730</u> | <u>42,033,462</u> | <u>47,376,232</u> | <u>55,373,810</u> | <u>59,651,105</u> | <u>57,720,463</u> | <u>56,389,117</u> | <u>53,550,072</u> | <u>47,557,038</u> | <u>50,200,099</u> |
| State sources: | | | | | | | | | | |
| Per Capita and Foundation | 140,171,354 | 153,808,970 | 158,289,910 | 152,285,241 | 150,492,906 | 147,080,044 | 145,385,212 | 154,191,699 | 160,143,059 | 169,836,626 |
| Instructional Facilities Allotment | 15,000,401 | 14,385,675 | 14,212,374 | 14,149,005 | 13,968,333 | 7,029,771 | 15,499,728 | 12,036,704 | 15,139,455 | 12,841,663 |
| Teacher Retirement System on Behalf | 6,995,207 | 7,785,412 | 8,164,503 | 8,507,328 | 8,599,937 | 7,973,904 | 7,744,130 | 7,923,275 | 8,862,520 | 9,276,169 |
| Other State Programs | 6,821,882 | 8,996,843 | 11,296,094 | 13,230,018 | 13,873,112 | 11,803,890 | 483,567 | 4,245,190 | 3,942,248 | 12,149,975 |
| Other Governmental Agencies | 17,563 | 15,000 | 13,769 | 8,523 | 36,543 | 14,278 | 10,000 | 600 | 4,761 | 2,153 |
| Total state sources | <u>169,006,407</u> | <u>184,991,900</u> | <u>191,976,650</u> | <u>188,180,115</u> | <u>186,970,831</u> | <u>173,901,887</u> | <u>169,122,637</u> | <u>178,397,468</u> | <u>188,092,043</u> | <u>204,106,585</u> |
| Local sources: | | | | | | | | | | |
| Property Taxes | 28,217,513 | 25,781,018 | 26,517,619 | 26,842,672 | 26,861,291 | 26,398,584 | 26,771,494 | 26,331,681 | 28,928,547 | 27,815,204 |
| Food service sales | 359,816 | 334,192 | 312,052 | 330,569 | 323,896 | 345,903 | 337,567 | 337,180 | - | - |
| Investment Income | 12,653,464 | 8,773,586 | 5,969,438 | 3,299,340 | 1,396,011 | 785,814 | 608,346 | 374,341 | 548,472 | 915,144 |
| Penalties, Interest, and Other Fees | 793,048 | 762,789 | 767,477 | 849,947 | 793,562 | 680,304 | 681,600 | 631,631 | 740,642 | 627,167 |
| Co-Curricular | 528,836 | 201,995 | 208,305 | 154,024 | 140,579 | 2,744,310 | 558,709 | 554,362 | 463,024 | 384,585 |
| Sale of WADA | - | - | - | - | - | - | - | - | - | - |
| Other revenues | 3,133,762 | 5,391,457 | 4,886,980 | 5,472,925 | 3,574,980 | 1,104,934 | 4,065,606 | 4,583,374 | 6,112,616 | 4,749,404 |
| Total local sources | <u>45,686,439</u> | <u>41,245,037</u> | <u>38,661,871</u> | <u>36,949,477</u> | <u>33,090,319</u> | <u>32,059,849</u> | <u>33,023,322</u> | <u>32,812,569</u> | <u>36,793,301</u> | <u>34,491,504</u> |
| Total revenues | <u>\$ 261,391,576</u> | <u>\$ 268,270,399</u> | <u>\$ 278,014,753</u> | <u>\$ 280,503,402</u> | <u>\$ 279,712,255</u> | <u>\$ 263,682,199</u> | <u>\$ 258,535,076</u> | <u>\$ 264,760,109</u> | <u>\$ 272,442,382</u> | <u>\$ 288,798,188</u> |

Schedule 6
Laredo Independent School District
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 11 Instruction | \$ 127,566,003 | \$ 124,574,273 | \$ 132,562,305 | \$ 136,926,181 | \$ 130,994,791 | \$ 133,835,305 | \$ 126,032,501 | \$ 132,597,447 | \$ 132,646,437 | \$ 143,495,182 |
| 12 Instructional Resources & Media Svcs. | 5,117,287 | 5,015,429 | 5,645,227 | 5,008,109 | 4,852,523 | 4,250,190 | 3,941,030 | 4,174,448 | 4,295,684 | 4,427,255 |
| 13 Curriculum & Instructional Staff Devpt. | 4,407,778 | 3,666,935 | 3,575,361 | 3,190,961 | 2,315,992 | 2,732,512 | 3,432,377 | 4,424,265 | 3,431,842 | 2,918,364 |
| 21 Instructional Leadership | 4,593,480 | 4,808,484 | 4,841,743 | 4,830,156 | 4,526,994 | 3,818,325 | 3,301,490 | 3,451,369 | 3,515,203 | 3,784,249 |
| 23 School Leadership | 11,496,485 | 11,506,313 | 11,393,756 | 11,860,625 | 12,310,481 | 12,703,954 | 11,930,327 | 12,691,010 | 13,198,939 | 13,519,955 |
| 31 Guidance, Counseling, and Evaluation Svcs. | 7,973,115 | 7,928,395 | 7,929,295 | 8,287,553 | 8,033,912 | 7,453,131 | 7,484,627 | 8,182,237 | 8,557,113 | 8,829,658 |
| 32 Social Work Services | 1,898,201 | 1,873,824 | 1,635,270 | 1,547,337 | 1,459,941 | 1,216,784 | 1,235,284 | 1,541,127 | 1,698,787 | 1,882,047 |
| 33 Health Services | 2,914,709 | 3,029,224 | 3,152,483 | 3,275,482 | 3,222,011 | 3,129,927 | 2,905,793 | 3,185,523 | 3,281,779 | 3,406,035 |
| 34 Student (Pupil) Transportation | 4,421,695 | 3,780,477 | 3,337,594 | 3,379,725 | 4,286,949 | 3,857,490 | 3,795,583 | 4,002,756 | 4,307,298 | 4,733,267 |
| 35 Food Services | 14,019,024 | 13,050,876 | 13,273,870 | 14,721,207 | 16,322,280 | 17,015,626 | 16,684,983 | 18,002,630 | 19,426,282 | 19,072,466 |
| 36 Cocurricular/Extracurricular Activities | 3,865,637 | 3,407,484 | 3,669,811 | 3,978,069 | 3,988,524 | 4,117,102 | 4,407,657 | 4,852,089 | 5,040,916 | 5,948,341 |
| 41 General Administration | 6,414,077 | 6,151,232 | 7,128,076 | 6,911,475 | 5,817,817 | 5,827,965 | 5,538,290 | 6,445,612 | 5,909,523 | 6,359,199 |
| 51 Plant Maintenance & Operations | 20,833,944 | 20,672,806 | 21,452,133 | 21,033,887 | 20,785,265 | 22,049,652 | 20,007,352 | 21,487,072 | 22,725,580 | 23,177,152 |
| 52 Security & Monitoring Services | 3,658,629 | 3,084,521 | 3,090,286 | 2,941,578 | 6,062,334 | 3,587,576 | 3,069,286 | 4,326,797 | 4,701,477 | 4,888,752 |
| 53 Data Processing Services | 3,246,059 | 2,947,023 | 3,397,514 | 3,347,252 | 3,520,834 | 4,170,043 | 3,862,338 | 4,270,254 | 4,831,579 | 4,154,827 |
| 61 Community Services | 940,663 | 1,307,924 | 1,343,308 | 1,490,764 | 1,820,034 | 1,506,155 | 1,576,705 | 1,947,785 | 2,167,960 | 2,031,159 |
| 71 Principal | 10,731,378 | 17,221,396 | 18,464,315 | 14,144,518 | 14,799,652 | 19,474,301 | 20,885,585 | 13,234,622 | 14,711,406 | 13,200,573 |
| Interest | 13,939,432 | 13,141,804 | 12,662,695 | 12,245,352 | 11,101,550 | 12,176,157 | 10,661,786 | 10,304,574 | 10,849,966 | 13,737,689 |
| Other Debt Service Costs | 700,532 | 107,750 | 20,350 | 287,969 | 289,311 | 18,950 | 17,950 | 1,801,762 | 657,048 | 6,802 |
| 81 Facilities acquisition/construction | 33,927,132 | 34,907,736 | 18,227,796 | 17,657,752 | 29,190,358 | 12,014,889 | 30,319,993 | 40,527,381 | 34,983,327 | 9,926,713 |
| Other capital outlay | | | | | | | | | | |
| 93 Payments to Fiscal Agents / Members. | 8,903 | 8,391 | 6,637 | - | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 95 Payments to Juvenile Justice Alternative Ed. | 12,390 | 163,153 | 85,320 | 85,320 | 72,443 | 58,618 | 162,740 | 184,386 | 121,502 | 274,841 |
| Total expenditures | <u>\$ 282,686,553</u> | <u>\$ 282,355,450</u> | <u>\$ 276,895,145</u> | <u>\$ 277,151,272</u> | <u>\$ 285,779,996</u> | <u>\$ 275,020,652</u> | <u>\$ 281,259,677</u> | <u>\$ 301,641,146</u> | <u>\$ 301,065,648</u> | <u>\$ 289,780,526</u> |
| Debt service as a percentage of noncapital expenditures ¹ | 9.94% | 13.06% | 12.89% | 10.78% | 10.85% | 13.06% | 13.71% | 7.31% | 10.14% | 10.23% |

