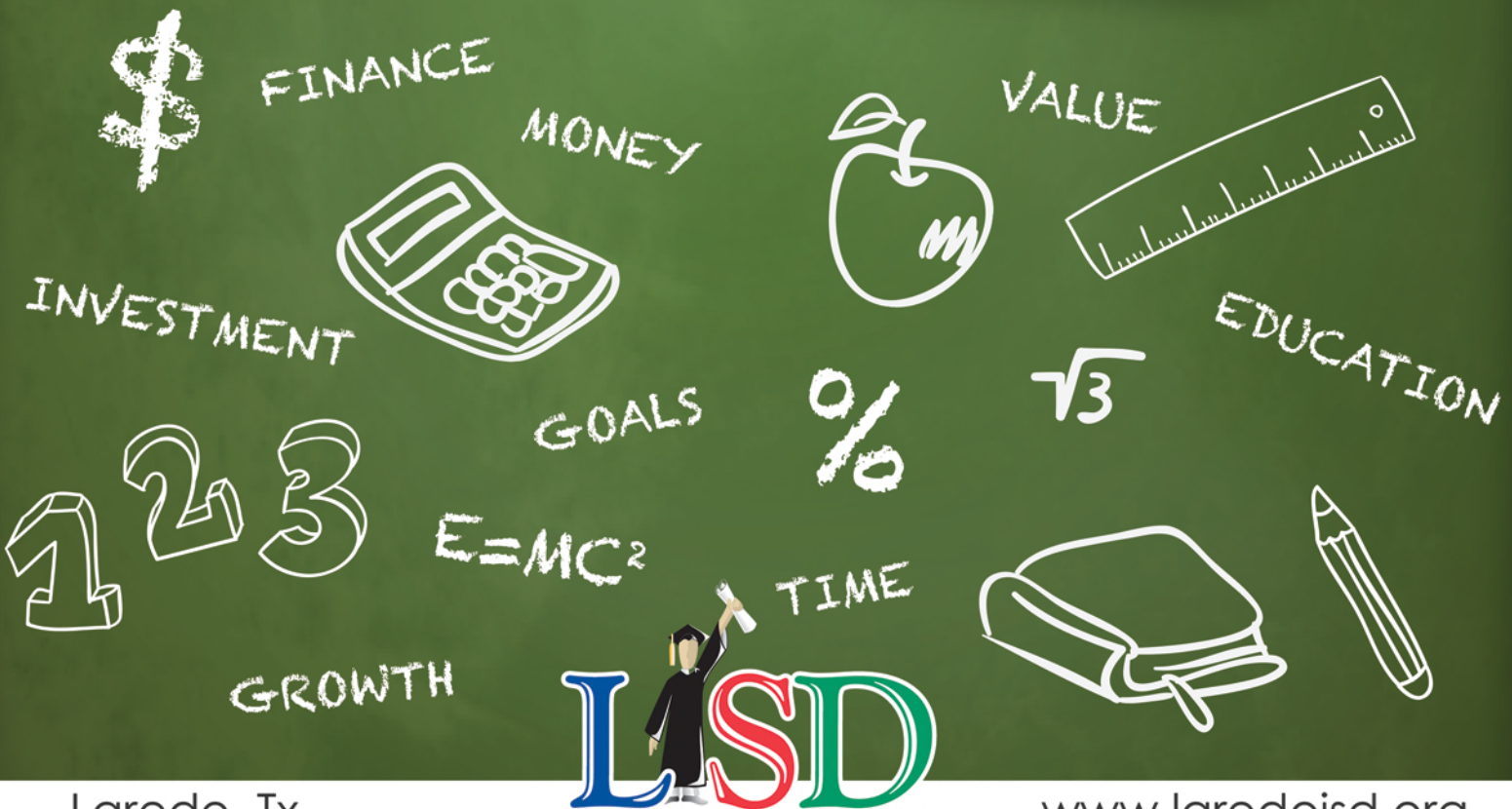


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED
AUGUST 31, 2017





**Laredo Independent School District
Comprehensive Annual Financial Report
For the Year Ended
August 31, 2017**

Prepared by:

Financial Management Department

This Page Left Blank Intentionally

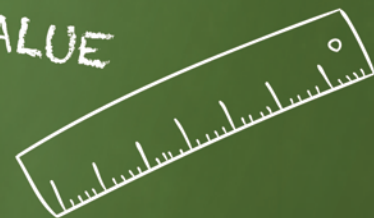
INTRODUCTORY SECTION



FINANCE

MONEY

VALUE



INVESTMENT



GOALS

%

$\sqrt{3}$

EDUCATION

1 2 3

$E=MC^2$

TIME

GROWTH



**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2017**

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal	iii
District Officials, Staff, and Consultants	viii
Board of Trustees and Superintendent.....	ix
Organizational Chart	x
GFOA Certificate of Achievement.....	xi
Certificate of Board.....	xii

FINANCIAL SECTION

Exhibit

Independent Auditors' Report.....	1
Management's Discussion and Analysis	4

Basic Financial Statements

Government-wide Financial Statements:		
A-1	Statement of Net Position.....	18
B-1	Statement of Activities	19
Governmental Fund Financial Statements:		
C-1	Balance Sheet - Governmental Funds	20
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of the Net Position.....	22
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	24
C-4	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	26
Proprietary Fund Financial Statements:		
D-1	Statement of Net Position	27
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	28
D-3	Statement of Cash Flows	29
Fiduciary Fund Financial Statements:		
E-1	Statement of Fiduciary Net Position - Fiduciary Funds	30
	Notes to the Financial Statements	31

Required Supplementary Information

G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund.....	66
	Notes to the Required Supplementary Information.....	67
G-6	Schedule of the District's Proportionate Share of the Net Pension Liability.....	68
G-7	Schedule of District Contributions.....	69
	Notes to the Required Supplementary Information.....	70

Combining and Other Statements

Non-Major Governmental Funds Special Revenue Funds		74
H-1	Combining Balance Sheet - Non Major Governmental Funds	78
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non Major Governmental Funds	84
Agency Funds:		
H-9	Combining Statement of Changes in Assets and Liabilities - All Agency Funds	90

TEA Required Schedules

J-1	Schedule of Delinquent Taxes Receivables.....	92
-----	---	----

**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2017**

TABLE OF CONTENTS

		Page
J-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Child Nutrition Program	94
J-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund	95
 Capital Assets		
	Schedule of General Fixed Assets - By Location and Activity	98
	Schedule of Changes in Capital Assets - By Location and Activity	100
	Schedule of Changes in Capital Assets - By Function and Activity	102

STATISTICAL SECTION

Exhibit

	Statistical Section (Unaudited)	105
S-1	Net Assets by Component - Last Ten Fiscal Years	106
S-2	Expenses, Program Revenue, and Net (Expense)/Revenue - Last Ten Fiscal Years	107
S-3	General Revenues and Total Changes in Net Position - Last Ten Fiscal Years	108
S-4	Fund Balances Governmental Funds - Last Ten Fiscal Years	109
S-5	Governmental Funds Revenues - Last Ten Fiscal Years	110
S-6	Governmental Funds Expenditures and Debt Service Ratio - Last Ten Fiscal Years	111
S-7	Other Financing Sources and Uses and Net Change in Fund Balances, Governmental Funds - Last Ten Fiscal Years	112
S-8	Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	113
S-9	Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	114
S-10	Principal Property Taxpayers - Current Year and Nine Years Ago	115
S-11	Property Tax Levies and Collections - Last Ten Fiscal Years	116
S-12	Outstanding Debt by Type - Last Ten Fiscal Years	117
S-13	Direct and Overlapping Governmental Activities Debt - As of August 31, 2013	118
S-14	Legal Debt Margin Information - Last Ten Fiscal Years	119
S-15	Ratio of General Obligation Bonded Debt to Taxable Assessed Value	120
S-16	Demographics and Economic Statistics - Last Ten Years	121
S-17	Principal Employers - Current Year and Ten Years Ago	122
S-18	Full - Time Equivalent District Employees by Type - Last Ten Fiscal Years	123
S-19	Operating Statistics - Last Ten Fiscal Years	124
S-20	Teacher Base Salaries - Last Ten Fiscal Years	125
S-21	Measures of Capacity	126

SINGLE AUDIT SECTION

	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	131
	Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	133
	Auditors Documents Schedule of Findings and Questioned Costs	135
	Auditee Documents Schedule of Expenditures of Federal Awards	138
K-1	Notes to the Schedule of Expenditures of Federal Awards	140



LAREDO INDEPENDENT SCHOOL DISTRICT
1702 Houston St. • Laredo, Texas 78040 • Ph. 956-273-1070



Dr. Sylvia G. Rios
Superintendent of Schools

January 18, 2018

Board of Trustees
2017-2018



Hector J. Garcia
President, District 6

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

Dear Board Members and Taxpayers:



Hector J. Noyola
Vice President, District 3

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, 2017. The report was prepared by the District’s Division of Finance and Business Services. 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”).



Ricardo Garza
Secretary, District 5

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.



Jose A. Valdez
Trustee, District 1

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



Cindy Liendo
Trustee, District 2

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.



Dr. Cecilia M. Moreno
Trustee, District 5

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



Jose R. Perez, Jr.
Trustee, District 7

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 early college 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 2016-2017 was 24,237 students of which 6,280 students were enrolled at the high school level, 4,658 at the middle school level, and 13,299 at the elementary level.

Over 92% of our students are classified as economically disadvantaged, 58% as Limited English Proficiency, 8% as Special Education, and 7% participate in Gifted and Talented courses. In addition, 27% 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 fifteenth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2016. 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, 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 \$500 billion in imports and exports. With IH-35 bisecting the city, all the industrial parks and logistical centers are within five miles.

Laredo Independent School District is located in the heart of the City of Laredo and encompasses approximately 13 square miles. For the year 2017, the Texas Department of State Health Services reported projected population at 295,933 for Laredo. With over 500,000 living across the river in Nuevo Laredo, both cities have a combined population of 795,933. Our District is an inner city district which serves the community of Laredo and Webb County. The District serves a population slightly over 100,000 and a student enrollment of about 24,000. Average daily attendance (ADA) drives school funding and it has decreased slightly on an average annual basis due to slight decreases in enrollment. The attendance rate remains constant at 95% and the district continues to work with students to reduce truancy rates.

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 total fund balance remains stable and it is an indicator of sound financial management mainly attributed to the enforcement of efficiency measures reflected in the capital and instructional 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 2019.

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 administration, 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 and Debt Service 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 Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2016. This was the nineteenth 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, 2016 thru August 31, 2017. 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.

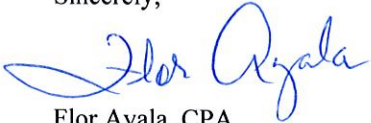
Acknowledgments

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,

A handwritten signature in blue ink that reads "Flor Ayala". The signature is fluid and cursive, with a large initial "F" and "A".

Flor Ayala, CPA
Assistant Superintendent for
Finance and Business Services

**LAREDO INDEPENDENT SCHOOL DISTRICT
DISTRICT OFFICIALS, STAFF & CONSULTANTS
AUGUST 31, 2017**

ELECTED OFFICIALS

Board of Trustees	Length of Service	Occupation
Hector Garcia President	7 Years	General Manager - La Posada
Hector J. Noyola Vice-President	3 Years	Executive Director - Boys and Girls Clubs of Laredo
Ricardo Garza Secretary	6 Years	Business Owner – Twins Mechanical, Inc.
Jose A. Valdez Trustee	20 Years	Retired
Cindy Liendo Trustee	1 Years	Resource Development Manager – Habitat for Humanity of Laredo
Dr. Cecilia May Moreno Trustee	7 Years	Retired
Jose R. Perez Trustee	9 Years	Retired

APPOINTED OFFICIALS

Sylvia G. Rios, Ed.D. Superintendent of Schools

Flor Ayala, CPA Assistant Superintendent for Finance & Business Services

Gerardo Cruz, Ed.D Assistant Superintendent for Human Resources

Elva Margarita Martinez Assistant Superintendent for Student Support Services

Miguel Munoa Assistant Superintendent for Technology

Oscar Perez Assistant Superintendent for Curriculum, Instruction & Assessment

Roberta Ramirez Assistant Superintendent for Administration, Compliance & Student Safety

Angel Velasquez Assistant Superintendent for Plant Facilities & Support Services

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, 2017



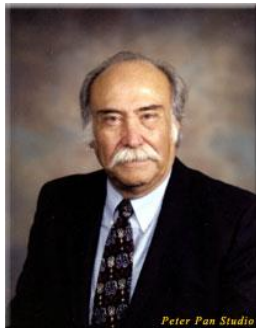
Hector Garcia
President
District 6



Hector J. Noyola
Vice-President
District 3



Ricardo Garza
Secretary
District 4



Jose A. Valdez
Trustee
District 1



Cindy Liendo
Trustee
District 2



Dr. Cecilia M. Moreno
Trustee
District 5



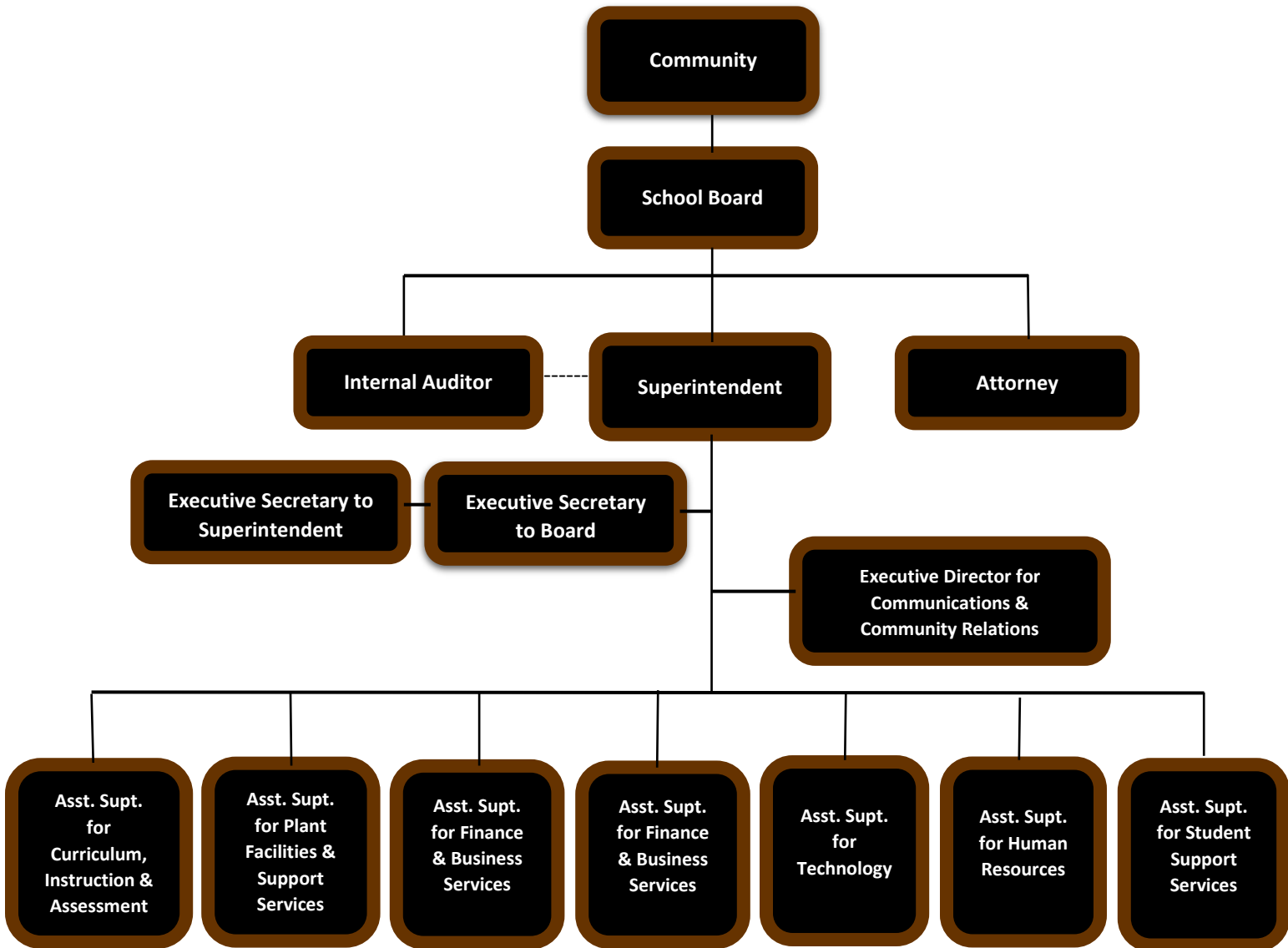
Jose R. Perez
Trustee
District 7

Superintendent of Schools



Dr. Sylvia G. Rios
July 18, 2017 to Present

LAREDO INDEPENDENT SCHOOL DISTRICT
Organizational Chart
August 31, 2017





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, 2016

Christopher P. Morill

Executive Director/CEO

CERTIFICATE OF BOARD

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

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, 2017 at a meeting of the Board of Trustees of such school district on the 18th day of January, 2018.