Notes: ¹ Percentage was calculated as follows: (Debt Service Principal + Interest Payments) / (Total expenditures - Capital)
(13,200,573 + 13,737,689) / (289,780,526 - 26,366,579)

Schedule 7
Laredo Independent School District
Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

| FISCAL YEAR | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|----------------------|------------------------|---------------------|
| Excess of revenues over (under) expenditures | \$ (21,294,977) | \$ (14,085,051) | \$ 1,119,608 | \$ 3,352,130 | \$ (6,067,741) | \$ (11,338,453) | \$ (22,724,601) | \$ (36,881,037) | \$ (28,623,266) | \$ (982,338) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of Loans | - | - | - | - | - | - | - | - | - | - |
| Issuance of Bonds | 56,950,000 | - | - | 18,420,000 | 18,415,000 | - | - | 144,585,000 | 68,560,000 | - |
| Lease Proceeds | - | - | 154,728 | - | - | - | - | - | - | - |
| Premium Issuance of Bond | 668,061 | - | - | 1,382,794 | 926,503 | - | - | 29,678,827 | 10,466,511 | - |
| Premium Issuance of Loans | - | - | - | - | - | - | - | - | - | - |
| Redemption of Refunded Bonds | - | - | - | - | - | - | - | - | - | - |
| Sale of Real and Personal Property | - | - | - | - | 72,215 | - | - | 109,849 | - | 11,500 |
| Payment to Refunded Bond Escrow Agent | - | - | - | (19,771,368) | (19,062,461) | - | - | (98,931,152) | (78,337,969) | - |
| Transfers in | 8,171,244 | 5,438,945 | 8,369,938 | 8,510,698 | 7,020,726 | 8,266,550 | 23,776,245 | 49,636,867 | 4,084,152 | 17,700,193 |
| Transfers out | (8,171,244) | (5,438,945) | (8,369,938) | (8,510,698) | (7,020,726) | (8,266,550) | (23,776,245) | (49,636,867) | (4,084,152) | (17,700,193) |
| Special Item | 7,731,745 | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>65,349,806</u> | <u>-</u> | <u>154,728</u> | <u>31,426</u> | <u>351,257</u> | <u>-</u> | <u>-</u> | <u>75,442,524</u> | <u>688,542</u> | <u>11,500</u> |
| Net change in fund balances | <u>\$ 44,054,829</u> | <u>\$ (14,085,051)</u> | <u>\$ 1,274,336</u> | <u>\$ 3,383,556</u> | <u>\$ (5,716,484)</u> | <u>\$ (11,338,453)</u> | <u>\$ (22,724,601)</u> | <u>\$ 38,561,487</u> | <u>\$ (27,934,724)</u> | <u>\$ (970,838)</u> |

Schedule 8
Laredo Independent School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

| Fiscal Year | Actual Value | | Less: Exemptions | Total Taxable Value ² | Total Direct Rate ¹ |
|----------------|-------------------------|----------------------|---------------------|--|--------------------------------------|
| | Residential Property | Personal Property | | | |
| 2007 | 2,145,905,693 | 287,225,760 | 582,803,765 | 1,850,327,688 | 1.495 |
| 2008 | 2,347,904,503 | 312,600,408 | 622,347,599 | 2,038,157,312 | 1.274 |
| 2009 | 2,472,601,899 | 321,706,417 | 651,666,047 | 2,142,642,269 | 1.274 |
| 2010 | 2,631,967,318 | 301,780,345 | 797,895,605 | 2,135,852,058 | 1.274 |
| 2011 | 2,665,396,497 | 275,391,447 | 815,280,160 | 2,125,507,784 | 1.274 |
| 2012 | 2,684,572,761 | 269,333,873 | 826,719,588 | 2,127,187,046 | 1.274 |
| 2013 | 2,690,386,667 | 252,163,085 | 833,751,893 | 2,108,797,859 | 1.274 |
| 2014 | 2,664,848,981 | 253,860,472 | 825,819,674 | 2,092,889,779 | 1.274 |
| 2015 | 2,657,491,875 | 262,848,341 | 832,852,891 | 2,087,487,325 | 1.411 |
| 2016 | 2,704,083,671 | 261,884,616 | 933,534,938 | 2,032,433,349 | 1.396 |

Source: LISD Tax Office

Notes: ¹ Per \$100 of assessed value.

² The taxable value shown here will not match the values reported by the Comptroller of Public Accounts.

Schedule 9
Laredo Independent School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

| Fiscal Year | District Direct Rates | | | Overlapping Rates ¹ | | |
|-------------|--------------------------|--------------|-------|--------------------------------|----------------|---------------------------|
| | Maintenance & Operations | Debt Service | Total | Laredo Community College | City of Laredo | Webb County Road & Bridge |
| 2007 | 1.266 | 0.229 | 1.495 | 0.222 | 0.637 | 0.401 |
| 2008 | 1.040 | 0.234 | 1.274 | 0.256 | 0.256 | 0.187 |
| 2009 | 1.040 | 0.234 | 1.274 | 0.247 | 0.247 | 0.179 |
| 2010 | 1.040 | 0.234 | 1.274 | 0.244 | 0.244 | 0.180 |
| 2011 | 1.040 | 0.234 | 1.274 | 0.243 | 0.243 | 0.172 |
| 2012 | 1.040 | 0.234 | 1.274 | 0.240 | 0.240 | 0.163 |
| 2013 | 1.040 | 0.234 | 1.274 | 0.230 | 0.230 | 0.147 |
| 2014 | 1.040 | 0.234 | 1.274 | 0.220 | 0.220 | 0.130 |
| 2015 | 1.040 | 0.371 | 1.411 | 0.216 | 0.216 | 0.128 |
| 2016 | 1.040 | 0.356 | 1.396 | 0.216 | 0.216 | 0.146 |

Source: LISD Tax Office.

Notes: ¹ Includes levies for operating and debt service costs.

Schedule 10
Laredo Independent School District
Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

| <u>Taxpayer</u> | <u>2016</u> | | | <u>2007</u> | | |
|--------------------------------|-------------------------|-------------|--|-------------------------------|-------------|--|
| | <u>Taxable Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Value</u> |
| Laredo Texas Hospital Co LP | \$ 89,968,230 | 1 | 2.80% | \$ 94,404,070 | 1 | 3.40% |
| AEP Texas Central Company | 22,800,580 | 2 | 0.71% | 34,137,860 | 2 | 1.23% |
| Webb Hospital Holdings LLC | 20,886,350 | 3 | 0.65% | 16,967,750 | 4 | 0.61% |
| HE Butt Grocery Co | 18,584,473 | 4 | 0.58% | 15,415,068 | 6 | 0.56% |
| International Bank of Commerce | 17,186,195 | 5 | 0.53% | 16,792,030 | 5 | 0.61% |
| MPT of Laredo LLC | 12,179,880 | 6 | 0.38% | - | - | - |
| The Laredo National Bank | 11,622,343 | 7 | 0.36% | 13,609,260 | 8 | 0.49% |
| Union Pacific Railroad Company | 8,013,200 | 8 | 0.25% | - | - | 0.00% |
| Southwestern Bell Telephone LP | 6,442,030 | 10 | 0.20% | 19,343,720 | 3 | 0.70% |
| BDH Acommodations LLC | 7,750,000 | 9 | 0.24% | - | - | - |
| BIA Acquisition LTD | - | - | - | 10,040,880 | 10 | 0.36% |
| La Posada Hotel | - | - | - | 11,296,710 | 9 | 0.41% |
| Laredo Specialty Hospital LP | - | - | - | 14,801,760 | 7 | 0.53% |
| Total Appraised Value | \$ 3,216,397,765 | | 6.70% | \$ 2,772,976,003 | | 8.90% |

Source: LISD Tax Office

Schedule 11
Laredo Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections and Adjustments in Subsequent Years | Total Collections to Date | | |
|-------------|----------------------------------|--|--------------------|---|---------------------------|----------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Outstanding Tax Levy | Percentage of Levy |
| 2007 | 28,349,279 | 27,043,378 | 95.39 | 1,137,433 | 28,180,811 | 168,468 | 99.41% |
| 2008 | 25,996,124 | 24,782,861 | 95.44 | 1,055,461 | 25,838,322 | 157,802 | 99.39% |
| 2009 | 27,297,263 | 25,864,604 | 94.75 | 1,240,229 | 27,104,833 | 192,430 | 99.30% |
| 2010 | 27,210,755 | 25,084,155 | 92.18 | 1,936,007 | 27,020,162 | 190,593 | 99.30% |
| 2011 | 27,078,969 | 26,174,857 | 96.66 | 711,574 | 26,886,431 | 192,538 | 99.29% |
| 2012 | 27,100,363 | 26,076,453 | 96.22 | 771,995 | 26,848,448 | 251,915 | 99.07% |
| 2013 | 26,866,085 | 25,956,120 | 96.61 | 638,981 | 26,595,101 | 270,984 | 98.99% |
| 2014 | 26,663,416 | 25,829,100 | 96.87 | 502,114 | 26,331,214 | 332,202 | 98.75% |
| 2015 | 29,450,271 | 28,611,551 | 97.15 | 498,883 | 29,110,434 | 339,837 | 98.85% |
| 2016 | 28,362,607 | 27,481,731 | 96.89 | - | 27,481,731 | 880,876 | 96.89% |

Source: LISD Tax Office

Schedule 12
Laredo Independent School District
Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

| Fiscal Year | General Obligation Bonds | Loans | Total Primary Government | Percentage of Personal Income¹ | Per Capita¹ | Per Capita Personal Income Schedule # 16 |
|--------------------|---------------------------------|--------------|---------------------------------|--|-------------------------------|---|
| 2007 | 296,751,137 | 31,360,000 | 328,111,137 | 6.46% | 5,945 | 91,994 |
| 2008 | 287,630,128 | 29,640,000 | 317,270,128 | 5.70% | 1,345 | 23,598 |
| 2009 | 278,289,348 | 27,855,000 | 306,144,348 | 4.69% | 1,093 | 23,294 |
| 2010 | 267,149,396 | 25,975,000 | 293,124,396 | 4.92% | 1,151 | 23,400 |
| 2011 | 256,072,731 | 24,000,000 | 280,072,731 | 4.37% | 1,092 | 24,985 |
| 2012 | 245,038,625 | 16,000,000 | 261,038,625 | 3.86% | 1,009 | 26,120 |
| 2013 | 233,645,070 | 8,000,000 | 241,645,070 | 3.40% | 921 | 27,102 |
| 2014 | 298,948,962 | 8,000,000 | 306,948,962 | 4.06% | 1,151 | 28,355 |
| 2015 | 291,774,065 | 8,000,000 | 299,774,065 | 3.73% | 1,111 | 29,778 |
| 2016 | 275,614,165 | 8,000,000 | 283,614,165 | N/A | N/A | N/A |

Notes: N/A = not available

¹ See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Schedule 13
Laredo Independent School District
Direct and Overlapping Governmental Activities Debt
As of August 31, 2016
Unaudited

| <u>Governmental Unit</u> | <u>Estimated Gross Debt</u> | <u>Estimated Percentage Applicable¹</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-------------------------------------|--|---|
| City of Laredo | \$ 702,480,835 | 21.64% | \$ 152,016,853 |
| County of Webb | 64,864,785 | 14.56% | 9,444,313 |
| Laredo Community College | 213,335,000 | 21.64% | <u>46,165,694</u> |
| Subtotal, overlapping debt | | | 207,626,859 |
| District direct debt | 283,614,165 | 100.00% | <u>283,614,165</u> |
| Total direct and overlapping debt | | | <u>\$ 491,241,024</u> |