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):

FINANCIAL SECTION



FINANCE

MONEY

VALUE



INVESTMENT



GOALS



EDUCATION



$E=MC^2$

TIME

GROWTH





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, 2017, 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 the District, as of August 31, 2017, 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.

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 the 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 purposes 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 federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, the combining and other statements, TEA required schedules, capital asset section, and the schedule of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Laredo Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2018 on our consideration of the 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 the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 18, 2018

**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, 2017. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and related footnote disclosures.

FINANCIAL HIGHLIGHTS

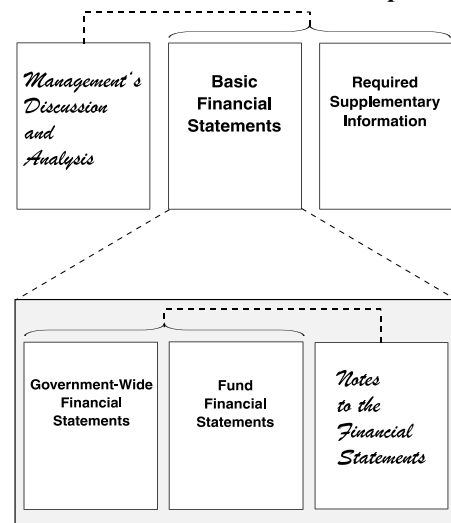
- The assets and deferred outflows of resources of the District exceeded its liabilities by \$216,467,094 (*net position*). Of this amount, \$40,844,602 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The District’s total net position increased by \$1,963,508. The increase is the result of the positive result in operations.
- The District had a total long-term debt outstanding (not including amortization of premium) of \$231,032,226, a decrease of \$14,108,198. 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 \$138,499,525, a decrease of \$15,187,556 compared to last year. Approximately \$58,406,884 or 42% is available for spending at the government’s discretion (*unassigned fund balance*).
- The total fund balance of the General Fund increased by \$4,706,117 mainly due to the commitment of funds for ongoing capital projects such as the Veterans Baseball Field and the Aquatic Center.
- The total of committed and unassigned components of fund balance for the General Fund was \$68,730,951, or approximately 31% 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.

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.

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

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 35 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 2017: General Fund, Local Capital Projects Fund and EDA 2014 Bond Series. Data from the other 32 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.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

The net position over time serves as a useful indicator of the District's financial position. The District's net position was \$216,467,094 on August 31, 2017 (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 to \$40,844,602.

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

	Governmental Activities		Percentage Change
	2017	2016	
Current assets and other assets	\$ 168,578,010	\$ 181,232,531	-7%
Capital assets, net	377,473,531	369,778,551	2%
Total assets	<u>546,051,541</u>	<u>551,011,082</u>	<u>-1%</u>
Total deferred outflows of resources	32,171,186	42,424,342	-24%
Current liabilities	28,111,074	23,475,605	20%
Non-Current liabilities	329,580,814	344,239,592	-4%
Total liabilities	<u>357,691,888</u>	<u>367,715,197</u>	<u>-3%</u>
Total deferred inflows of resources	4,063,775	11,216,642	-64%
Net position:			
Net investment in capital assets	159,131,906	150,253,093	6%
Restricted	16,490,586	13,734,261	20%
Unrestricted	<u>40,844,602</u>	<u>50,516,231</u>	<u>-19%</u>
Total net position	<u>\$ 216,467,094</u>	<u>\$ 214,503,585</u>	<u>1%</u>

The District's current assets of \$147,175,010 were sufficient to cover current liabilities (to include debt due within one year) of \$44,424,163. The current ratio was calculated at 3.92, which means that for every dollar the District owed there was \$3.92 available in current assets. Also, by using the same formula and reducing current assets by the inventory amount, the quick ratio (acid test) calculated at 3.88, which indicated a low risk of running out of working capital of \$140,466,936 to meet current obligations and operating expenses.

Capital assets, which consisted of the District's land, buildings and improvements, construction-in-progress and equipment, represent about 65% of total assets. The decrease in the total assets was mainly due to the drawdown of cash for construction related payments.

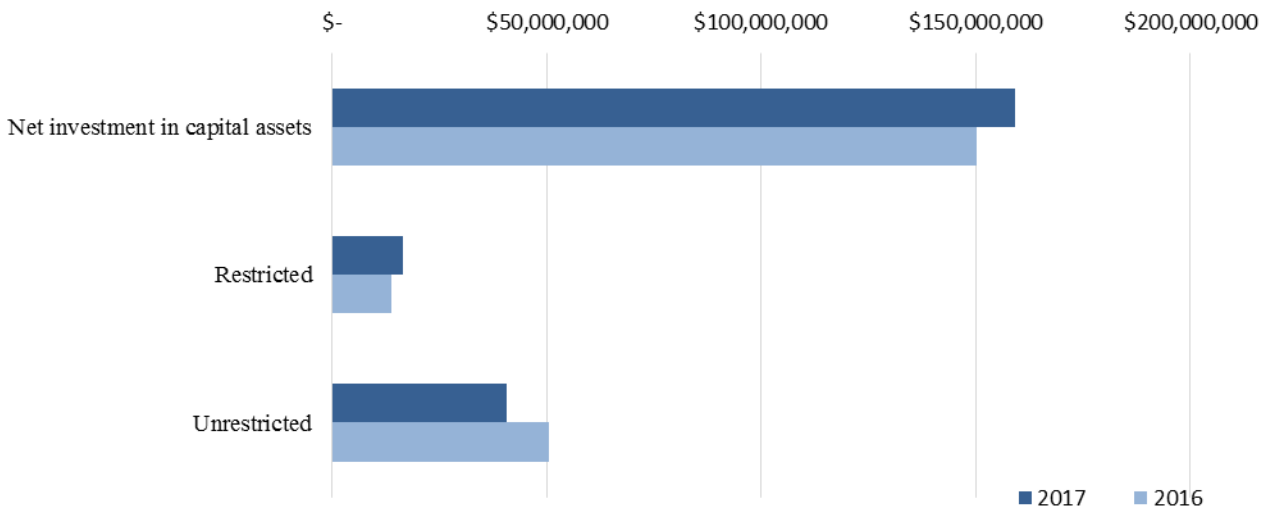
About 92% of the District's largest liability was for the repayment of general obligation bonds. Other liabilities, representing about 6% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits. The debt to worth ratio, also called the leverage ratio, was 167%. 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 74% 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, net of unspent bond proceeds. 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, \$16,490,586 or 8%, represented resources subject to external restrictions on how they may be used. The remaining balance of \$40,844,602 or 19% was 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 \$1,963,509 (See Table A-3). Total revenues for the District's governmental activities decreased by \$8,259,285 or 3% from the prior year. The decrease was mainly attributed to the decrease in State Aid as a result of a lower average daily attendance. Also, operating grants and contributions decreased due to mainly the timing of purchases under the Instructional Materials Allotment (IMA). The amount of the IMA is determined biennially by the commissioner and \$3,708,205 was spent last year versus \$617,640 in fiscal year ended 2017. Investment earnings increased by 686,896 or 75% compared to last year's amount of \$915,143. While the District's investments continue to outperform the rolling three and six months treasury yields, the increase was mainly attributed to the bond proceeds in Series 2014 that were invested while projects get constructed.

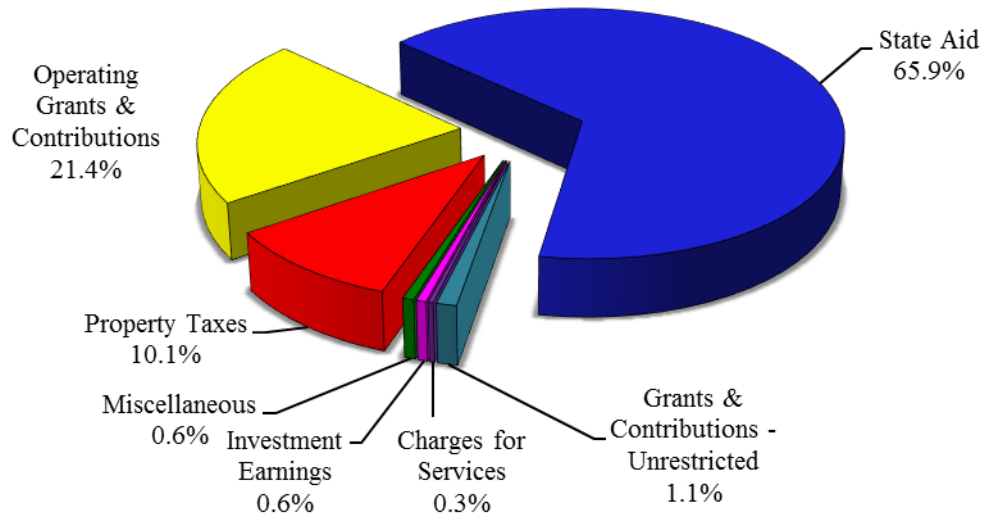
Total expenses were \$283,772,529. Total expenses decreased by \$7,614,818 or 3%. The decrease was mainly caused by a \$5,000,000 one-time technology purchase of student laptops and projectors acquired in fiscal year ended 2017, followed by the decrease in the use of the IMA allotment in the current year.

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

	<u>Governmental Activities</u>		Percentage Change
	<u>2017</u>	<u>2016</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 835,389	\$ 1,190,939	-30%
Operating grants and contributions	61,040,269	66,225,000	-8%
General revenues:			
Property taxes	28,983,806	28,184,619	3%
State aid	188,322,463	190,334,823	-1%
Grants and contributions - unrestricted	3,171,139	4,717,766	-33%
Investment earnings	1,602,039	915,143	75%
Miscellaneous	1,780,933	2,427,033	-27%
Total Revenues	<u>285,736,038</u>	<u>293,995,323</u>	<u>-3%</u>
Expenses			
Instruction	153,166,075	164,003,719	-7%
Instructional resources and media services	4,782,897	4,692,520	2%
Curriculum and staff development	2,805,943	3,015,046	-7%
Instructional leadership	4,243,539	3,974,166	7%
School leadership	14,654,202	14,258,331	3%
Guidance, counseling, and evaluation services	9,424,462	9,280,681	2%
Social work services	1,964,935	1,964,672	0%
Health services	3,621,892	3,572,505	1%
Student transportation	5,116,099	5,644,209	-9%
Food services	22,341,293	19,592,169	14%
Extracurricular activities	6,476,233	6,290,355	3%
General administration	7,040,294	6,625,767	6%
Plant maintenance and operations	25,394,880	24,107,260	5%
Security and monitoring services	5,019,948	5,765,749	-13%
Data processing services	4,864,734	4,617,645	5%
Community service	2,195,905	2,180,015	1%
Interest on long-term debt	10,542,417	11,514,895	-8%
Bond Issuance Cost and Fees	5,000	6,802	-26%
Payments related to shared services arrangements	6,000	6,000	0%
Payments to Juvenile Justice Alt. Education Program	105,781	274,841	-62%
Total Expenses	<u>283,772,529</u>	<u>291,387,347</u>	<u>-3%</u>
Increase in net position	1,963,509	2,607,976	-25%
Net assets at beginning of year	214,503,585	217,623,755	-1%
Prior period adjustment	-	(5,728,146)	-100%
Net assets at end of year	<u>\$ 216,467,094</u>	<u>\$ 214,503,585</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 65.9%.

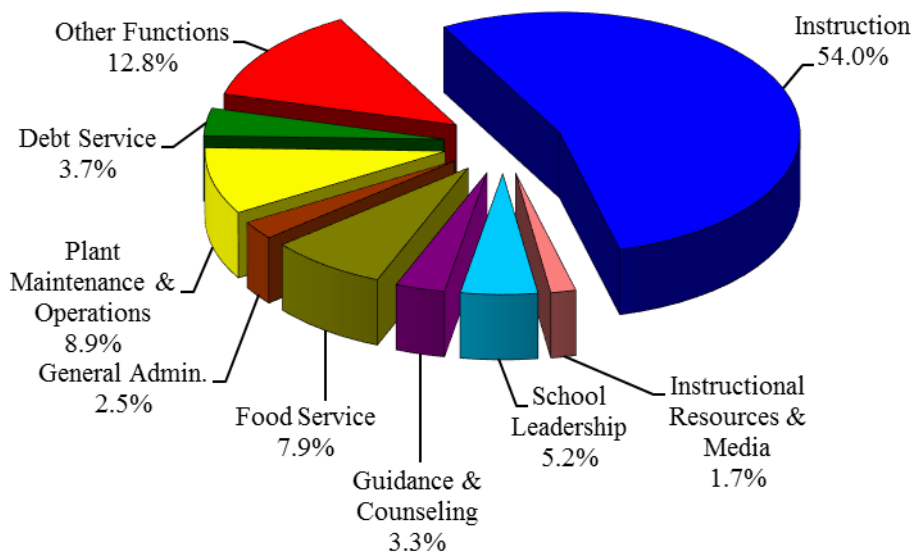
Figure A-1 District's Total Revenues



Total revenues were \$285,736,038. Overall, total revenues were \$1,963,509 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 \$153,166,075 or 54%, followed by plant maintenance & operations at \$25,395,880 or 8.9%. 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

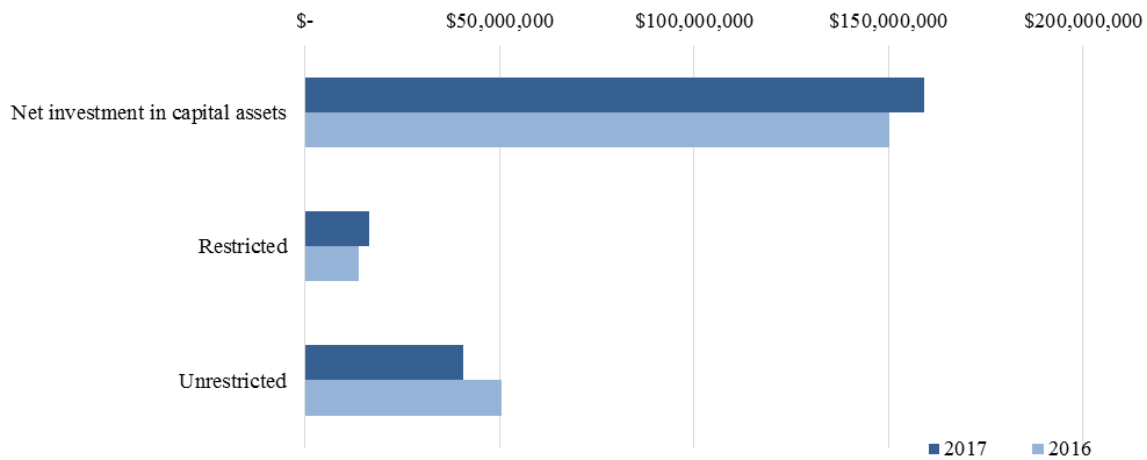


Governmental Funds

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 balance of \$138,499,525 a decrease of \$15,187,556 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, \$58,406,885 constituted unassigned fund balance, which underwent a temporary decrease of \$4,246,107 due to a one time draw, as an alternative to a bank loan, to refresh the secondary schools technology devices. Through a board resolution, it is the intent of the district to restore the unassigned fund balance to \$62,652,991 in five years by increasing the unassigned fund balance by about \$850,000 each 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 \$1,637,883 and as prepaid items \$606,859; 2) legally required to be maintained intact such as Federal and State Grants \$4,387,416, capital acquisition and contractual obligations \$35,784,307 and \$3,689,811, the retirement of long term debt \$8,339,257; 3) committed for a particular purpose for other local projects \$21,121,273, and 4) assigned balance for open encumbrances \$4,453,682 a special revenue fund from the advertisement account \$72,152 for the maintenance of the jumbotron/school projects.