Sources: Taxable value data used to estimate applicable percentages provided by the Webb County Property Appraiser.
Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district.
This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken in account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Schedule 14
Laredo Independent School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

| | | | |
|---|----|-------------|----------------------|
| Net Assessed value of 2015 taxable property | | \$ | 2,032,433,349 |
| Plus: Exemptions | | | <u>933,534,938</u> |
| Total Assessed Value | | | 2,965,968,287 |
| Debt limit (10% of total assessed value) | | | 296,596,829 |
| Amount of debt applicable to said maximum debt limit: | | | |
| Total (net) general bonded debt | \$ | 275,614,165 | |
| (Percentage of debt to total assessed value) | | | 9.29% |
| Less: Debt Service Fund Balance as of 8/31/16 | | 6,506,885 | |
| Total amount of debt applicable to debt limit | | | <u>269,107,280</u> |
| Legal debt margin | | | <u>\$ 27,489,549</u> |

| <u>Fiscal Year</u> | <u>Debt limit</u> | <u>Total net debt applicable to limit</u> | <u>Legal debt margin</u> | <u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u> |
|--------------------|-------------------|---|--------------------------|---|
| 2007 | 185,032,769 | 245,415,822 | (60,383,053) | 132.63% |
| 2008 | 203,815,731 | 232,617,536 | (28,801,805) | 114.13% |
| 2009 | 279,430,832 | 218,178,789 | 61,252,043 | 78.08% |
| 2010 | 293,374,766 | 203,672,415 | 89,702,351 | 69.42% |
| 2011 | 294,078,794 | 164,778,123 | 129,300,671 | 56.03% |
| 2012 | 295,390,663 | 162,871,919 | 132,518,744 | 55.14% |
| 2013 | 294,254,975 | 161,162,719 | 133,092,256 | 54.77% |
| 2014 | 291,870,945 | 294,847,836 | (2,976,891) | 101.02% |
| 2015 | 292,034,022 | 286,456,390 | 5,577,632 | 98.09% |
| 2016 | 296,596,829 | 269,107,280 | 27,489,549 | 90.73% |

Notes: Currently, outstanding tax supported debt is supported with funds received by either the Existing Debt Allotment Program or the Instructional Facilities Allotment Program from the Texas Education Agency. Both the Existing Debt Allotment Program funds and the Instructional Facilities Allotment Program are subject to biennial appropriation by the Texas Legislature. The District's Series 2001, 2005, 2006, 2013, and 2005, 2010, 2011, 2014, 2015, 2016 Refunding Bonds are secured by the Permanent School Fund Guarantee.

Schedule 15

Laredo Independent School District

Ratio of General Obligation Bonded Debt to Taxable Assessed Value

General Obligation Bonded Debt Per Capita, and General Obligation Bonded Debt per Student

Last Ten Fiscal Years

Unaudited

| Fiscal Year | Assessed Value ¹ | General Obligation Bonded Debt | Less: Amount Available in Debt Service Fund | Net Bonded Debt | Ratio Of Net Bonded Debt To Assessed Value | Population | Net Bonded Debt Per Capita | Student Enrollment ² | Net Bonded Debt per Student |
|-------------|-----------------------------|--------------------------------|---|-----------------|--|------------|----------------------------|---------------------------------|-----------------------------|
| 2007 | 1,850,327,688 | 296,751,137 | 14,711,181 | 282,039,956 | 15.24% | 217,506 | 1,297 | 24,795 | 11,375 |
| 2008 | 2,038,157,312 | 287,630,128 | 15,672,278 | 271,957,850 | 13.34% | 221,000 | 1,231 | 25,075 | 10,846 |
| 2009 | 2,142,642,269 | 278,289,348 | 18,103,438 | 260,185,910 | 12.14% | 255,926 | 1,017 | 24,903 | 10,448 |
| 2010 | 2,135,852,058 | 267,149,396 | 20,245,916 | 246,903,480 | 11.56% | 263,286 | 938 | 24,682 | 10,003 |
| 2011 | 2,125,507,784 | 256,072,731 | 22,139,632 | 233,933,099 | 11.01% | 246,917 | 947 | 24,680 | 9,479 |
| 2012 | 2,127,187,046 | 245,038,625 | 14,453,416 | 230,585,209 | 10.84% | 270,381 | 853 | 24,761 | 9,312 |
| 2013 | 2,108,797,859 | 233,645,070 | 5,370,711 | 228,274,359 | 10.82% | 276,656 | 825 | 24,797 | 9,206 |
| 2014 | 2,092,889,779 | 298,948,962 | 4,101,126 | 294,847,836 | 14.09% | 275,686 | 1,070 | 24,915 | 11,834 |
| 2015 | 2,087,487,325 | 291,774,065 | 5,317,675 | 286,456,390 | 13.72% | 282,143 | 1,015 | 24,659 | 11,617 |
| 2016 | 2,032,433,349 | 275,614,165 | 6,506,885 | 269,107,280 | 13.24% | 288,922 | 931 | 24,166 | 11,136 |

Notes: ¹ The taxable value shown here will not match the values reported by the Comptroller of Public Accounts.

² This is the total number of public school students who were reported in membership, at any grade, from early childhood education through grade 12. Membership is a slightly different number from enrollment because it does not include those students who are served in the district for less than two hours per day. (Source: PEIMS)

Schedule 16
Laredo Independent School District
Demographic and Economic Statistics
Last Ten Calendar Years
Unaudited

| <u>Calendar Year</u> | <u>Population</u> | <u>Personal Income¹</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate¹</u> |
|----------------------|----------------------|------------------------------------|-----------------------------------|--------------------------------------|
| 2007 | 219,617 ² | 5,077,310,000 | 23,119 | 4.50 |
| 2008 | 220,232 ² | 5,567,524,000 | 23,598 | 5.20 |
| 2009 | 226,419 ² | 5,624,141,000 | 23,294 | 7.90 |
| 2010 | 237,244 ² | 5,961,227,000 | 23,400 | 8.00 |
| 2011 | 246,917 ³ | 6,408,612,000 | 24,985 | 7.95 |
| 2012 | 270,381 ⁴ | 6,769,544,000 | 26,120 | 7.07 |
| 2013 | 276,656 ⁴ | 7,114,194,000 | 27,102 | 6.47 |
| 2014 | 275,686 ⁴ | 7,561,382,000 | 28,355 | 5.48 |
| 2015 | 282,143 ⁴ | 8,031,782,000 | 29,778 | 4.26 |
| 2016 | 288,922 ⁴ | N/A | N/A | 4.44 |

Sources: ¹ Texas Workforce Commission

² U.S. Census Bureau

³ Texas State Data Center

⁴ Texas Department of State Health Services

Notes: Population and Unemployment Rate for 2016 represent projected figures.