Table A-2
Laredo Independent School District Net Position



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 \$58,406,885, while total fund balance reached \$74,756,972. As a measure of the district’s financial wealth, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27% of total general fund expenditures while total fund balance represents 34% of total general fund expenditures.

The unassigned fund balance gives the District a balance that is the equivalent of 92 days of expenditures based on 360 days of operations at an average daily rate of \$606,599.08. 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 \$40,000,000. 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 increased by \$4,706,117 during the fiscal year when compared to the prior year. The increase was primarily due to the assignment of \$4,453,682 to fund local enhancement projects such as the

Veteran’s Field, Aquatic Center, Administration Building, Police radios, testing equipment, roofing improvements, and HVAC improvements.

Child Nutrition Fund. The Child Nutrition Fund (CNP) is part of the General Fund. It had a total fund balance of \$5,048,866, an increase of \$662,529 from the prior year. The program cannot carry a negative fund balance into the next school year or maintain an excessive fund balance (no more than three months of operating expenditures) on hand. At the end of the fiscal year, there was no excess cash in the program; therefore, the program was in compliance with the fund balance requirements.

Table A-4
Laredo Independent School District's Child Nutrition Fund

	2017	2016	% Change
Local Sources	\$ 151,137	\$ 189,076	-20.1%
State Program Revenues	97,007	98,057	-1.1%
Federal Program Revenues	19,284,241	18,803,921	2.6%
Total revenues	<u>19,532,385</u>	<u>19,091,054</u>	<u>2.3%</u>
Expenditures by function			
Food Service	18,563,711	18,259,928	1.7%
Facilities Maintenance and Operations	<u>306,145</u>	<u>291,128</u>	<u>5.2%</u>
Total Expenditures	<u>18,869,856</u>	<u>18,551,056</u>	<u>1.7%</u>
Net change in fund balance	662,529	539,998	22.7%
Fund balance, beginning	<u>4,386,337</u>	<u>3,846,339</u>	<u>14.0%</u>
Fund balance, ending	<u>\$ 5,048,866</u>	<u>\$ 4,386,337</u>	<u>15.1%</u>

The decrease in local sources was mainly due to the decline in catering services and adult sales. The increase in federal revenues was attributed to the continued effort by Child Nutrition Program (CNP) staff to encourage students to eat the nutritious meals through breakfast program and the Fresh Fruits and Vegetables Program via a USDA grant for 20 elementary schools. The increase in food service costs were attributed to personnel salaries raises, purchase of food items, non-food items and supplies associated with the daily meal production.

Debt Service Fund. The Debt Service Fund ended with a fund balance of \$8,339,257, 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 \$1,832,372. The increase included the QZAB sinking deposits, interest earnings, and adjustments in state aid by the Texas Education Agency.

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 provided a guaranteed yield of \$35 per penny of tax effort per unweighted average daily attendance, which translated to about 75% in state aid for the annual debt payments. Since not all of our debt qualified, we used maintenance and operations (M&O) to pay for the QZAB.

Table A-5
Laredo Independent School District's Debt Service Fund

	2017	2016	Percent Change
Revenues			
Property taxes	\$ 7,683,751	\$ 7,407,734	3.73%
State program revenues	20,676,845	20,316,652	1.77%
Total revenues	<u>28,360,596</u>	<u>27,724,386</u>	<u>2.29%</u>
Expenditures by function			
Principal long term debt	13,188,573	13,200,574	-0.09%
Interest on long term debt	13,744,539	13,737,690	0.05%
Other fees	5,000	6,800	-26.47%
Total expenditures	<u>26,938,112</u>	<u>26,945,064</u>	<u>-0.03%</u>
Other financing sources (uses)	<u>409,888</u>	<u>409,888</u>	<u>0.00%</u>
	409,888	409,888	0.00%
Net change in fund balance	1,832,372	1,189,210	54.08%
Fund balance, beginning	6,506,885	5,317,675	22.36%
Fund balance, ending	<u>\$ 8,339,257</u>	<u>\$ 6,506,885</u>	<u>28.16%</u>

Capital Project Funds. The District's Capital Projects Funds are used to account for costs incurred in acquiring and improving sites, constructing and remodeling of facilities, and procuring necessary equipment to provide educational programs for all District students. These funds are also used to account for projects funded by bonds approved by the voters. The decrease of \$21,745,581 in the combined capital project fund balance over last year was attributable mostly to the construction costs related to the completion of the three early childhood centers and a new instructional wing at the a middle school. The District also had ongoing construction projects such as the construction of the final phase for the M. B. Lamar Middle School, district-wide pavement improvements, and the Martin High School Tennis Courts.

The District's capital projects budget for fiscal year 2017 had a combined unspent bond proceeds, interest, and local funds of \$54,427,507, which will be used for the rehabilitation of the Jesus Martinez Performance Arts Complex, improvements to the Veterans Baseball Field and Dr. Cecilia May Moreno Aquatic Center and other capital improvement projects. The 2014 Bond Series had \$33,888,325 in the fund balance at the end of the fiscal year.

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 fourth year of implementation, the plan suffered an operating loss of \$1,849,835 at the end of the year. Therefore, total net position in the plan decreased from \$4,216,317 to \$2,366,482.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances – Original and Final Budget

In general, the variances between the original and final budget were 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 2017. The final budget reflected all budget revisions made throughout the fiscal year to adjust for known facts. Consequently, when the original budget was compared to the final budget, it was expected that significant variances can occur.

The most significant fund for the District was 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 \$1,668,996, as of the final amended budget. The activities are listed below.

Revenues

- Increase to appropriate revenues for two afterschool programs \$17,000
- Increase to appropriate revenues for insurance proceeds received for laptops damaged at Martin High School \$86,896
- Increase to appropriate revenues for six additional campuses that were awarded by Texas Department of Agriculture Fresh Fruit and Vegetable Program \$189,484
- Increase to appropriate revenues for TRS on behalf benefits \$750,000
- Increase to appropriate revenues for the E-Rate Contracted Services \$558,000
- Increase to appropriate revenues for the Indirect Cost charges to the Special Revenue Funds \$100,000

Expenditures

- Increase to fund two afterschool programs, \$17,000
- Increase to fund replacement laptops for Martin High School, \$86,896
- Increase to fund six additional campuses that were awarded by Texas Department of Agriculture Fresh Fruit and Vegetable Program, \$189,484
- Increase to fund TRS on behalf benefits, \$750,000
- Increase to fund additional projects for Division of Operation Department, \$210,000
- Increase to fund an rise in student participation, additional teams making the playoffs resulting in additional travel, maintenance expenditures, and student meals, \$290,000
- Decrease to fund Veterans Field Project, Artificial Turf for Cigarroa High School, Administration Building, ADA Upgrade to Lamar Middle School, and Chiller Replacement for Martin High School, \$3,000,000
- Increase to fund E-Rate expenditures, \$61,612
- Increase to fund tablet device refresher, \$4,400,000

Other Sources and (Uses)

- Increase to other uses to the Capital Projects Fund to fund Option A: Veterans Field Project, Artificial Turf for Cigarroa High School, Administration Building, ADA Upgrade to Lamar Middle School, and Chiller Replacement for Martin High School, \$3,158,000
- Increase to other Sources to the E-Rate Fund to appropriate revenue from the 2005 Series Bond, \$120,624

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 lower property tax collections of \$13,957, higher interest income of \$329,911, and higher miscellaneous income of \$190,483.
- The decrease of state revenues was due to decrease in foundation school program payments and TRS on behalf payments of \$38,089.
- The increase of federal revenues was due to federal and grant indirect cost earnings of \$952,713.

Expenditures

- The District had payroll, payroll taxes and benefits savings of \$1,553,437.
- The District did not complete the purchase of professional and contracted services for \$1,248,318.
- The District did not complete the purchase of supplies and materials for \$1,906,882.
- The District did not complete the purchase of miscellaneous operating expenditures for \$433,913.
- The District did not complete the purchase of capital outlay for building and equipment for \$7,959,428.

Other Sources and (Uses)

- The District did not complete the E-Rate budgeted projects of \$1,671,058.
- The District did not require the transfer into Athletics of \$164,554.
- The District transferred out less funds to Athletics, Performing Arts Center, E-Rate, and Capital Projects for \$423,517.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District invested a total of \$570,808,634 in a broad range of capital assets, including: equipment, buildings, and improvements as shown in Table A-6. This amount represented a net increase (including additions and deductions) of \$7,694,980 or 2.1% over the previous year.

The increase in buildings and improvements was due to the completion of the early childhood centers located at Santo Nino Elementary, Kawas Elementary, and Sanchez-Ochoa Elementary. Additionally, the construction of a new instructional wing was completed at Cigarroa Middle School. The final construction phase of Lamar Middle School and Martin High School Tennis Courts were in progress.

More information about the District's capital assets is presented in the notes to the financial statements (Note G).

Table A-6
Laredo Independent School District's Capital Assets

	2017	2016	Percentage Change
Land	\$ 19,372,448	\$ 19,372,448	0.0%
Buildings and improvements	497,116,373	483,002,781	2.9%
Equipment	38,152,780	37,555,759	1.6%
Construction in progress	16,167,033	5,576,458	189.9%
Totals at historical cost	<u>570,808,634</u>	<u>545,507,446</u>	<u>4.6%</u>
Total accumulated depreciation	<u>193,335,103</u>	<u>175,728,895</u>	<u>10.0%</u>
Net capital assets	<u>\$ 377,473,531</u>	<u>\$ 369,778,551</u>	<u>2.1%</u>

Long Term Debt

At year-end, the District had loans, bonds, and compensated absences outstanding as shown in Table A-7. The table indicates a decrease of \$16,765,823 or 5.9% compared to the previous year. More information about the District's debt is presented in the notes to the financial statements (Note K).

Table A-7
Laredo Independent School District's Long-Term Debt

	2017	2016	Percentage Change
Loans payable	\$ 8,000,000	\$ 8,000,000	0.0%
Bonds payable	258,726,839	275,614,165	-6.1%
Compensated absences	2,623,326	2,501,823	4.9%
Total long term debt payable	<u>\$ 269,350,165</u>	<u>\$ 286,115,988</u>	<u>-5.9%</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 \$16,887,326 or 6.1% 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 help 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.

Before issuing bonds, a district must demonstrate to the attorney general that it can repay the principal and interest on the proposed bonds and on all other bonds issued without exceeding an Interest and Sinking (I&S) rate of 50 cents per \$100 of property valuation. Once the attorney general approves a bond issue and local voters pass it, the district's I&S rate can rise above the 50 cents even if property values decrease. The I&S rate for the district was .3497.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2017-18 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 \$112,250,530 or 5.24% due to increases in non-homesite improvements.
- The Board of Trustees approved a decrease in the interest and sinking tax rate by two pennies, from .3497 to .3297. Unequalized local interest and sinking tax collections will be used to apply the decrease to the tax rate.
- The District's refined average daily attendance (ADA) was estimated at 22,000, compared to last year's actual of 21,935.
- The basic allotment remained constant at \$5,140, while the Austin Yield (first six cents above the compressed rate) increased from \$77.53 to \$99.41.

The Board of Trustees approved a balanced budget for the Fiscal Year Ending August 31, 2018. The health benefit plan employer monthly contribution increased from \$348 to \$355, while the employee contribution in all four plans was also increased to fully fund the plan. Included in the budget is a \$1,600 increase for full-time classroom teachers, librarians, and any other positions on a teacher salary schedule. The aggregate cost of this salary increase was estimated at \$2,629,213. Professional employees were approved a 2% increase from the midpoint for an approximate cost of \$440,652. Para-professional employees were approved a 4% increase from the midpoint for an approximate cost of \$1,324,424.

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 and Business Services at (956) 273-1043.

BASIC FINANCIAL STATEMENTS

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 122,420,264
1120 Current Investments	38,493,554
1220 Property Taxes Receivable (Delinquent)	3,350,169
1230 Allowance for Uncollectible Taxes	(2,703,158)
1240 Due from Other Governments	4,158,913
1250 Accrued Interest	419,916
1290 Other Receivables, net	178,610
1300 Inventories	1,637,883
1410 Prepayments	621,859
Capital Assets:	
1510 Land	19,372,448
1520 Buildings, Net	332,500,001
1530 Furniture and Equipment, Net	9,434,049
1580 Construction in Progress	16,167,033
1000 Total Assets	546,051,541
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	6,409,144
1705 Deferred Outflow Related to TRS	25,762,072
1700 Total Deferred Outflows of Resources	32,171,216
LIABILITIES	
2110 Accounts Payable	7,743,818
2140 Interest Payable	1,046,083
2150 Payroll Deductions & Withholdings	1,603,419
2160 Accrued Wages Payable	9,622,735
2180 Due to Other Governments	4,700,887
2200 Accrued Expenses	1,019,115
2300 Unearned Revenue	2,375,017
Noncurrent Liabilities	
2501 Due Within One Year	16,718,240
2502 Due in More Than One Year	252,631,925
2540 Net Pension Liability (District's Share)	60,230,649
2000 Total Liabilities	357,691,888
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain on Refunding	591,067
2605 Deferred Inflow Related to TRS	3,472,708
2600 Total Deferred Inflows of Resources	4,063,775
NET POSITION	
3200 Net Investment in Capital Assets	159,131,906
3820 Restricted for Federal and State Programs	4,387,416
3850 Restricted for Debt Service	8,339,257
3860 Restricted for Capital Projects	3,763,913
3900 Unrestricted	40,844,602
3000 Total Net Position	\$ 216,467,094

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, 2017

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	3 Charges for Services	4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 153,166,075	\$ -	\$ 28,434,195	\$ (124,731,880)
12 Instructional Resources and Media Services	4,782,897	-	482,091	(4,300,806)
13 Curriculum and Staff Development	2,805,943	-	2,168,166	(637,777)
21 Instructional Leadership	4,243,539	-	899,080	(3,344,459)
23 School Leadership	14,654,202	-	768,797	(13,885,405)
31 Guidance, Counseling and Evaluation Services	9,424,462	-	2,335,758	(7,088,704)
32 Social Work Services	1,964,935	-	306,805	(1,658,130)
33 Health Services	3,621,892	-	1,295,219	(2,326,673)
34 Student (Pupil) Transportation	5,116,099	-	206,818	(4,909,281)
35 Food Services	22,341,293	115,447	20,234,394	(1,991,452)
36 Extracurricular Activities	6,476,233	206,763	565,937	(5,703,533)
41 General Administration	7,040,294	19,249	316,939	(6,704,106)
51 Facilities Maintenance and Operations	25,394,880	-	696,125	(24,698,755)
52 Security and Monitoring Services	5,019,948	9,624	450,855	(4,559,469)
53 Data Processing Services	4,864,734	-	199,541	(4,665,193)
61 Community Services	2,195,905	484,306	1,673,549	(38,050)
72 Debt Service - Interest on Long Term Debt	10,542,417	-	-	(10,542,417)
73 Debt Service - Bond Issuance Cost and Fees	5,000	-	-	(5,000)
93 Payments related to Shared Services Arrangements	6,000	-	6,000	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	105,781	-	-	(105,781)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 283,772,529	\$ 835,389	\$ 61,040,269	(221,896,871)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		21,690,132
DT	Property Taxes, Levied for Debt Service		7,293,674
SF	State Aid - Formula Grants		188,322,463
GC	Grants and Contributions not Restricted		3,171,139
IE	Investment Earnings		1,602,039
MI	Miscellaneous Local and Intermediate Revenue		1,780,933
TR	Total General Revenues		223,860,380
CN	Change in Net Position		1,963,509
NB	Net Position - Beginning		214,503,585
NE	Net Position--Ending		\$ 216,467,094

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

LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General Fund	60 Capital Projects	60 EDA 2014 Series
ASSETS			
1110 Cash and Cash Equivalents	\$ 71,383,388	\$ 11,580,065	\$ 26,057,097
1120 Investments - Current	15,974,000	7,387,000	10,000,000
1220 Property Taxes - Delinquent	2,675,257	-	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,158,589)	-	-
1240 Receivables from Other Governments	1,326,798	-	-
1250 Accrued Interest	196,440	88,172	68,000
1260 Due from Other Funds	2,494,128	326	43,192
1290 Other Receivables	159,624	-	-
1300 Inventories	1,637,883	-	-
1410 Prepayments	606,859	15,000	-
1000 Total Assets	<u>\$ 94,295,788</u>	<u>\$ 19,070,563</u>	<u>\$ 36,168,289</u>
LIABILITIES			
2110 Accounts Payable	\$ 3,755,793	\$ 353,261	\$ 2,279,964
2150 Payroll Deductions and Withholdings Payable	1,603,419	-	-
2160 Accrued Wages Payable	8,628,751	-	-
2170 Due to Other Funds	66,494	-	-
2180 Due to Other Governments	4,470,028	-	-
2300 Unearned Revenues	497,663	-	-
2000 Total Liabilities	<u>19,022,148</u>	<u>353,261</u>	<u>2,279,964</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	516,668	-	-
2600 Total Deferred Inflows of Resources	<u>516,668</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	1,637,883	-	-
3430 Prepaid Items	606,859	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	3,781,278	-	-
3470 Capital Acquisition and Contractual Obligation	-	74,102	33,888,325
3480 Retirement of Long-Term Debt	-	-	-
3490 Administration Building WCPSF	-	3,689,811	-
Committed Fund Balance:			
3510 Construction	3,401,458	14,953,389	-
3545 Other Committed Fund Balance	2,468,927	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	4,453,682	-	-
3600 Unassigned Fund Balance	58,406,885	-	-
3000 Total Fund Balances	<u>74,756,972</u>	<u>18,717,302</u>	<u>33,888,325</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 94,295,788</u>	<u>\$ 19,070,563</u>	<u>\$ 36,168,289</u>

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

Other Funds	Total Governmental Funds
\$ 7,719,769	\$ 116,740,319
5,132,554	38,493,554
674,912	3,350,169
(544,569)	(2,703,158)
2,832,115	4,158,913
67,304	419,916
5,184	2,542,830
2,596	162,220
-	1,637,883
-	621,859
<u>\$ 15,889,865</u>	<u>\$ 165,424,505</u>
\$ 662,072	\$ 7,051,090
-	1,603,419
993,984	9,622,735
2,475,769	2,542,263
230,859	4,700,887
259,910	757,573
<u>4,622,594</u>	<u>26,277,967</u>
<u>130,345</u>	<u>647,013</u>
<u>130,345</u>	<u>647,013</u>
-	1,637,883
-	606,859
606,138	4,387,416
1,821,880	35,784,307
8,339,257	8,339,257
-	3,689,811
-	18,354,847
297,499	2,766,426
72,152	4,525,834
-	58,406,885
<u>11,136,926</u>	<u>138,499,525</u>
<u>\$ 15,889,865</u>	<u>\$ 165,424,505</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2017

Total Fund Balances - Governmental Funds	\$ 138,499,525
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 fund is included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	2,366,481
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 \$545,507,466 and the accumulated depreciation was (\$175,728,895). 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) and long-term debt in the governmental activities is to increase net position.	88,931,188
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 2017 capital outlays and debt principal payments is to increase net position.	42,368,200
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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$35,450,178, a Deferred Resource Inflow in the amount of \$10,576,315 and a net pension liability in the amount of \$58,123,604. The impact of this on Net Position is \$33,249,741. Changes from the current year reporting of the TRS plan resulted in a increase in net position in the amount of \$4,691,544. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$37,941,285 .	(37,941,285)
5 The 2017 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(18,404,028)
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.	647,013
19 Net Position of Governmental Activities	<u>\$ 216,467,094</u>

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

This Page Left Blank Intentionally

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	10 General Fund	60 Capital Projects	60 EDA 2014 Series
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 25,255,548	\$ 656,949	\$ 318,972
5800 State Program Revenues	177,014,493	-	-
5900 Federal Program Revenues	24,335,828	-	-
5020 Total Revenues	<u>226,605,869</u>	<u>656,949</u>	<u>318,972</u>
EXPENDITURES:			
Current:			
0011 Instruction	118,590,397	-	-
0012 Instructional Resources and Media Services	4,219,909	-	-
0013 Curriculum and Instructional Staff Development	537,207	-	-
0021 Instructional Leadership	3,064,615	-	-
0023 School Leadership	13,728,416	-	-
0031 Guidance, Counseling and Evaluation Services	6,911,260	-	-
0032 Social Work Services	1,612,055	-	-
0033 Health Services	2,272,082	-	-
0034 Student (Pupil) Transportation	4,172,535	-	-
0035 Food Services	18,563,711	-	-
0036 Extracurricular Activities	5,417,419	-	-
0041 General Administration	6,568,612	-	-
0051 Facilities Maintenance and Operations	23,445,816	-	-
0052 Security and Monitoring Services	4,119,751	-	-
0053 Data Processing Services	4,074,755	-	-
0061 Community Services	308,325	-	-
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	663,023	1,446,504	22,255,714
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	105,781	-	-
6030 Total Expenditures	<u>218,375,669</u>	<u>1,446,504</u>	<u>22,255,714</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,230,200</u>	<u>(789,555)</u>	<u>(21,936,742)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	2,280,667	3,158,000	-
8911 Transfers Out (Use)	(5,804,750)	-	-
7080 Total Other Financing Sources (Uses)	<u>(3,524,083)</u>	<u>3,158,000</u>	<u>-</u>
1200 Net Change in Fund Balances	4,706,117	2,368,445	(21,936,742)
0100 Fund Balance - September 1 (Beginning)	<u>70,050,855</u>	<u>16,348,857</u>	<u>55,825,067</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 74,756,972</u>	<u>\$ 18,717,302</u>	<u>\$ 33,888,325</u>

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

Other Funds	Total Governmental Funds
\$ 9,371,340	\$ 35,602,809
22,238,892	199,253,385
24,934,416	49,270,244
56,544,648	284,126,438
17,875,283	136,465,680
295,641	4,515,550
2,144,415	2,681,622
778,334	3,842,949
131,660	13,860,076
2,035,471	8,946,731
246,048	1,858,103
1,190,994	3,463,076
3,082	4,175,617
853,146	19,416,857
460,665	5,878,084
73,138	6,641,750
586,300	24,032,116
252,185	4,371,936
42,455	4,117,210
1,698,888	2,007,213
13,188,573	13,188,573
13,744,539	13,744,539
5,000	5,000
1,624,290	25,989,531
6,000	6,000
-	105,781
57,236,107	299,313,994
(691,459)	(15,187,556)
946,656	6,385,323
(580,573)	(6,385,323)
366,083	-
(325,376)	(15,187,556)
11,462,302	153,687,081
\$ 11,136,926	\$ 138,499,525

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	(15,187,556)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.		(1,849,836)
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 2017 capital outlays and debt principal payments is to increase net position.		42,368,200
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.		(18,404,028)
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.		(271,727)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. Current year changes increased revenues in the amount of \$1,859,802 but also increased expenditures in the amount of \$6,551,346. The net effect on the change in the ending net position was a decrease in the amount of \$4,691,544.		(4,691,544)
Change in Net Position of Governmental Activities	\$	1,963,509

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, 2017

	Governmental Activities -
	Health Plan Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 5,679,945
Other Receivables	<u>16,390</u>
Total Assets	<u>5,696,335</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	692,728
Due to Other Funds	567
Accrued Expenses	1,019,115
Unearned Revenues	<u>1,617,444</u>
Total Liabilities	<u>3,329,854</u>
NET POSITION	
Unrestricted Net Position	<u>2,366,481</u>
Total Net Position	<u><u>\$ 2,366,481</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, 2017

	Governmental Activities -
	Health Plan Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 19,789,137
Total Operating Revenues	19,789,137
OPERATING EXPENSES:	
Other Operating Costs	21,638,973
Total Operating Expenses	21,638,973
Operating Income (Loss)	(1,849,836)
Total Net Position - September 1 (Beginning)	4,216,317
 Total Net Position - August 31 (Ending)	 \$ 2,366,481

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, 2017

	Governmental Activities -
	Health Plan Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 19,827,305
Cash Payments for Insurance Claims	(18,870,906)
Cash Payments for Suppliers	(2,958,486)
Net Cash Used for Operating Activities	<u>(2,002,087)</u>
Net Decrease in Cash and Cash Equivalents	(2,002,087)
Cash and Cash Equivalents at Beginning of Year	<u>7,682,032</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,679,945</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (1,849,836)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(16,390)
Increase (decrease) in Accounts Payable	(300,499)
Increase (decrease) in Payroll Deductions	62,761
Increase (decrease) in Accrued Expenses	99,623
Decrease (increase) in Due from Other Funds	1,687
Increase (decrease) in Due to Other Funds	<u>567</u>
Net Cash Used for Operating Activities	<u>\$ (2,002,087)</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, 2017

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 475,193
Total Assets	<u>\$ 475,193</u>
LIABILITIES	
Accounts Payable	\$ 1,979
Due to Student Groups	473,214
Total Liabilities	<u>\$ 475,193</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, 2017

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, 2017

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.
- Capital Projects: The District accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Board approves project budgets, not annual appropriated budgets.
- 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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.

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.

In fiscal year 2017, there were no new accounting standards applicable to the District that needed to be implemented.

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. 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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 \$2,158,589 and \$544,569 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 acquisition 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 (Years)	Lives
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.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, General Fund – Food Service, and Debt Service Fund. The Child Nutrition Program (Food Service) is included in the general fund. A more detailed budget versus actual presentation for the Child Nutrition Program is reported as supplementary information to demonstrate legal compliance at the legal level of budgetary control.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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	\$207,639,334	\$2,815,508	\$210,454,842
General Fund – Food Service	20,833,321	189,484	21,022,805
Debt Service Fund	26,953,113	-	26,953,113

It is noted that during this fiscal year, the budget appropriations in General Fund were increased to appropriate expenditures related to two additional afterschool programs in the amount of \$17,000. Budget appropriations in the General Fund were also increased to appropriate insurance proceeds received for computer replacements in the amount of \$86,896, and to fund additional T.R.S. on behalf payments in the amount of \$750,000. Furthermore, budget appropriations in the General Fund were decreased due to payroll savings to fund a transfer out to capital projects in the amount of \$2,500,000. Additionally, budget appropriations in the General Fund were increased to appropriate unassigned fund balance to fund the purchase of tablets for elementary and middle schools. Lastly, budget appropriations in the General Fund (E-Rate) contracted services were increased due to the additional revenues received in the amount of \$61,612. Budget appropriations in General Fund – Food Service were increased to appropriate revenues and expenditures for six additional campuses participating in the Fresh Fruits and Vegetables program in the amount of \$189,484.

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.

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances included in:
	Restricted Fund Balance
General Fund - Food Service	\$ 58,020
Capital Projects	1,567,975
EDA 2014 Bond Series	17,881,631
Nonmajor Governmental Funds	4,047
Total	\$ 19,511,673

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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, 2017.

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.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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, 2017, 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.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies (Continued)

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, 2017

B. Reconciliation of Government –Wide and Fund Financial Statements

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 \$42,368,200 difference are as follows:

Assets:

Increase in Buildings and Improvements	\$	14,113,592
Net Increase in Equipment		597,021
Depreciation on disposed Equipment		797,820
Increase in Construction in Progress		<u>10,590,575</u>
Subtotal	\$	26,099,008

Deferred outflows of Resources:

Increase in Deferred Charge for refunding		(565,020)
---	--	-----------

Long - Term Liabilities:

Increase in termination benefits & compensated absences		(121,503)
Decrease in Interest payable		19,129
Principal Payments on bonds payable		14,108,198
Amortization of premium on bonds		<u>2,779,128</u>
Subtotal		16,784,952

Deferred inflows of Resources:

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>\$ 42,368,200</u></u>
--	--	-----------------------------

C. Compliance and Accountability

Excess Actual Over Budget

For the year ended August 31, 2017, appropriations exceeded expenditures in all legally budgeted funds.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

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	\$	40,132,517
Cash Equivalents		
Investment Pools Accounts:		
TexasDAILY		78,478,347
TexPool		3,809,400
Current Investments		
Certificates of Deposit:		
BBVA Compass		21,000,000
Texas Term		12,361,000
Discount Notes:		
Federal Home Loan Discount Note		5,132,554
Total Cash Equivalents and Current Investments		120,781,301
Total Deposits and Investments - Primary Government	\$	160,913,818

Deposits:

At August 31, 2017, the District's bank deposits (cash and interest bearing accounts) were \$123,927,769. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

D. Deposits and Investments (Continued)

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

- a. Depository: BBVA Compass Bank
- b. The total collateral amount at the highest combined balance on deposits was \$134,500,000 which is the sum of eight letters of credit.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$99,025,257.85 and occurred during the month of November 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

D. Deposits and Investments (Continued)

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.

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, 2017, 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, 2017. The District’s investments in bonds of Federal Home Loan Bank (FHLB) 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 deposits and investments are allocated as follows: FHLB (3.19%), Texas Daily (48.77%), Texas Term (7.68%), TexPool (2.37%), and BBVA Compass (37.99%).

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, 2017

D. Deposits and Investments (Continued)

The District's investments at August 31, 2017 are shown below:

Investment Maturities in Years			
Investment	Book Value	Less than 1 Year	1 to 2 Years
Agency Bonds & Discount Notes			
FHLB Note	\$ 5,132,554	\$ 5,132,554	\$ -
	5,132,554	5,132,554	-
Investment Pools			
Texpool	3,809,400	3,809,400	-
Texas Daily	78,478,347	78,478,347	-
	82,287,747	82,287,747	-
Certificates of Deposit			
BBVA Compass	21,000,000	21,000,000	-
Texas Term	12,361,000	12,361,000	-
	33,361,000	33,361,000	-
Total Book Value	\$ 120,781,301	\$ 120,781,301	\$ -

TexPool and Texas DAILY 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, 2017

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, 2017 are shown below:

Investment Type	Cost or	Fair Value			Total
	Amortized Cost	Level 1	Level 2	Level 3	
Agency Bonds & Discount Notes					
FHLB Note	\$ -	\$ -	\$ 5,132,554	\$ -	\$ 5,132,554
	-	-	5,132,554	-	5,132,554
Investment Pools					
Texpool	3,809,400	-	-	-	3,809,400
Texas Daily	78,478,347	-	-	-	78,478,347
	82,287,747	-	-	-	82,287,747
Certificates of Deposit					
BBVA Compass	21,000,000	-	-	-	21,000,000
Texas Term	12,361,000	-	-	-	12,361,000
	33,361,000	-	-	-	33,361,000
Total Investments	\$ 115,648,747	\$ -	\$ 5,132,554	\$ -	\$ 120,781,301

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 \$77,417 during the year ended August 31, 2017. The total investment income for the year is \$161,431.