N/A = not available

Schedule 17
Laredo Independent School District
Principal Employers
Current Year and Ten Years Ago
Unaudited

| <u>Employer</u> | <u>2016</u> | | | <u>2007</u> | | |
|------------------------------------|------------------------------|-------------|---------------------------------------|------------------|-------------|---------------------------------------|
| | <u>Employees¹</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> |
| United Independent School District | 7,174 | 1 | 28.03% | 5,341 | 1 | 24.47% |
| Laredo Independent School District | 4,346 | 2 | 16.98% | 4,649 | 2 | 21.30% |
| City of Laredo | 2,523 | 3 | 9.86% | 2,786 | 3 | 12.76% |
| Laredo Sector Border Patrol | 1,770 | 6 | 6.91% | - | - | - |
| US CBP-Customs Field Officers | 1,950 | 5 | 7.62% | - | - | - |
| H.E.B. Grocery | 1,900 | 4 | 7.42% | 1,360 | 8 | 6.23% |
| McDonald's Restaurant | 1,540 | 7 | 6.02% | 1,500 | 4 | 6.87% |
| Webb County | 1,500 | 9 | 5.86% | 1,297 | 6 | 5.94% |
| Laredo Medical Center | 1,503 | 8 | 5.87% | 1,406 | 8 | 6.44% |
| Texas A&M International University | 1,392 | 10 | 5.44% | 1,027 | 10 | 4.70% |
| Laredo National Bank | - | - | - | 1,229 | 9 | 5.63% |
| Wal-Mart | - | - | - | 1,234 | 7 | 5.65% |
| Annual Labor Force | <u>25,598</u> | | <u>100.00%</u> | <u>21,829</u> | | <u>100.00%</u> |

Source: Laredo Development Foundation

Notes: ¹ Total headcount which is the sum and actual number of all staff, with no distinction between full-time and part-time status, substitutes and temporary staff.

Schedule 18
 Laredo Independent School District
 Full-time Equivalent District Employees by Type
 Last Ten Fiscal Years
 Unaudited

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | Percentage Change 2007-2016 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| Teachers | | | | | | | | | | | |
| Pre-K & Kindergarten | 222 | 230 | 228 | 221 | 223 | 198 | 215 | 206 | 206 | 205 | |
| Elementary | 631 | 631 | 629 | 678 | 671 | 625 | 629 | 557 | 535 | 535 | |
| Secondary | 599 | 624 | 622 | 637 | 603 | 576 | 543 | 630 | 625 | 639 | |
| Special Education | 156 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| All Level | 17 | 98 | 110 | 67 | 87 | 95 | 67 | 62 | 74 | 64 | |
| Total Teachers | <u>1,625</u> | <u>1,583</u> | <u>1,589</u> | <u>1,603</u> | <u>1,584</u> | <u>1,494</u> | <u>1,454</u> | <u>1,455</u> | <u>1,440</u> | <u>1,443</u> | -11.19% |
| Support Staff | | | | | | | | | | | |
| Supervisors | 15 | - | - | - | - | - | - | - | 1 | 1 | |
| Counselors | 66 | 63 | 61 | 63 | 65 | 65 | 64 | 67 | 69 | 72 | |
| Educ Diagnosticians | 19 | 19 | 18 | 17 | 17 | 14 | 15 | 15 | 15 | 17 | |
| Librarians | 30 | 30 | 30 | 30 | 30 | 27 | 27 | 27 | 27 | 27 | |
| Nurses/Physicians | 38 | 39 | 42 | 43 | 45 | 38 | 33 | 35 | 35 | 34 | |
| Therapists | 21 | 21 | 20 | 24 | 20 | 21 | 22 | 22 | 22 | 21 | |
| Other Support Staff | 216 | 200 | 202 | 210 | 205 | 172 | 167 | 172 | 167 | 172 | |
| Total Support Staff | <u>405</u> | <u>372</u> | <u>373</u> | <u>387</u> | <u>382</u> | <u>337</u> | <u>328</u> | <u>338</u> | <u>336</u> | <u>344</u> | -15.12% |
| Administrators | | | | | | | | | | | |
| Admin/Instr Officers | 19 | 35 | 37 | 36 | 37 | 31 | 29 | 35 | 36 | 37 | |
| Principals | 29 | 29 | 27 | 29 | 28 | 27 | 29 | 29 | 29 | 29 | |
| Assistant Principals | 59 | 59 | 54 | 54 | 58 | 54 | 51 | 53 | 53 | 53 | |
| Superintendents | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Asst Superintendents | - | 1 | 1 | 1 | - | - | - | - | - | - | |
| Total Administrators | <u>108</u> | <u>125</u> | <u>120</u> | <u>121</u> | <u>124</u> | <u>113</u> | <u>110</u> | <u>118</u> | <u>119</u> | <u>119</u> | 10.19% |
| Educational Aides | 477 | 492 | 484 | 526 | 478 | 355 | 370 | 413 | 403 | 387 | -18.90% |
| Certified Interpreter | - | - | - | - | - | - | - | - | - | 1 | 100.00% |
| Auxiliary Staff | <u>1,318</u> | <u>1,286</u> | <u>1,274</u> | <u>1,240</u> | <u>1,260</u> | <u>1,268</u> | <u>1,273</u> | <u>1,221</u> | <u>1,258</u> | <u>1,329</u> | 0.82% |
| Total | <u>3,933</u> | <u>3,858</u> | <u>3,840</u> | <u>3,877</u> | <u>3,828</u> | <u>3,567</u> | <u>3,535</u> | <u>3,545</u> | <u>3,556</u> | <u>3,623</u> | -7.89% |

Source: Texas Education Agency, Fall PEIMS Submission

Notes: ¹ Full-time equivalent is the measurement of staff with full time work. An employee with a full-time equivalent must render a specific amount of hours for a full-time status.

Schedule 19
Laredo Independent School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

| Fiscal Year | Enrollment¹ | Operating Expenditures² | Cost per Pupil | Percentage Change | Teaching Staff | Pupil-Teacher Ratio | Percentage of Students Receiving Free or Reduced-Price Meals |
|--------------------|-------------------------------|---|-----------------------|--------------------------|-----------------------|----------------------------|---|
| 2007 | 24,795 | 223,388,079 | 9,009 | 4.86% | 1,625 | 15.3 | 96.50% |
| 2008 | 25,075 | 216,976,764 | 8,653 | -3.95% | 1,583 | 15.8 | 96.00% |
| 2009 | 24,903 | 227,519,989 | 9,136 | 5.58% | 1,589 | 15.7 | 96.50% |
| 2010 | 24,682 | 232,815,681 | 9,433 | 3.24% | 1,603 | 15.4 | 97.20% |
| 2011 | 24,680 | 230,399,125 | 9,335 | -1.03% | 1,584 | 15.6 | 97.10% |
| 2012 | 24,761 | 231,336,355 | 9,343 | 0.08% | 1,494 | 16.6 | 97.20% |
| 2013 | 24,797 | 219,374,363 | 8,847 | -5.31% | 1,454 | 17.1 | 97.50% |
| 2014 | 24,915 | 235,772,807 | 9,463 | 6.97% | 1,455 | 17.1 | 97.70% |
| 2015 | 24,659 | 239,863,901 | 9,727 | 2.79% | 1,440 | 17.1 | 91.70% |
| 2016 | 24,166 | 252,908,749 | 10,465 | 7.59% | 1,443 | 16.7 | 94.30% |

Source: Texas Education Agency TAPR Reports and District's CAFRs

Notes: ¹ Enrollment is as of the October reporting date to TEA through the Public Education Information System (PEIMS).

² Operating Expenditures are total governmental fund expenditures less debt service and capital projects (functions 71 and 81).

Schedule 20
 Laredo Independent School District
 Teacher Base Salaries
 Last Ten Fiscal Years
 Unaudited

| <u>Fiscal Year</u> | <u>0 Years Experience Salary¹</u> | <u>40+ Years Experience Salary¹</u> | <u>District Average Salary²</u> | <u>County Average Salary²</u> | <u>Statewide Average Salary²</u> |
|--------------------|--|--|--|--|---|
| 2007 | 39,500 | 59,166 | 46,236 | 45,164 | 44,897 |
| 2008 | 41,000 | 60,074 | 47,416 | 46,505 | 46,178 |
| 2009 | 41,000 | 62,399 | 49,021 | 47,938 | 47,158 |
| 2010 | 42,500 | 63,552 | 50,287 | 49,063 | 48,263 |
| 2011 | 42,500 | 63,627 | 50,163 | 49,378 | 48,639 |
| 2012 | 42,500 | 63,742 | 49,911 | 49,020 | 48,375 |
| 2013 | 42,700 | 64,042 | 49,967 | 48,950 | 48,821 |
| 2014 | 42,700 | 64,042 | 49,972 | 50,523 | 49,692 |
| 2015 | 46,500 | 67,400 | 53,927 | 53,344 | 50,715 |
| 2016 | 47,250 | 68,900 | 55,417 | 54,998 | 51,892 |

Sources: ¹ District records
² Texas Education Agency Fall PEIMS Submission

Notes: Amounts do not include additional stipends based on experience or academic credentials, nor fringe benefits such as pension, health insurance, disability, and so on.

August 31, 2016

| Campus Name ¹ | Original Building ¹ | Facility Replacement ¹ | Facility Additions and Renovations ¹ | Square Footage | Classrooms | Minimum Capacity | Enrollment 2015 - 2016 | Percentage of Capacity in Use |
|--|--------------------------------|-----------------------------------|---|-----------------------------|------------|------------------|------------------------|-------------------------------|
| HIGH SCHOOLS (9th - 12th) | | | | | | | | |
| Dr. Leonides G. Cigarroa | 1983 | | 2004, 2005, 2006, 2011, & 2013 | 277,154 | 87 | 2,175 | 1,569 | 72% |
| Raymond & Tirza Martin | 1937 | | 2003, 2007, 2008, 2009, 2010, & 2011 | 364,735 | 93 | 2,325 | 1,875 | 81% |
| Joseph W. Nixon | 1964 | | 2003, 2005, 2006, 2007, & 2011 | 425,608 | 83 | 2,075 | 2,088 | 101% |
| Early College at Texas A&M International University | 2007 | 2012 | | 42,500 | 20 | 500 | 427 | 85% |
| Francisco S. Lara Academy (Alternative School) | 1997 | | 1997 | 28,883 | 17 | 255 | 70 | 27% |
| TOTAL HIGH SCHOOLS: | | | | 1,138,880 | 300 | 7,330 | 6,029 | 82% |
| MIDDLE SCHOOLS (6th - 8 th) | | | | | | | | |
| Louis J. Christen | 1930 | 2006 | 2008 | 194,507 | 82 | 2,050 | 1,328 | 65% |
| Dr. Joaquin G. Cigarroa | 1983 | 2006 | 2004, 2005, 2006 & 2010 | 216,000 | 74 | 1,850 | 1,312 | 71% |
| Mirabeau B. Lamar | 1957 | 2003 | 2004, 2005 | 184,900 | 78 | 1,950 | 1,314 | 67% |
| Memorial | 1937-39 | 2005 | 2008 | 133,081 | 48 | 1,200 | 716 | 60% |
| TOTAL MIDDLE SCHOOLS: | | | | 728,488 | 282 | 7,050 | 4,670 | 66% |
| ELEMENTARY SCHOOLS (PK- 5th) | | | | | | | | |
| Antonio M. Bruni | 1927 | 2004 | | 81,549 | 38 | 836 | 631 | 75% |
| Don Jose Gallego | 1946 | 2007 | | 92,305 | 39 | 858 | 805 | 94% |
| Leon Daiches | 1920 | 2006 | | 92,905 | 33 | 726 | 557 | 77% |
| Anita T. Dovalina | 1983 | | 2002, 2010 | 69,511 | 30 | 660 | 520 | 79% |
| Francisco Farias | 1958 | 2002 | 2010, 2011 | 108,465 | 47 | 1,034 | 752 | 73% |
| Demetrio D. Hachar | 1974 | 2008 | | 88,814 | 30 | 660 | 546 | 83% |
| Heights | 1923 | 2007 | | 68,500 | 26 | 572 | 548 | 96% |
| Jesus A. kawas | 1983 | | 2003 | 71,259 | 34 | 748 | 564 | 75% |
| John Z. Leyendecker | 1953 | | 2008 | 97,752 | 38 | 836 | 538 | 64% |
| Honore Ligarde | 1988 | | 2003 | 80,252 | 39 | 858 | 809 | 94% |
| Christopher M. Macdonell | 1930 | 2004 | | 77,965 | 38 | 836 | 620 | 74% |
| Joseph C. Martin | 1972 | 2009 | | 94,728 | 32 | 704 | 596 | 85% |
| Clarence L. Milton | 1960 | | 2003 | 88,070 | 51 | 1,122 | 915 | 82% |
| Alma A. Pierce | 1963 | 2004 | 2010 | 93,233 | 43 | 946 | 867 | 92% |
| Michael S. Ryan | 1954 | | 2006 | 94,404 | 49 | 1,078 | 945 | 88% |
| Tomas Sanchez/Hermelinda Ochoa | 1953 | 2002 | | 88,766 | 43 | 946 | 732 | 77% |
| Santa Maria | 1972 | 2003 | | 81,669 | 34 | 748 | 663 | 89% |
| Santo Niño | 1960 | | 2003 | 95,510 | 43 | 946 | 687 | 73% |
| Katherine F. Tarver | 1960 | | 2005 | 81,982 | 29 | 638 | 536 | 84% |
| Henry B. Zachry | 1998 | | 2003 | 70,233 | 34 | 748 | 651 | 87% |
| TOTAL ELEMENTARY SCHOOLS: | | | | 1,717,872 | 750 | 16,500 | 13,482 | 82% |
| SPECIAL CAMPUSES (9th-12th) | | | | | | | | |
| Dr. Dennis D. Cantu Health Science Magnet School | 1999 | | | 26,960 | 12 | | | |
| Sabas Perez School for Engineering and Technology | 1983 | | | (included in Cigarroa High) | 4 | | | |
| VMT School of Communications & Fine Arts | | 2015 | | 80,677 | 30 | | | |
| Jose A. Valdez (Urbanh Bldg) | 1922 | | 1993, 2015 | 15,045 | 5 | | | |
| TOTAL SPECIAL CAMPUSES⁵: | | | | 122,682 | | | | |
| Total Square Footage ² : | | | | 3,707,922 | | | | |
| Total Minimum Capacity ³ : | | | | 30,880 | | | | |
| Total Enrollment ⁴ : | | | | 24,181 | | | | |
| Total Capacity Utilization ⁵ : | | | | 78% | | | | |
| Source: ¹ District records (latest new replacements, additions and modifications). No information prior to FY2014 is available in the required format. | | | | | | | | |
| Notes: ² Square Footage comprises the total enclosed space of each campus based on construction plans. | | | | | | | | |
| ³ Minimum Capacity is a calculation based on TAC requirements (No. Classrooms based on construction plans). Note: Room size requirements are based on rooms that will house 22 students at the elementary level and 25 students at the middle or high school level (19 TAC Chapter 61, Subchapter CC) (Lara Academy = 15/1). | | | | | | | | |
| ⁴ Actual Enrollment is based on PEIMS data. | | | | | | | | |
| ⁵ Capacity Utilization is the quotient of Total Enrollment by Total Capacity, less enrollment at Special Campuses. | | | | | | | | |
| ⁶ Enrollment included with home campus. | | | | | | | | |
| Historical data for the past eight years not readily available. Statistical schedule provided from the Laredo Independent School District Construction Department. | | | | | | | | |