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, 2017 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, 2017

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

	Due to Other Governments	Due from Other Governments
<u>General Funds:</u>		
General Fund	\$ 4,470,028	\$ 433,816
Food Service	-	892,982
Total General Funds	4,470,028	1,326,798
 <u>Nonmajor Governmental Funds:</u>		
ESEA I, A Improving Basic Program	-	1,601,679
ESEA Title I Part C Migrant	-	21,168
IDEA - Part B Formula	-	495,658
IDEA - Part B Discretionary	-	999
Summer Feeding Program	-	35,398
Career and Technical - Basic Grant	-	25,334
ESEA II, A Training and Recruiting	-	354,691
Title III, A English Lang. Acquisition	-	109,528
Instructional Materials Allotment	-	8,060
Math & Literacy Academies	350	38,150
OCDETF Grant	-	226
Pre-K Grant	-	97,572
Body Worn Camera	-	43,652
Debt Service Fund	230,509	-
Total Nonmajor Governmental Funds	230,859	2,832,115
 Total Governmental Funds	\$ 4,700,887	\$ 4,158,913

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, 2017

F. Interfund Balances and Activities (Continued)

The composition of interfund balances at August 31, 2017 consisted of the following:

	Interfund Receivables	Interfund Payables
<u>Governmental Funds:</u>		
General Fund	\$ 2,494,128	\$ 66,494
Capital Projects	326	-
EDA 2014 Bond Series	43,192	-
Nonmajor Governmental Funds	5,184	2,475,769
Total Governmental Funds	2,542,830	2,542,263
<u>Proprietary Fund:</u>		
Health Plan Internal Service Fund	-	567
Total – All Funds	\$ 2,542,830	\$ 2,542,830

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, 2017 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Capital Projects	\$ 3,158,000	Transfer to cover for capital improvement projects
General Fund	Debt Service Fund	409,888	Transfer for principal payments and agent fees.
General Fund	Athletics Program	1,426,636	Transfer to cover athletic costs for the District.
General Fund	Performing Arts Center	536,768	Transfer to cover Performing Arts Center costs for the District.
General Fund	E-Rate	273,458	Transfer to cover local 10% share of grant and items ineligible for E-Rate.
Capital Projects	E-Rate	580,573	Transfer to cover local 10% share of grant and items ineligible for E-Rate.
		\$ 6,385,323	

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

G. Capital Assets

Capital asset activity for the year ended August 31, 2017 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	5,576,458	24,704,167	14,113,592	16,167,033
Total capital assets not being depreciated	24,948,906	24,704,167	14,113,592	35,539,481
Capital assets being depreciated:				
Buildings and Improvements	483,002,781	14,113,592	-	497,116,373
Equipment	37,555,759	1,416,915	819,894	38,152,780
Total capital assets being depreciated	520,558,540	15,530,507	819,894	535,269,153
Less accumulated depreciation:				
Building and Improvements	149,185,102	15,431,270	-	164,616,372
Equipment	26,543,793	2,972,758	797,820	28,718,731
Total accumulated depreciation	175,728,895	18,404,028	797,820	193,335,103
Total capital assets being depreciated, net	344,829,645	(2,873,521)	22,074	341,934,050
Governmental activities capital assets, net	<u>\$369,778,551</u>	<u>\$21,830,646</u>	<u>\$14,135,666</u>	<u>\$377,473,531</u>

Depreciation was charged to the following functions as follows:

Instruction	\$ 11,230,663
Instruction Resources and Media Services	113,960
Staff Development	33,643
Instructional Leadership	237,299
School Leadership	251,764
Guidance, Counseling & Evaluation Services	97,291
Social Work Services	37,658
Health Services	4,808
Transportation	1,005,768
Food Service	2,378,291
Athletics	520,470
General Administration	202,908
Plan Maintenance and Operations	1,016,263
Security and Monitoring Services	485,863
Data Processing Services	676,224
Parental Involvement	111,155
Total Depreciation	<u>\$ 18,404,028</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

H. Unearned Revenues

Unearned revenues at August 31, 2017 consisted of the following:

General Funds:

Food Service	\$	435,921
Escrow Taxes		61,742
Total General Funds		497,663

Nonmajor Governmental funds:

Other Federal Special Revenue Funds		47,761
Instructional Materials Allotment		38,875
LEOSE		2,059
Math & Literacy Academies		51,450
Pre-K Grant and Other Local		234
Classroom Technology Grant		95
Equitable Sharing Program		114,150
TFB Garden Grant		3
Performing Arts Center		1,824
Marching Band Festival		2,687
FUTP60 Equipment Grant		772
Total Nonmajor Governmental funds		259,910

Total Governmental funds		757,573
---------------------------------	--	---------

Proprietary Fund:

Health Plan Internal Service Fund		1,617,444
-----------------------------------	--	-----------

Total – All Funds	\$	2,375,017
--------------------------	----	-----------

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, 2017

I. Loans Payable (Continued)

The following is a summary of loan transaction of the District for the year ending August 31, 2017.

Description	Balance Outstanding 9/1/2016	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2017	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
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	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
2018	\$ 389,887
2019	389,887
2020	389,887
2021	389,887
2022	389,887
Total	<u>\$ 1,949,435</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, 2017

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, 2017 are as follows:

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	\$ 6,759,579	\$ 695,597	\$ 3,910,000	\$ 3,545,176	\$ 755,764
<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	9,725,000	-	930,000	8,795,000	960,000
<i>Unlimited Tax School Building Bonds, Series 2013:</i>							
Current Interest	4.00-5.00%	43,425,000	37,170,000	-	2,135,000	35,035,000	2,215,000
<i>Unlimited Tax School Building Bonds, Series 2014:</i>							
Current Interest	4.00-5.00%	67,160,000	64,920,000	-	2,330,000	62,590,000	2,420,000
<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	23,645,845	2,341,205	3,625,000	22,362,050	2,495,000
<i>Unlimited Tax School Refunding Bonds, Series 2015:</i>							
Current Interest	2.00-5.00%	65,560,000	65,190,000	-	4,215,000	60,975,000	4,420,000
TOTALS		\$ 249,489,910	\$ 237,140,424	\$ 3,036,802	\$ 17,145,000	\$ 223,032,226	\$ 13,265,764

Interest paid on bonded indebtedness during the current year was \$13,744,539.52.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

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
2018	\$ 13,265,764	\$ 3,592,076	\$ 13,655,099	\$ 26,920,863
2019	16,545,000	727,696	10,384,462	26,929,462
2020	17,030,000	664,154	9,890,963	26,920,963
2021	17,555,000	603,850	9,348,412	26,903,412
2022	18,165,000	548,631	8,749,631	26,914,631
2023-2027	75,330,000	2,085,055	34,023,955	109,353,955
2028-2032	46,600,000	-	7,860,481	54,460,481
2033-2037	10,320,000	-	780,250	11,100,250
	<u>\$ 214,810,764</u>	<u>\$ 8,221,462</u>	<u>\$ 94,693,253</u>	<u>\$ 309,504,017</u>

Capital Appreciation Bonds

The total accretion of discount on capital appreciation bonds that is included in the August 31, 2017 ending balance of \$223,032,226 is \$8,221,463.

Defeased Bonds

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the bonds 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 \$251,528,746.

**LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

K. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2017, was as follows:

Description	Balance	Issued/Increase	Retired/Decrease	Balance	Amounts
	Outstanding	Current	Current	Outstanding	Due Within
	9/1/2016	Year	Year	8/31/2017	One Year
Loans	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	\$ -
Total Loans Payable	8,000,000	-	-	8,000,000	-
General Obligation Bonds	237,140,424	3,036,802	17,145,000	223,032,226	13,265,764
Bonds Premium Amortization - Net	38,473,741	-	2,779,128	35,694,613	2,779,128
Total Bonds Payable	275,614,165	3,036,802	19,924,128	258,726,839	16,044,892
Other Liabilities					
Compensated Absences	2,501,823	389,700	268,197	2,623,326	268,197
Total Other Liabilities	2,501,823	389,700	268,197	2,623,326	268,197
Total Governmental Activities					
Long-term Liabilities	\$ 286,115,988	\$ 3,426,502	\$ 20,192,325	\$ 269,350,165	\$ 16,313,089

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	2014 Bond	Capital	Other	Total
				Governmental	
	Fund	Series Fund	Projects Fund	Funds	
Property Taxes	\$ 21,513,594	\$ -	\$ -	\$ 7,214,770	\$ 28,728,364
Penalties & Interest	552,295	-	-	164,183	716,478
Investment Income	772,060	318,972	178,629	336,292	1,605,953
Rental of Facilities & Insurance	98,828	-	-	189,201	288,029
Co-curricular	320,276	-	-	-	320,276
Webb County Permanent Fund	-	-	471,548	-	471,548
Childcare Services - PEP Prog	-	-	-	-	-
Miscellaneous	1,998,495	-	6,772	1,466,894	3,472,161
	<u>\$ 25,255,548</u>	<u>\$ 318,972</u>	<u>\$ 656,949</u>	<u>\$ 9,371,340</u>	<u>\$ 35,602,809</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

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, 2017, the balance for the State Personal and Sick Leave is \$2,623,326. The estimated amount due within a year totals to \$268,197. 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 2017, 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, 2017 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 Estimated	Claims Payments	Balance at Fiscal Year-End
2015-2016	\$77,949	-	-	\$77,949
2016-2017	\$77,949	\$849	\$5,240	\$71,860

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

N. Risk Financing Activities (Continued)

Health Insurance

The claims for the health insurance liability of \$1,019,115 reported in the Internal Service Fund at August 31, 2017 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:

	<u>2016</u>	<u>2017</u>
Beginning of the year liability	\$ 814,275	\$ 919,489
Current year claims	16,111,649	18,621,047
Changes in estimates	105,214	99,626
Claims payments	<u>(16,111,649)</u>	<u>(18,621,047)</u>
End of year liability	<u>\$ 919,489</u>	<u>\$ 1,019,115</u> 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, 2017

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>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2017 Employer Contributions		\$5,165,135
2017 Member Contributions		\$12,591,490
2017 NECE On-Behalf Contributions		\$7,960,533

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
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, 2017

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, 2016 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	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha			<u>1.0%</u>
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, 2017

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 2016 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:	\$93,216,755	\$60,230,649	\$32,251,763

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, the District reported a liability of \$60,230,649 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	\$60,230,649
State's proportionate share that is associated with District	\$94,490,295
Total	\$154,720,944

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

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.1593888% which was a decrease of 0.0050406% from its proportionate measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation

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

There were no changes in actuarial assumptions and methods since the prior valuation.

For the year ended August 31, 2016, the District recognized pension expense of \$9,805,840 and revenue of \$9,805,840 for support provided by the State.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

O. Defined Benefit Pension Plan (Continued)

At August 31, 2017, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$944,405	\$1,798,452
Changes in actuarial assumptions	1,835,722	1,669,514
Difference between projected and actual investment earnings	5,100,207	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>12,716,603</u>	<u>4,742</u>
Total as of August 31, 2016 measurement date	20,596,937	3,472,708
Contributions paid to TRS subsequent to the measurement date	<u>5,165,135</u>	-
Total as of fiscal year-end	<u>\$25,762,072</u>	<u>\$3,472,708</u>

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:

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2018	\$3,038,042
2019	3,038,042
2020	6,291,203
2021	2,788,084
2022	1,781,384
Thereafter	187,474

P. Health Care Coverage

For the term effective 9/1/16-8/31/17, 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 \$348.00 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, 2017

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 3,032 or 81% of the eligible employee base of 3,745, as of May 31, 2017, 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.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. In accordance with GASB Statement No. 24, the District has recognized as revenues and expenditures, contributions made by the State to TRS on-behalf of the District's employees. For the year ended August 31, 2017, the state made contributions of \$504,165 related to on-behalf Medicare Part D payments. These revenues equal expenditures and are reflected in the fund financial statements for the General Fund.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2017

R. Construction Commitments

As of August 31, 2017, 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/Improvements	\$ 38,023,789	\$21,435,651	\$ 16,588,138	\$ 1,471,137
Environmental Services	944,053	373,693	570,360	-
Portable Rentals & Moving Services	49,230	23,840	25,390	-
Architect Services	2,916,647	637,975	2,278,672	-
Total	<u>\$ 41,933,719</u>	<u>\$22,471,159</u>	<u>\$ 19,462,560</u>	<u>\$ 1,471,137</u>

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	\$ 239,486
UISD	590,000
JHCISD	10,666
WCISD	<u>8,000</u>
	<u>\$ 848,152</u>

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

T. Fund Balance

As of August 31, 2017, the District has classified its Committed and Assigned Fund Balances as follows:

	<u>General Funds</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<u>Committed Fund Balance</u>				
<i>Construction</i>	\$ 3,401,458	\$ 14,953,389	\$ -	\$ 18,354,847
<i>Other Committed Fund Balance</i>				
E-Rate Projects	\$ 2,036,079	\$ -	\$ -	\$ 2,036,079
Technology	138,637	-	-	138,637
Construction Projects	294,211	-	-	294,211
Campus Activity Funds	-	-	297,499	297,499
<i>Total Other Committed Fund Balance</i>	<u>\$ 2,468,927</u>	<u>\$ -</u>	<u>\$ 297,499</u>	<u>\$ 2,766,426</u>
<u>Assigned Fund Balance</u>				
<i>Other Assigned Fund Balance</i>				
District-Wide Projects	\$ 4,453,682	\$ -	\$ 72,152	\$ 4,525,834
<i>Total Other Assigned Fund Balance</i>	<u>\$ 4,453,682</u>	<u>\$ -</u>	<u>\$ 72,152</u>	<u>\$ 4,525,834</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017

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	\$ 24,087,215	\$ 24,749,111	\$ 25,255,548	\$ 506,437
5800	State Program Revenues	176,226,404	176,976,404	177,014,493	38,089
5900	Federal Program Revenues	24,999,057	25,288,541	24,335,828	(952,713)
5020	Total Revenues	225,312,676	227,014,056	226,605,869	(408,187)
EXPENDITURES:					
Current:					
0011	Instruction	119,961,502	123,179,937	118,590,397	4,589,540
0012	Instructional Resources and Media Services	4,289,702	4,258,660	4,219,909	38,751
0013	Curriculum and Instructional Staff Development	858,739	643,378	537,207	106,171
0021	Instructional Leadership	3,211,276	3,217,993	3,064,615	153,378
0023	School Leadership	13,936,253	13,866,896	13,728,416	138,480
0031	Guidance, Counseling and Evaluation Services	7,039,833	6,974,989	6,911,260	63,729
0032	Social Work Services	1,737,783	1,705,336	1,612,055	93,281
0033	Health Services	2,350,625	2,316,364	2,272,082	44,282
0034	Student (Pupil) Transportation	4,056,715	4,376,771	4,172,535	204,236
0035	Food Services	20,506,122	20,695,606	18,563,711	2,131,895
0036	Extracurricular Activities	4,982,124	5,789,032	5,417,419	371,613
0041	General Administration	7,730,213	6,761,259	6,568,612	192,647
0051	Facilities Maintenance and Operations	24,246,754	24,192,147	23,445,816	746,331
0052	Security and Monitoring Services	4,363,113	4,245,694	4,119,751	125,943
0053	Data Processing Services	4,326,509	4,415,540	4,074,755	340,785
0061	Community Services	337,536	377,696	308,325	69,371
Capital Outlay:					
0081	Facilities Acquisition and Construction	4,327,856	4,250,349	663,023	3,587,326
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	210,000	210,000	105,781	104,219
6030	Total Expenditures	228,472,655	231,477,647	218,375,669	13,101,978
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,159,979)	(4,463,591)	8,230,200	12,693,791
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	3,675,795	4,116,279	2,280,667	(1,835,612)
8911	Transfers Out (Use)	(2,750,407)	(6,228,267)	(5,804,750)	423,517
7080	Total Other Financing Sources (Uses)	925,388	(2,111,988)	(3,524,083)	(1,412,095)
1200	Net Change in Fund Balances	(2,234,591)	(6,575,579)	4,706,117	11,281,696
0100	Fund Balance - September 1 (Beginning)	70,050,855	70,050,855	70,050,855	-
3000	Fund Balance - August 31 (Ending)	\$ 67,816,264	\$ 63,475,276	\$ 74,756,972	\$ 11,281,696

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017

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, General Fund – Food Service, and Debt Service Fund. The Child Nutrition Program (Food Service) is included in the general fund. A more detailed budget versus actual presentation for the Child Nutrition Program is reported as supplementary information to demonstrate legal compliance at the legal level of budgetary control.

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, 2017

	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.1593888%	0.1644294%	0.1020927%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 60,230,649	\$ 58,123,604	\$ 27,270,373
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	94,490,295	91,324,939	78,764,172
Total	<u>\$ 154,720,944</u>	<u>\$ 149,448,543</u>	<u>\$ 106,034,545</u>
District's Covered-Employee Payroll	\$ 160,736,603	\$ 156,283,905	\$ 146,636,889
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	37.47%	37.19%	18.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	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, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only three 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 2017

	2017	2016	2015
Contractually Required Contribution	\$ 5,165,135	\$ 5,064,178	\$ 4,868,826
Contribution in Relation to the Contractually Required Contribution	(5,165,135)	(5,064,178)	(4,868,826)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered-Employee Payroll	\$ 163,525,595	\$ 160,723,603	\$ 156,283,905
Contributions as a Percentage of Covered-Employee Payroll	3.16%	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 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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, 2017

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, 2017

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.

This Page Left Blank Intentionally

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 ESSA, 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 ESSA, 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 for funds granted to provide special education and related services to children with disabilities ages 3-21 in a Regional Day School Program for the Deaf.

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 Education 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.

255 ESSA, Title II, Part A – Support Effective Instruction

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 ESSA, 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.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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 ESSA, Title IV, Part A - Student Support and Academic Enrichment

This fund classification is to be used to account, on a project basis, for funds granted to support the participation of low-income students in nonprofit competitions related to STEM subject.

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 (Law Enforcement Officer Standards and Education)

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.

427 Math and Literacy Academies

This fund classification is to be used to account for funds granted for math and literacy achievement academies for payment of teacher stipends.

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.

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.

481 Classroom Technology Grant

This fund classification is to be used to account, on a project basis, for funds awarded to high schools as part of The Arts and Digital Literacy Initiative, which bridges fine arts education and technology. This initiative develops and supports project-based, fine arts curricula for high school students that establish the connection between traditional fine arts education and digital media, and create learning experiences that develop students' capacities for critical thinking, creativity, imagination, and innovation.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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 (Organized Crime Drug Enforcement Task Forces) Grant

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

487 TFB (Texas Farm Bureau) Garden Grant

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

488 Advertising

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 Jesus Martinez Performing Arts Complex

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.

498 FUTP60 (Fuel Up to Play 60) Equipment Grant

This fund classification is used to account for funds granted to Laredo ISD Food Service for implementation of the Fuel Up to Play 60 Nutrition Equipment Grant that will improve access to and consumption of low-fat and fat-free products by purchasing breakfast carts.

This Page Left Blank Intentionally

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	1,601,679	21,168	495,658
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1000	Total Assets	<u>\$ 1,601,679</u>	<u>\$ 21,168</u>	<u>\$ 495,658</u>
LIABILITIES				
2110	Accounts Payable	\$ 29,729	\$ -	\$ 21,882
2160	Accrued Wages Payable	588,857	715	178,450
2170	Due to Other Funds	983,093	20,453	295,326
2180	Due to Other Governments	-	-	-
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	<u>1,601,679</u>	<u>21,168</u>	<u>495,658</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	-	-	-
Committed Fund Balance:				
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>\$ 1,601,679</u>	<u>\$ 21,168</u>	<u>\$ 495,658</u>

226 IDEA - Part B Discretionary	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 Aware Grant	289 ESSA Title IV Part A	397 Advanced Placement Incentives
\$ -	\$ 200,838	\$ -	\$ -	\$ -	\$ -	\$ 47,761	\$ 18,316
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
999	35,398	25,334	354,691	109,528	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 999</u>	<u>\$ 236,236</u>	<u>\$ 25,334</u>	<u>\$ 354,691</u>	<u>\$ 109,528</u>	<u>\$ -</u>	<u>\$ 47,761</u>	<u>\$ 18,316</u>
\$ 855	\$ 58,351	\$ 2,166	\$ 17,501	\$ -	\$ -	\$ -	\$ 2,878
-	41,658	8,060	91,049	29,174	-	-	-
144	136,227	15,108	246,141	80,354	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	47,761	-
<u>999</u>	<u>236,236</u>	<u>25,334</u>	<u>354,691</u>	<u>109,528</u>	<u>-</u>	<u>47,761</u>	<u>2,878</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	15,438
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,438</u>
<u>\$ 999</u>	<u>\$ 236,236</u>	<u>\$ 25,334</u>	<u>\$ 354,691</u>	<u>\$ 109,528</u>	<u>\$ -</u>	<u>\$ 47,761</u>	<u>\$ 18,316</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	410 Instructional Materials Allotment	424 LEOSE	427 Math & Literacy Academies	429 Pre-K Grant and Other Local	
ASSETS					
1110	Cash and Cash Equivalents	\$ 67,811	\$ 2,059	\$ 13,650	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	8,060	-	38,150	97,572
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 75,871</u>	<u>\$ 2,059</u>	<u>\$ 51,800</u>	<u>\$ 97,572</u>
LIABILITIES					
2110	Accounts Payable	\$ 15,470	\$ -	\$ -	\$ 71,092
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	8,060	-	-	26,246
2180	Due to Other Governments	-	-	350	-
2300	Unearned Revenues	38,875	2,059	51,450	234
2000	Total Liabilities	<u>62,405</u>	<u>2,059</u>	<u>51,800</u>	<u>97,572</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	13,466	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>13,466</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 75,871</u>	<u>\$ 2,059</u>	<u>\$ 51,800</u>	<u>\$ 97,572</u>

435 SSA Regional Day School - Deaf	461 Campus Activity Funds	481 Classroom Technology Grant	482 Dr. Hochman Classroom Grant	483 Equitable Sharing Program	484 OCDETF Grant	487 TFB Garden Grant	488 Advertising
\$ 622,000	\$ 300,549	\$ 3,469	\$ 3,138	\$ 118,326	\$ -	\$ 3	\$ 73,062
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	226	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,063	-	-	-
-	1,111	-	-	-	-	-	-
<u>\$ 622,000</u>	<u>\$ 301,660</u>	<u>\$ 3,469</u>	<u>\$ 3,138</u>	<u>\$ 119,389</u>	<u>\$ 226</u>	<u>\$ 3</u>	<u>\$ 73,062</u>
\$ -	\$ 2,279	\$ 3,374	\$ 120	\$ -	\$ -	\$ -	\$ 910
47,817	134	-	-	2,139	-	-	-
-	1,748	-	-	3,100	226	-	-
-	-	-	-	-	-	-	-
-	-	95	-	114,150	-	3	-
<u>47,817</u>	<u>4,161</u>	<u>3,469</u>	<u>120</u>	<u>119,389</u>	<u>226</u>	<u>3</u>	<u>910</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
574,183	-	-	3,018	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	297,499	-	-	-	-	-	-
-	-	-	-	-	-	-	72,152
<u>574,183</u>	<u>297,499</u>	<u>-</u>	<u>3,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,152</u>
<u>\$ 622,000</u>	<u>\$ 301,660</u>	<u>\$ 3,469</u>	<u>\$ 3,138</u>	<u>\$ 119,389</u>	<u>\$ 226</u>	<u>\$ 3</u>	<u>\$ 73,062</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2017

Data Control Codes	489 Body Worn Camera	490 J. Martinez Performing Arts Complex	491 Anti-Gang Project	496 Marching Band Festival	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 37,222	\$ -	\$ 2,687
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	43,652	-	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	1,485	-	-
1000	Total Assets	<u>\$ 43,652</u>	<u>\$ 38,707</u>	<u>\$ -</u>	<u>\$ 2,687</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 30,919	\$ -	\$ -
2160	Accrued Wages Payable	-	5,931	-	-
2170	Due to Other Funds	43,652	-	-	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	1,824	-	2,687
2000	Total Liabilities	<u>43,652</u>	<u>38,674</u>	<u>-</u>	<u>2,687</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	-	33	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>33</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 43,652</u>	<u>\$ 38,707</u>	<u>\$ -</u>	<u>\$ 2,687</u>

498 FUTP60 Equipment Grant	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	695 EDA 2005 Series	698 IFA 2006 Series	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,428	\$ 1,512,319	\$ 3,365,789	\$ 2,623,381	\$ 218,280	\$ 2,841,661	\$ 7,719,769
-	-	5,132,554	-	-	-	5,132,554
-	-	674,912	-	-	-	674,912
-	-	(544,569)	-	-	-	(544,569)
-	2,832,115	-	-	-	-	2,832,115
-	-	67,304	-	-	-	67,304
-	1,063	4,121	-	-	-	5,184
-	2,596	-	-	-	-	2,596
<u>\$ 1,428</u>	<u>\$ 4,348,093</u>	<u>\$ 8,700,111</u>	<u>\$ 2,623,381</u>	<u>\$ 218,280</u>	<u>\$ 2,841,661</u>	<u>\$ 15,889,865</u>
\$ 656	\$ 258,182	\$ -	\$ 229,128	\$ 174,762	\$ 403,890	\$ 662,072
-	993,984	-	-	-	-	993,984
-	1,859,878	-	572,373	43,518	615,891	2,475,769
-	350	230,509	-	-	-	230,859
772	259,910	-	-	-	-	259,910
<u>1,428</u>	<u>3,372,304</u>	<u>230,509</u>	<u>801,501</u>	<u>218,280</u>	<u>1,019,781</u>	<u>4,622,594</u>
-	-	130,345	-	-	-	130,345
-	-	130,345	-	-	-	130,345
-	606,138	-	-	-	-	606,138
-	-	-	1,821,880	-	1,821,880	1,821,880
-	-	8,339,257	-	-	-	8,339,257
-	297,499	-	-	-	-	297,499
-	72,152	-	-	-	-	72,152
-	975,789	8,339,257	1,821,880	-	1,821,880	11,136,926
<u>\$ 1,428</u>	<u>\$ 4,348,093</u>	<u>\$ 8,700,111</u>	<u>\$ 2,623,381</u>	<u>\$ 218,280</u>	<u>\$ 2,841,661</u>	<u>\$ 15,889,865</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	15,016,731	280,032	4,550,070	30,361
5020 Total Revenues	15,016,731	280,032	4,550,070	30,361
EXPENDITURES:				
Current:				
0011 Instruction	9,673,656	57,011	2,860,361	30,361
0012 Instructional Resources and Media Services	262,058	-	-	-
0013 Curriculum and Instructional Staff Development	1,579,833	2,410	24,467	-
0021 Instructional Leadership	291,527	63,274	303,594	-
0023 School Leadership	91,249	-	-	-
0031 Guidance, Counseling and Evaluation Services	719,056	59,627	1,168,451	-
0032 Social Work Services	245,628	-	420	-
0033 Health Services	1,035,741	-	155,253	-
0034 Student (Pupil) Transportation	-	3,082	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	28,007	-	30,852	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	55,267	1,681	-	-
0052 Security and Monitoring Services	24,965	-	-	-
0053 Data Processing Services	339	-	-	-
0061 Community Services	1,009,405	92,947	6,672	-
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	15,016,731	280,032	4,550,070	30,361
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

226 IDEA - Part B Discretionary	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 Aware Grant	289 ESSA Title IV Part A	397 Advanced Placement Incentives
\$ -	\$ 1,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
73,925	837,282	471,352	2,163,942	1,365,490	5,884	-	-
73,925	839,216	471,352	2,163,942	1,365,490	5,884	-	-
66,657	-	275,372	1,745,797	1,182,475	-	-	29,638
-	-	-	-	-	-	-	-
-	-	94,084	371,956	12,867	-	-	-
919	-	24,830	44,557	49,633	-	-	-
-	-	3,871	1,632	3,096	-	-	-
245	-	19,496	-	-	5,884	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	839,216	-	-	-	-	-	-
104	-	10,709	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9,308	-	-	-
-	-	-	-	-	-	-	-
-	-	42,116	-	-	-	-	-
-	-	874	-	108,111	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,000	-	-	-	-	-	-	-
73,925	839,216	471,352	2,163,942	1,365,490	5,884	-	29,638
-	-	-	-	-	-	-	(29,638)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(29,638)
-	-	-	-	-	-	-	45,076
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,438

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	410 Instructional Materials Allotment	424 LEOSE	427 Math & Literacy Academies	429 Pre-K Grant and Other Local
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,846	\$ -	\$ -	\$ -
5800 State Program Revenues	612,794	1,225	89,250	619,292
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	617,640	1,225	89,250	619,292
EXPENDITURES:				
Current:				
0011 Instruction	582,346	-	89,250	471,070
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	30,448	-	-	27,614
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	-	1,225	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	120,608
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	612,794	1,225	89,250	619,292
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,846	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	4,846	-	-	-
0100 Fund Balance - September 1 (Beginning)	8,620	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ 13,466	\$ -	\$ -	\$ -

435 SSA Regional Day School - Deaf	461 Campus Activity Funds	481 Classroom Technology Grant	482 Dr. Hochman Classroom Grant	483 Equitable Sharing Program	484 OCDETF Grant	487 TFB Garden Grant	488 Advertising
\$ 608,666	\$ 822,577	\$ 3,373	\$ -	\$ 505	\$ -	\$ -	\$ -
239,486	-	-	-	-	-	-	-
-	-	-	-	77,291	16,649	-	-
848,152	822,577	3,373	-	77,796	16,649	-	-
690,369	116,004	3,373	1,543	-	-	-	-
-	33,583	-	-	-	-	-	-
-	736	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	31,812	-	-	-	-	-	-
61,978	734	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	377,788	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,273	-	-	-	-	-	4,015
-	3,698	-	-	77,796	16,649	-	-
-	-	-	-	-	-	-	-
-	300,901	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
752,347	868,529	3,373	1,543	77,796	16,649	-	4,015
95,805	(45,952)	-	(1,543)	-	-	-	(4,015)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
95,805	(45,952)	-	(1,543)	-	-	-	(4,015)
478,378	343,451	-	4,561	-	-	-	76,167
\$ 574,183	\$ 297,499	\$ -	\$ 3,018	\$ -	\$ -	\$ -	\$ 72,152

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	489 Body Worn Camera	490 J. Martinez Performing Arts Complex	491 Anti-Gang Project	496 Marching Band Festival
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 193,101	\$ -	\$ 11,078
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	43,652	-	1,755	-
5020 Total Revenues	43,652	193,101	1,755	11,078
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	-	2,127	-	11,078
0041 General Administration	-	73,138	-	-
0051 Facilities Maintenance and Operations	-	512,756	-	-
0052 Security and Monitoring Services	43,652	82,445	1,755	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	59,370	-	-
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	43,652	729,836	1,755	11,078
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(536,735)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	536,768	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	536,768	-	-
1200 Net Change in Fund Balance	-	33	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 33	\$ -	\$ -