August 31, 2015

| Campus Name ¹ | Original Building ¹ | Facility Replacement ¹ | Facility Additions and Renovations ¹ | Square Footage | Classrooms | Minimum Capacity | Enrollment 2014-2015 | Percentage of Capacity in Use |
|--|--------------------------------|-----------------------------------|---|----------------------------|------------|------------------|----------------------|-------------------------------|
| HIGH SCHOOLS (9th - 12th) | | | | | | | | |
| Dr. Leonides G. Cigarroa | 1983 | | 2004, 2005, 2006, 2011, & 2013 | 277,154 | 87 | 2,175 | 1,540 | 71% |
| Raymond & Tirza Martin | 1937 | | 2003, 2007, 2008, 2009, 2010, & 2011 | 364,735 | 93 | 2,325 | 1,866 | 80% |
| Joseph W. Nixon | 1964 | | 2003, 2005, 2006, 2007, & 2011 | 425,608 | 83 | 2,075 | 1,967 | 95% |
| Early College at Texas A&M International University | 2007 | 2012 | | 42,500 | 20 | 500 | 422 | 84% |
| Francisco S. Lara Academy (Alternative School) | 1997 | | 1997 | 28,883 | 17 | 255 | 93 | 36% |
| TOTAL HIGH SCHOOLS: | | | | 1,138,880 | 300 | 7,330 | 5,888 | 80% |
| MIDDLE SCHOOLS (6th - 8 th) | | | | | | | | |
| Louis J. Christen | 1930 | 2006 | 2008 | 194,507 | 82 | 2,050 | 1,369 | 67% |
| Dr. Joaquin G. Cigarroa | 1983 | 2006 | 2004, 2005, 2006 & 2010 | 216,000 | 74 | 1,850 | 1,407 | 76% |
| Mirabeau B. Lamar Memorial | 1957 | 2003 | 2004, 2005 | 184,900 | 78 | 1,950 | 1,352 | 69% |
| | 1937-39 | 2005 | 2008 | 133,081 | 48 | 1,200 | 731 | 61% |
| TOTAL MIDDLE SCHOOLS: | | | | 728,488 | 282 | 7,050 | 4,859 | 69% |
| ELEMENTARY SCHOOLS (PK- 5th) | | | | | | | | |
| Antonio M. Bruni | 1927 | 2004 | | 81,549 | 38 | 836 | 687 | 82% |
| Don Jose Gallego | 1946 | 2007 | | 92,305 | 39 | 858 | 799 | 93% |
| Leon Daiches | 1920 | 2006 | | 92,905 | 33 | 726 | 610 | 84% |
| Anita T. Dovalina | 1983 | | 2002, 2010 | 69,511 | 30 | 660 | 540 | 82% |
| Francisco Farias | 1958 | 2002 | 2010, 2011 | 108,465 | 47 | 1,034 | 767 | 74% |
| Demetrio D. Hachar | 1974 | 2008 | | 88,814 | 30 | 660 | 541 | 82% |
| Heights | 1923 | 2007 | | 68,500 | 26 | 572 | 564 | 99% |
| Jesus A. kawas | 1983 | | 2003 | 71,259 | 34 | 748 | 591 | 79% |
| John Z. Leyendecker | 1953 | | 2008 | 97,752 | 38 | 836 | 541 | 65% |
| Honore Ligarde | 1988 | | 2003 | 80,252 | 39 | 858 | 849 | 99% |
| Christopher M. Macdonell | 1930 | 2004 | | 77,965 | 38 | 836 | 764 | 91% |
| Joseph C. Martin | 1972 | 2009 | | 94,728 | 32 | 704 | 591 | 84% |
| Clarence L. Milton | 1960 | | 2003 | 88,070 | 51 | 1,122 | 891 | 79% |
| Alma A. Pierce | 1963 | 2004 | 2010 | 93,233 | 43 | 946 | 877 | 93% |
| Michael S. Ryan | 1954 | | 2006 | 94,404 | 49 | 1,078 | 951 | 88% |
| Tomas Sanchez/Hermelinda Ochoa | 1953 | 2002 | | 88,766 | 43 | 946 | 749 | 79% |
| Santa Maria | 1972 | 2003 | | 81,669 | 34 | 748 | 701 | 94% |
| Santo Niño | 1960 | | 2003 | 95,510 | 43 | 946 | 708 | 75% |
| Katherine F. Tarver | 1960 | | 2005 | 81,982 | 29 | 638 | 572 | 90% |
| Henry B. Zachry | 1998 | | 2003 | 70,233 | 34 | 748 | 658 | 88% |
| TOTAL ELEMENTARY SCHOOLS: | | | | 1,717,872 | 760 | 16,500 | 13,951 | 85% |
| SPECIAL CAMPUSES (9th-12th) | | | | | | | | |
| Dr. Dennis D. Cantu Health Science Magnet School | 1999 | | | 26,960 | 12 | | | |
| Sabas Perez School for Engineering and Technology | 1983 | | | (included in Cigarroa High | 4 | | | |
| VMT School of Communications & Fine Arts | 1922 | 2015 | | 80,677 | 30 | | | |
| Jose A. Valdez | 1957 | | 1993, 2015 | 15,045 | 5 | | | |
| TOTAL SPECIAL CAMPUSES⁶: | | | | 122,682 | | | | |
| Total Square Footage ² : | 3,707,922 | | | | | | | |
| Total Minimum Capacity ³ : | 30,880 | | | | | | | |
| Total Enrollment ⁴ : | 24,698 | | | | | | | |
| Total Capacity Utilization ⁵ : | 80% | | | | | | | |
| Source: ¹ District records (latest new replacements, additions and modifications). No information prior to FY2014 is available in the required format. | | | | | | | | |
| Notes: ² Square Footage comprises the total enclosed space of each campus based on construction plans. | | | | | | | | |
| ³ Minimum Capacity is a calculation based on TAC requirements (No. Classrooms based on construction plans). Note: Room size requirements are based on rooms that will house 22 students at the elementary level and 25 students at the middle or high school level (19 TAC Chapter 61, Subchapter CC) (Lara Academy = 15/1). | | | | | | | | |
| ⁴ Actual Enrollment is based on PEIMS data. | | | | | | | | |
| ⁵ Capacity Utilization is the quotient of Total Enrollment by Total Capacity, less enrollment at Special Campuses. | | | | | | | | |
| ⁶ Enrollment included with home campus. | | | | | | | | |
| Historical data for the past eight years not readily available. Statistical schedule provided from the Laredo Independent School District Construction Department. | | | | | | | | |