498 FUTP60 Equipment Grant	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	695 EDA 2005 Series	698 IFA 2006 Series	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 13,930	\$ 1,660,010	\$ 7,683,751	\$ 21,433	\$ 6,146	\$ 27,579	\$ 9,371,340
-	1,562,047	20,676,845	-	-	-	22,238,892
-	24,934,416	-	-	-	-	24,934,416
13,930	28,156,473	28,360,596	21,433	6,146	27,579	56,544,648
-	17,875,283	-	-	-	-	17,875,283
-	295,641	-	-	-	-	295,641
-	2,144,415	-	-	-	-	2,144,415
-	778,334	-	-	-	-	778,334
-	131,660	-	-	-	-	131,660
-	2,035,471	-	-	-	-	2,035,471
-	246,048	-	-	-	-	246,048
-	1,190,994	-	-	-	-	1,190,994
-	3,082	-	-	-	-	3,082
13,930	853,146	-	-	-	-	853,146
-	460,665	-	-	-	-	460,665
-	73,138	-	-	-	-	73,138
-	586,300	-	-	-	-	586,300
-	252,185	-	-	-	-	252,185
-	42,455	-	-	-	-	42,455
-	1,698,888	-	-	-	-	1,698,888
-	-	13,188,573	-	-	-	13,188,573
-	-	13,744,539	-	-	-	13,744,539
-	-	5,000	-	-	-	5,000
-	-	-	322,679	1,301,611	1,624,290	1,624,290
-	6,000	-	-	-	-	6,000
13,930	28,673,705	26,938,112	322,679	1,301,611	1,624,290	57,236,107
-	(517,232)	1,422,484	(301,246)	(1,295,465)	(1,596,711)	(691,459)
-	536,768	409,888	-	-	-	946,656
-	-	-	(580,573)	-	(580,573)	(580,573)
-	536,768	409,888	(580,573)	-	(580,573)	366,083
-	19,536	1,832,372	(881,819)	(1,295,465)	(2,177,284)	(325,376)
-	956,253	6,506,885	2,703,699	1,295,465	3,999,164	11,462,302
\$ -	\$ 975,789	\$ 8,339,257	\$ 1,821,880	\$ -	\$ 1,821,880	\$ 11,136,926

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

	BALANCE SEPTEMBER 1 2016	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2017
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 321,619	\$ 1,607,037	\$ 1,551,501	\$ 377,155
Liabilities:				
Due to Student Groups	\$ 321,619	\$ 1,607,037	\$ 1,551,501	\$ 377,155
BACK TO SCHOOL ASSISTANCE PROGRAM				
Assets:				
Cash and Temporary Investments	\$ 14,939	\$ 14,978	\$ 11,797	\$ 18,120
Liabilities:				
Due to Student Groups	\$ 14,939	\$ 14,978	\$ 11,797	\$ 18,120
DONATIONS FUND				
Assets:				
Cash and Temporary Investments	\$ 32,212	\$ 24,937	\$ 16,491	\$ 40,658
Liabilities:				
Accounts Payable	\$ -	\$ 1,979	\$ -	\$ 1,979
Due to Student Groups	32,212	22,958	16,491	38,679
Total Liabilities	\$ 32,212	\$ 24,937	\$ 16,491	\$ 40,658
SCHOLARSHIPS FUND				
Assets:				
Cash and Temporary Investments	\$ 51,382	\$ 45,373	\$ 57,495	\$ 39,260
Liabilities:				
Accounts Payable	\$ 600	\$ -	\$ 600	\$ -
Due to Student Groups	50,782	45,373	56,895	39,260
Total Liabilities	\$ 51,382	\$ 45,373	\$ 57,495	\$ 39,260
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 420,152	\$ 1,692,325	\$ 1,637,284	\$ 475,193
Liabilities:				
Accounts Payable	\$ 600	\$ 1,979	\$ 600	\$ 1,979
Due to Student Groups	419,552	1,690,346	1,636,684	473,214
Total Liabilities	\$ 420,152	\$ 1,692,325	\$ 1,637,284	\$ 475,193

T.E.A. REQUIRED SCHEDULES

(10) Beginning Balance 9/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2017
\$ 887,234	\$ -	\$ 38,763	\$ 5,615	\$ (12,660)	\$ 830,196
183,980	-	4,778	1,075	(954)	177,173
178,709	-	9,300	2,093	(954)	166,362
174,175	-	17,306	3,894	(954)	152,021
225,528	-	41,787	9,402	3,378	177,717
227,715	-	36,666	8,250	9,907	192,706
240,741	-	26,707	6,009	(187)	207,838
339,837	-	62,707	22,357	3,490	258,263
880,877	-	392,112	134,035	(18,241)	336,489
-	29,103,820	20,883,468	7,022,041	(346,907)	851,404
<u>\$ 3,338,796</u>	<u>\$ 29,103,820</u>	<u>\$ 21,513,594</u>	<u>\$ 7,214,771</u>	<u>\$ (364,082)</u>	<u>\$ 3,350,169</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2017

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	\$ 173,108	\$ 173,108	\$ 151,137	\$ (21,971)
5800 State Program Revenues	98,800	98,800	97,007	(1,793)
5900 Federal Program Revenues	20,561,413	20,750,897	19,284,241	(1,466,656)
5020 Total Revenues	<u>20,833,321</u>	<u>21,022,805</u>	<u>19,532,385</u>	<u>(1,490,420)</u>
EXPENDITURES:				
0035 Food Services	20,506,122	20,695,606	18,563,711	2,131,895
0051 Facilities Maintenance and Operations	327,199	327,199	306,145	21,054
6030 Total Expenditures	<u>20,833,321</u>	<u>21,022,805</u>	<u>18,869,856</u>	<u>2,152,949</u>
1200 Net Change in Fund Balances	-	-	662,529	662,529
0100 Fund Balance - September 1 (Beginning)	<u>3,794,849</u>	<u>3,791,849</u>	<u>3,794,849</u>	<u>3,000</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,794,849</u>	<u>\$ 3,791,849</u>	<u>\$ 4,457,378</u>	<u>\$ 665,529</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, 2017

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	\$ 7,512,736	\$ 7,512,736	\$ 7,683,751	\$ 171,015
5800	State Program Revenues	19,722,616	19,722,616	20,676,845	954,229
5020	Total Revenues	27,235,352	27,235,352	28,360,596	1,125,244
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	13,188,573	13,188,573	13,188,573	-
0072	Interest on Long Term Debt	13,744,540	13,744,540	13,744,539	1
0073	Bond Issuance Cost and Fees	20,000	20,000	5,000	15,000
6030	Total Expenditures	26,953,113	26,953,113	26,938,112	15,001
1100	Excess of Revenues Over Expenditures	282,239	282,239	1,422,484	1,140,245
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	409,888	409,888	409,888	-
1200	Net Change in Fund Balances	692,127	692,127	1,832,372	1,140,245
0100	Fund Balance - September 1 (Beginning)	6,506,885	6,506,885	6,506,885	-
3000	Fund Balance - August 31 (Ending)	\$ 7,199,012	\$ 7,199,012	\$ 8,339,257	\$ 1,140,245

This Page Left Blank Intentionally

CAPITAL ASSETS

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2017

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
High Schools:				
Martin	\$ 82,150,271	\$ 6,033,289	\$ 73,921,359	\$ 2,195,623
Nixon	75,245,725	3,250,112	69,736,494	2,259,119
Cigarroa	34,601,373	872,258	31,687,119	2,041,996
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	29,259,930	117,596	28,359,732	782,602
Lamar	12,397,805	186,887	11,442,567	768,351
Cigarroa	13,986,945	-	13,610,169	376,776
Memorial	15,426,716	447,337	14,182,370	797,009
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	6,974,946	75,100	6,659,554	240,292
Leyendecker	11,664,785	133,989	11,054,258	476,538
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	10,365,289	47,542	9,673,526	644,221
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	9,699,709	132,267	9,120,099	447,343
D. D. Hachar	11,501,888	484,686	10,616,173	401,029
J. C. Martin	13,114,771	240,525	12,358,138	516,108
H. B. Zachry	24,837,588	101,298	24,299,292	436,998
J. Kawas	10,953,793	238,434	10,336,478	378,881
Dovalina	6,843,255	35,000	6,296,743	511,512
H. Ligarde	7,475,131	129,588	6,884,170	461,373
T. Sanchez/Ochoa	10,099,832	120,000	9,581,470	398,362
Other Departments:				
Pregnancy, Education & Parenting	58,876	-	58,876	-
Superintendent's Office	89,127	5,545	83,582	-
Board of Trustees	42,455	34,455	-	8,000
Tax Office	21,038	-	21,038	-
Financial Management	1,653,374	10,000	1,512,578	130,796
Human Resources	22,373	-	-	22,373
Office of Communications	201,347	-	201,347	-
Risk Management	5,000	-	-	5,000
Internal Auditor	10,187	-	-	10,187
Fixed Assets & Custodial Services	1,381,737	149,990	396,899	834,848
Textbooks & Records Management	612,152	127,770	348,562	135,820
Performing Arts Complex	2,691,448	-	2,537,869	153,579
Fine Arts	17,800	-	10,350	7,450
Early Childhood	5,000	-	-	5,000
Curriculum & Instructional	24,206	-	-	24,206
Career & Technology Education	28,928	-	-	28,928

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2017

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS	FURNITURE & EQUIPMENT
				(Continued)
Testing and Assessment	5,000	-	-	5,000
District Wide	12,911,780	1,153,262	10,275,962	1,482,556
Crime Stoppers	9,500	-	-	9,500
Instructional Technology	1,144,305	-	1,037,114	107,191
Health Services	1,687	-	1,687	-
Pupil Transportation	11,619,491	78,925	4,140,664	7,399,902
Athletics	548,747	-	243,017	305,730
Special Education	385,740	4,705	362,088	18,947
Printing/Creative Services	351,804	-	-	351,804
Instructional Television	1,078,059	52,647	416,406	609,006
Information Technology	4,460,545	-	608,802	3,851,743
Division of Operations	292,933	-	-	292,933
LISD Police Department	887,040	-	-	887,040
Child Nutrition Program	9,958,307	121,287	7,023,514	2,813,506
Migrant	150,508	630	149,878	-
Total Assets by Location	554,641,601	19,372,448	497,116,373	38,152,780
Construction in Progress	16,167,033	-	-	-
Total General Fixed Assets	<u>\$ 570,808,634</u>	<u>\$ 19,372,448</u>	<u>\$ 497,116,373</u>	<u>\$ 38,152,780</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2017

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
High Schools:				
Martin	\$ 82,055,517	\$ 118,578	\$ 23,824.00	\$ 82,150,271
Nixon	72,651,689	2,610,086	16,050	75,245,725
Cigarroa	34,570,185	96,535	65,347	34,601,373
VMT Communications & Arts	22,848,697	-	-	22,848,697
Francisco Lara Academy	2,707,498	-	-	2,707,498
Early College High School @ TAMIU	9,210,051	-	-	9,210,051
Valdez	896,123	-	-	896,123
Middle Schools:				
Christen	29,246,408	13,522	-	29,259,930
Lamar	12,376,044	21,761	-	12,397,805
Cigarroa	11,801,871	2,192,888	7,814	13,986,945
Memorial	15,389,217	37,499	-	15,426,716
Elementary Schools:				
Bruni	8,154,293	-	-	8,154,293
Jose Gallegos	10,513,378	-	-	10,513,378
Daiches	9,247,408	-	-	9,247,408
Farias	12,057,223	-	-	12,057,223
Heights	8,112,961	-	-	8,112,961
Tarver	6,952,626	22,320	-	6,974,946
Leyendecker	11,653,434	11,351	-	11,664,785
Macdonell	7,858,214	-	-	7,858,214
Milton	7,215,223	-	-	7,215,223
Alma Pierce	10,342,969	22,320	-	10,365,289
Ryan	11,026,257	-	-	11,026,257
Santa Maria	7,524,029	-	-	7,524,029
Santo Nino	7,171,452	2,528,257	-	9,699,709
D. D. Hachar	11,501,888	-	-	11,501,888
J. C. Martin	13,103,420	11,351	-	13,114,771
H. B. Zachry	24,602,377	235,211	-	24,837,588
J. Kawas	7,991,737	2,962,056	-	10,953,793
Dovalina	6,851,767	-	8,512	6,843,255
H. Ligarde	7,475,131	-	-	7,475,131
T. Sanchez/Ochoa	6,952,439	3,147,393	-	10,099,832
Other Departments:				
Pregnancy, Education & Parenting	58,876	-	-	58,876
Superintendent's Office	89,127	-	-	89,127
Board of Trustees	42,455	-	-	42,455
Tax Office	21,038	-	-	21,038
Financial Management	1,653,374	-	-	1,653,374
Human Resources	31,348	-	8,975	22,373
Office of Communications	201,347	-	-	201,347
Risk Management	5,000	-	-	5,000
Internal Auditor	10,187	-	-	10,187
Fixed Assets & Custodial Services	1,398,039	13,698	30,000	1,381,737
Textbooks & Records Management	612,152	-	-	612,152
Performing Arts Complex	2,153,579	537,869	-	2,691,448
Fine Arts / U.I.L.	17,800	-	-	17,800
Early Childhood	5,000	-	-	5,000
Curriculum & Instructional	24,206	-	-	24,206
Career & Technology Education	28,928	-	-	28,928

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2017

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
				(Continued)
Testing and Assessment	5,000	-	-	5,000
District Wide	13,297,991	-	386,211	12,911,780
Crime Stoppers	9,500	-	-	9,500
Instructional Technology	1,144,305	-	-	1,144,305
Health Services	1,687	-	-	1,687
Pupil Transportation	11,398,419	221,072	-	11,619,491
Athletics	539,715	9,032	-	548,747
Special Education	429,884	-	44,144	385,740
Printing/Creative Services	351,804	-	-	351,804
Instructional Television	1,072,715	5,344	-	1,078,059
Information Technology	4,171,468	491,479	202,402	4,460,545
Division of Operations	153,016	139,917	-	292,933
LISD Police Department	865,515	21,525	-	887,040
Child Nutrition Program	9,925,479	59,443	26,615	9,958,307
Migrant	150,508	-	-	150,508
Total Assets by Location	539,930,988	15,530,507	819,894	554,641,601
Construction in Progress	5,576,458	\$ 24,704,167	14,113,592	16,167,033
Total General Fixed Assets	<u>\$ 545,507,446</u>	<u>\$ 40,234,674</u>	<u>\$ 14,933,486</u>	<u>\$ 570,808,634</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDING AUGUST 31, 2017

Function	Land	Buildings	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 19,372,448	\$ 483,002,781	\$ 37,555,759	\$ 5,576,458	\$ 545,507,446
Instruction	-	-	143,260	-	143,260
Instructional Resources & Media Services	-	-	(2,625)	-	(2,625)
Guidance and Counseling Services	-	-	6,879	-	6,879
Student (Pupil) Transportation	-	-	221,072	-	221,072
Food Services	-	-	(21,041)	-	(21,041)
Cocurricular/Extracurricular Activities	-	-	(69,948)	-	(69,948)
General Administration	-	-	(33,520)	-	(33,520)
Plant Maintenance and Operations	-	-	(93,662)	-	(93,662)
Security and Monitoring Services	-	-	13,013	-	13,013
Data Processing Services	-	-	(35,513)	-	(35,513)
Community Services	-	-	(6,020)	-	(6,020)
Facilities Acquisition and Construction	-	14,113,592	475,126	10,590,575	25,179,293
Total Expenditures	<u>\$ 19,372,448</u>	<u>\$ 497,116,373</u>	<u>\$ 38,152,780</u>	<u>\$ 16,167,033</u>	<u>\$ 570,808,634</u>

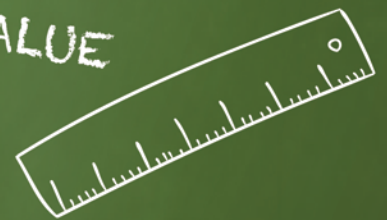
STATISTICAL SECTION



FINANCE

MONEY

VALUE



INVESTMENT



GOALS

%

$\sqrt{3}$

EDUCATION

1 2 3

$E=MC^2$

TIME

GROWTH



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 supplementary information.