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

To the Board of Trustees
Laredo Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laredo Independent School District (the District), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

To the Board of Trustees
Laredo Independent School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 17, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Trustees
Laredo Independent School District

Report on Compliance for Each Major Federal Program

We have audited the Laredo Independent School District's (the District's) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2016. The District's major federal 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion in Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

To the Board of Trustees
Laredo Independent School District

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 17, 2017

**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2016**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None reported

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes No

Identification of major programs:

84.010A
84.365A

Title I, Part A – Improving Basic Programs
Title III, Part A – English Language Acquisition

**LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2016**

SECTION I – SUMMARY OF AUDITOR’S RESULTS – CONTINUED

- Dollar threshold used to distinguish between type A and type B programs? \$1,401,870
- Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

NONE

REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

| (1) | (2) | (3) | (4) |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| U.S. DEPARTMENT OF DEFENSE | | | |
| <u>Direct Programs</u> | | | |
| ROTC | 12.999 | N/A | \$ 188,080 |
| Total Direct Programs | | | \$ 188,080 |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | \$ 188,080 |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed Through State Department of Education</u> | | | |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 16610101240901 | \$ 16,722,561 |
| ESEA, Title I, Part C - Migratory Children | 84.011 | 16615001240901 | 309,102 |
| *IDEA - Part B, Formula | 84.027 | 166600012409016600 | 5,261,222 |
| *IDEA - Part B, Discretionary | 84.027 | 166600112409016673 | 8,485 |
| *IDEA - Part B, Deaf | 84.027 | 166600012409016601 | 10,652 |
| Total CFDA Number 84.027 | | | 5,280,359 |
| *IDEA - Part B, Preschool | 84.173 | 166610012409016610 | 11,764 |
| *IDEA - Part B, Preschool Deaf | 84.173 | 166610012409016611 | 3,523 |
| Total CFDA Number 84.173 | | | 15,287 |
| Career and Technical - Basic Grant | 84.048 | 16420006240901 | 437,190 |
| IDEA, Part C - Early Intervention (Deaf) | 84.181A | 163911012409013911 | 610 |
| Title III, Part A - English Language Acquisition | 84.365A | 16671001240901 | 1,609,225 |
| ESEA, Title II, Part A, Teacher/Principal Training | 84.367A | 16694501240901 | 2,267,668 |
| Summer School LEP | 84.369A | 69551302 | 48,976 |
| Total Passed Through State Department of Education | | | \$ 26,690,978 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | \$ 26,690,978 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <u>Direct Programs</u> | | | |
| Aware Grant | 93.243 | N/A | \$ 48,727 |
| Medicaid Administrative Claiming Program - MAC | 93.778 | N/A | 132,980 |
| Total Direct Programs | | | \$ 181,707 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | \$ 181,707 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| <u>Direct Programs</u> | | | |
| Forfeiture US Treasury | 16.922 | N/A | \$ 32,813 |
| Organized Crime Drug Enforcement Task Force | 16.111 | N/A | 17,963 |
| Body Worn Camera | 16.738 | N/A | 2,150 |
| Anti-Gang Project | 16.738 | N/A | 1,264 |
| Total CFDA Number 16.738 | | | 3,414 |
| Total Direct Programs | | | \$ 54,190 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | \$ 54,190 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| *School Breakfast Program | 10.553 | N/A | \$ 4,976,858 |
| *National School Lunch Program - Cash Assistance | 10.555 | N/A | 12,360,008 |
| *National School Lunch Prog - Non-Cash Assistance | 10.555 | N/A | 1,021,156 |
| Total CFDA Number 10.555 | | | 13,381,164 |

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2016

| (1) | (2) | (3) | (4) |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| *Summer Feeding Program - Cash Assistance | 10.559 | N/A | 810,127 |
| Fresh Fruit & Vegetable Program | 10.582 | N/A | 440,737 |
| NSLP Equipment Assistance Grant | 10.560 | N/A | 4,046 |
| Hunger Free Texas Conference | 10.560 | N/A | 581 |
| Team Up School Nutrition | 10.560 | N/A | 535 |
| Total CFDA Number 10.560 | | | 5,162 |
| Total Passed Through the State Department of Agriculture | | | \$ 19,614,048 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | \$ 19,614,048 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 46,729,003 |

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2016

1. The District utilizes the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide (FASRG).

General Fund - is accounted for, among other things, resources related to the United States Department of Defense ROTC program.

Special Revenue Funds - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Funds - are used to account for financial resources to be used for the acquisition or construction of major capital outlays, including capital facilities and other capital assets.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the General Fund, the Special Revenue Funds, or the Capital Projects Funds, components of the Governmental Fund type. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both measurable and available), and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable, available financial resources.

Federal grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H period of availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
4. Federal revenues in the General Fund consist of amounts attributed to the National School Lunch Program, the ROTC Program and the Medicaid Administrative Program. Expenditures are not specifically attributable to these revenue sources and are shown as amounts equal to federal revenues. The revenue for indirect costs is recognized in the General Fund. Additionally, the SHARS Program is accounted for in the General Fund. SHARS revenue is not considered federal financial assistance and is therefore not included in the schedule.

| | |
|---|---------------------|
| Total Expenditures of Federal Awards, Exhibit K-1 | \$46,729,003 |
| SHARS Program Reimbursement | <u>3,471,096</u> |
| Federal Program Revenues, Exhibit C-3 | <u>\$50,200,099</u> |