<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>	113-116
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>	117-120
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>	121-122
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>	123-128

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 which includes schedules presenting government-wide information.*

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

	Fiscal Year									
	<u>2008</u>	<u>2009</u> <u>Reclassified¹</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Reclassified¹</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net Investment in Capital Assets	\$ 87,359,760	\$ 108,935,294	\$ 99,028,291	\$ 129,424,249	\$ 115,519,722	\$ 152,236,839	\$ 138,879,715	\$ 151,104,801	\$ 150,253,093	\$ 159,131,906
Restricted										
Federal and State Programs	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	4,387,416
Debt Service	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	8,339,257
Capital Projects	11,250,991	9,892,495	1,303,248	806,912	11,202,938	526,698	1,261,086	2,330,358	3,292,365	3,763,913
Campus Activities	-	186,869	196,270	-	-	-	-	-	-	-
Other Purposes	-	416,474	11,104,927	10,570,736	-	-	-	-	-	-
Unrestricted	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	40,844,602
Total primary government net position	<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>	<u>\$ 216,467,094</u>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
11 Instruction	\$ 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	\$ 153,166,075
12 Instructional Resources & Media Svcs.	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	4,782,897
13 Curriculum & Instructional Staff Devpt.	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	2,805,943
21 Instructional Leadership	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	4,243,539
23 School Leadership	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	14,654,202
31 Guidance, Counseling, and Evaluation Svcs.	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	9,424,462
32 Social Work Services	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	1,964,935
33 Health Services	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	3,621,892
34 Student (Pupil) Transportation	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	5,116,099
35 Food Services	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	22,341,293
36 Cocurricular/Extracurricular Activities	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	6,476,233
41 General Administration	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	7,040,294
51 Plant Maintenance & Operations	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	25,394,880
52 Security & Monitoring Services	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	5,019,948
53 Data Processing Services	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	4,864,734
61 Community Services	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	2,195,905
72 Debt Service - Interest on Long-Term Debt	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	10,542,417
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	5,000
81 Facilities Acquisition	81,952	-	-	-	-	-	-	-	-	-
93 Payments to Fiscal Agents/Mem.	8,391	6,637	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	163,153	85,320	85,320	72,443	58,618	162,740	184,386	121,502	274,841	105,781
Total primary government expenses	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	283,772,529
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	-	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	281,112	312,052	330,569	323,896	345,903	339,974	340,262	229,878	164,443	115,447
Extracurricular Activities	201,995	210,088	154,023	145,658	240,733	221,142	214,101	243,410	222,554	206,763
General Administration	-	-	-	2,539	-	22,121	-	7,005	-	19,249
Plant Maintenance and Operations	-	-	1,073	-	7,414	7,625	-	-	-	-
Security & Monitoring Services	-	-	-	-	-	-	-	-	6,148	9,624
Data Processing Services	-	-	-	3,253	-	-	-	-	-	-
Community Services	10,372	-	-	220,876	224,081	252,807	192,117	883,000	797,794	484,306
Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
Payments to Juvenile Justice Alternative Ed.	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	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	61,040,269
Total primary government program revenues	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	61,875,658
Net (Expense)/Revenue										
Total primary government net expense	\$ 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	\$ 221,896,871

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									
	2008	2009	2010	2011	2012	2013	2014 Restated ¹	2015	2016	2017
Net (Expense)/Revenue										
Total primary government net expense	\$ 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	\$ 221,896,871
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	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	21,690,132
Property taxes levied for debt service	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	7,293,674
Unrestricted State Aid Formula Grants	176,570,738	-	169,891,579	166,315,755	165,355,519	160,288,363	169,677,509	178,306,378	190,334,823	188,322,463
Unrestricted grants and contributions	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	3,171,139
Investment earnings	9,893,383	5,936,051	3,706,251	1,456,958	783,823	607,821	374,341	548,472	915,144	1,602,039
Miscellaneous	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	1,780,933
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Special Item	-	-	-	-	-	-	109,849	-	-	-
Total primary government	218,769,886	221,082,941	204,501,613	201,117,417	197,138,447	197,334,764	203,924,255	214,651,953	226,579,384	223,860,380
Change in Net Position										
Total primary government	\$ 26,143,709	\$ 21,112,734	\$ 23,175,152	\$ 27,952,091	\$ 7,090,389	\$ 13,649,481	\$ 5,360,367	\$ 8,999,771	\$ 2,607,976	\$ 1,963,509

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	2008	2009	2010	2011¹	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 1,178,052	\$ 1,035,264	\$ 3,047,831	\$ 1,126,204	\$ 1,431,972	\$ 1,776,108	\$ 2,244,742
Restricted	-	-	-	14,881,931	14,929,976	2,873,497	5,291,807	5,117,869	3,398,376	3,781,278
Committed	-	-	-	-	3,851,761.00	3,955,409	12,012,274	15,438,210	2,223,380	5,870,385
Assigned	-	-	-	10,430,944	10,498,376	5,006,798	617,873	897,673	-	4,453,682
Unassigned	-	-	-	59,272,362	62,570,104	62,652,991	62,652,991	62,652,991	62,652,991	58,406,885
Reserved	14,158,322	16,513,895	15,665,794	-	-	-	-	-	-	-
Unreserved	<u>32,504,685</u>	<u>45,310,703</u>	<u>55,213,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	\$ 46,663,007	\$ 61,824,598	\$ 70,878,843	\$ 85,763,289	\$ 92,885,481	\$ 77,536,526	\$ 81,701,149	\$ 85,538,715	\$ 70,050,855	\$ 74,756,972
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special Revenue Funds	-	-	-	2,982,829	2,269,378	660,832	530,959	540,799	536,635	606,138
Debt Service Funds	-	-	-	22,139,631	14,453,416	5,370,711	4,101,125	5,317,675	6,506,885	8,339,257
Capital Projects Funds	-	-	-	71,105,330	62,570,106	65,857,222	101,546,934	68,500,586	76,173,088	35,784,307
Other Funds	-	-	-	-	-	-	-	-	-	3,689,811
Committed										
Special Revenue Funds	-	-	-	1,831,277	305,522	334,011	411,447	366,907	343,451	297,499
Capital Projects Funds	-	-	-	-	-	-	-	-	-	14,953,389
Assigned	-	-	-	-	-	-	29,175	121,383	76,167	72,152
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	29,362,125	24,795,478	47,946,686	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	\$ 138,279,217	\$ 124,330,685	\$ 118,659,997	\$ 98,059,067	\$ 79,598,422	\$ 72,222,776	\$ 106,619,640	\$ 74,847,350	\$ 83,636,226	\$ 63,742,553

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>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>	<u>2017</u>
Federal sources:										
Federal Grants	\$ 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	\$ 29,986,003
Food Services	<u>12,266,676</u>	<u>13,241,239</u>	<u>14,174,829</u>	<u>15,779,620</u>	<u>15,742,194</u>	<u>16,475,778</u>	<u>16,936,477</u>	<u>18,536,349</u>	<u>18,803,921</u>	<u>19,284,241</u>
Total Federal Sources	<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>	<u>49,270,244</u>
State sources:										
Per Capita and Foundation	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	167,481,803
Instructional Facilities Allotment	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	12,673,344
Teacher Retirement System on Behalf	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	9,271,868
Other State Programs	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	9,825,145
Other Governmental Agencies	<u>15,000</u>	<u>13,769</u>	<u>8,523</u>	<u>36,543</u>	<u>14,278</u>	<u>10,000</u>	<u>600</u>	<u>4,761</u>	<u>2,153</u>	<u>1,225</u>
Total state sources	<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>	<u>199,253,385</u>
Local sources:										
Property Taxes	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	28,728,364
Food Service Sales	334,192	312,052	330,569	323,896	345,903	337,567	337,180	-	-	-
Investment Income	8,773,586	5,969,438	3,299,340	1,396,011	785,814	608,346	374,341	548,472	915,144	1,605,953
Penalties, Interest, and Other Fees	762,789	767,477	849,947	793,562	680,304	681,600	631,631	740,642	627,167	716,478
Co-Curricular	201,995	208,305	154,024	140,579	2,744,310	558,709	554,362	463,024	384,585	320,276
Sale of WADA	-	-	-	-	-	-	-	-	-	-
Other Revenues	<u>5,391,457</u>	<u>4,886,980</u>	<u>5,472,925</u>	<u>3,574,980</u>	<u>1,104,934</u>	<u>4,065,606</u>	<u>4,583,374</u>	<u>6,112,616</u>	<u>4,749,404</u>	<u>4,231,738</u>
Total local sources	<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>	<u>35,602,809</u>
Total revenues	<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>	<u>\$ 284,126,438</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>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>	<u>2017</u>
11 Instruction	\$ 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	\$ 136,465,680
12 Instructional Resources & Media Svcs.	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	4,515,550
13 Curriculum & Instructional Staff Devpt.	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	2,681,622
21 Instructional Leadership	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	3,842,949
23 School Leadership	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	13,860,076
31 Guidance, Counseling, and Evaluation Svcs.	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	8,946,731
32 Social Work Services	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	1,858,103
33 Health Services	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	3,463,076
34 Student (Pupil) Transportation	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	4,175,617
35 Food Services	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	19,416,857
36 Cocurricular/Extracurricular Activities	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	5,878,084
41 General Administration	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	6,641,750
51 Plant Maintenance & Operations	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	24,032,116
52 Security & Monitoring Services	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	4,371,936
53 Data Processing Services	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	4,117,210
61 Community Services	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	2,007,213
71 Principal	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	13,188,573
Interest	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	13,744,539
Other Debt Service Costs	107,750	20,350	287,969	289,311	18,950	17,950	1,801,762	657,048	6,802	5,000
81 Facilities acquisition/construction	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	25,989,531
Other capital outlay										
93 Payments to Fiscal Agents / Members.	8,391	6,637	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	163,153	85,320	85,320	72,443	58,618	162,740	184,386	121,502	274,841	105,781
Total expenditures	<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>	<u>\$ 299,313,994</u>
Debt service as a percentage of noncapital expenditures ¹	13.06%	12.89%	10.78%	10.85%	13.06%	13.71%	7.31%	10.14%	9.84%	10.48%

Notes:
¹Percentage was calculated as follows: (Debt Service Principal + Interest Payments) / (Total expenditures - Capital)
(13,188,573 + 13,744,539) / (299,313,994 - 42,368,200)

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	<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>	<u>2017</u>
Excess of revenues over (under) expenditures	\$ (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)	\$ (15,187,556)
Other Financing Sources (Uses)										
Issuance of Loans	-	-	-	-	-	-	-	-	-	-
Issuance of Bonds	-	-	18,420,000	18,415,000	-	-	144,585,000	68,560,000	-	-
Lease Proceeds	-	154,728	-	-	-	-	-	-	-	-
Premium Issuance of Bond	-	-	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	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	6,385,323
Transfers out	(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)	(6,385,323)
Special Item	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	154,728	31,426	351,257	-	-	75,442,524	688,542	11,500	-
Net change in fund balances	<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>	<u>\$ (15,187,556)</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			
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
2017	2,888,545,082	268,944,439	1,071,941,714	2,085,547,807	1.390

Source: LISD Tax Office

Notes:

¹Per \$100 of assessed value.

²The 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
2008	1.0400	0.2340	1.2740	0.2560	0.2560	0.1870
2009	1.0400	0.2340	1.2740	0.2474	0.2474	0.1790
2010	1.0400	0.2340	1.2740	0.2438	0.2438	0.1795
2011	1.0400	0.2340	1.2740	0.2430	0.2430	0.1720
2012	1.0400	0.2340	1.2740	0.2397	0.2397	0.1627
2013	1.0400	0.2340	1.2740	0.2296	0.2296	0.1472
2014	1.0400	0.2340	1.2740	0.2200	0.2200	0.1300
2015	1.0400	0.3708	1.4108	0.2155	0.2155	0.1280
2016	1.0400	0.3555	1.3955	0.2164	0.2164	0.1456
2017	1.0400	0.3497	1.3897	0.2154	0.2154	0.1415

Source: LISD Tax Office.

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

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

Taxpayer	2017			2008		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Laredo Texas Hospital Co LP	\$ 89,935,300	1	2.57%	\$ 94,472,400	1	3.24%
Laredo Outlet Shopees LLC	45,585,530	2	1.30%	-	-	-
AEP Texas Central Company	27,517,980	3	0.79%	34,137,860	2	1.17%
Webb Hospital Holdings LLC	20,302,750	4	0.58%	16,520,240	4	0.57%
HE Butt Grocery Co	15,983,020	6	0.46%	15,007,580	6	0.51%
International Bank of Commerce	16,788,795	5	0.48%	15,614,180	5	0.54%
MPT of Laredo LLC	11,593,150	7	0.33%	-	-	-
The Laredo National Bank	11,171,353	8	0.32%	13,741,380	8	0.47%
Union Pacific Railroad Company	8,013,200	10	0.23%	-	-	0.00%
Southwestern Bell Telephone LP	-	-	0.00%	16,550,660	3	0.57%
R & P Ramirez LTD	8,529,380	9	0.24%	-	-	-
BIA Acquisition LTD	-	-	-	9,554,740	10	0.33%
La Posada Hotel	-	-	-	10,817,600	9	0.37%
Laredo Specialty Hospital LP	-	-	-	14,801,760	7	0.51%
Total Appraised Value	\$ 3,498,848,259		7.30%	\$ 2,917,619,285		8.27%

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
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%
2017	29,103,820	28,252,417	97.07	-	28,252,417	851,403	97.07%

Source: LISD Tax Office

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Loans</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>	<u>Per Capita Personal Income Schedule # 16</u>
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	3.55%	1,046	29,426
2017	258,726,839	8,000,000	266,726,839	N/A	N/A	N/A

Notes:

N/A = not available

¹See 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, 2017
 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	\$ 648,113,107	21.54%	\$ 139,603,563
County of Webb	60,793,758	14.15%	8,602,317
Laredo Community College	204,985,000	21.54%	<u>44,153,769</u>
Subtotal, overlapping debt			192,359,649
District direct debt	266,726,839	100.00%	<u>266,726,839</u>
Total direct and overlapping debt			<u>\$ 459,086,488</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 into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The 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
Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2017

Net Assessed value of 2016 taxable property		\$	2,085,547,807
Plus: Exemptions			1,071,941,714
Total Assessed Value			<u>3,157,489,521</u>
Debt limit (10% of total assessed value)			315,748,952
Amount of debt applicable to said maximum debt limit:			
Total (net) general bonded debt	\$	258,726,839	
(Percentage of debt to total assessed value)			8.19%
Less: Debt Service Fund Balance as of 8/31/17		3,142,684	
Total amount of debt applicable to debt limit			<u>255,584,155</u>
Debt margin			<u>\$ 60,164,797</u>

<u>Fiscal Year</u>	<u>Debt limit</u>	<u>Total net debt applicable to limit</u>	<u>Debt margin</u>	<u>Total Net Debt Applicable to the Limit As a Percentage of Debt Limit</u>
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%
2017	315,748,952	250,387,582	65,361,370	79.30%

Notes:

Laredo ISD complies with the 50 Cent Test by using the most recent taxable value of property, combined with state assistance to which LISD is entitled under Education Code Chapter 42 and 46 that may be lawfully used for the payment of bonds. Laredo ISD has the projected ability to pay the principal of and interest on proposed bonds and all previous issued bonds, other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a rate not to exceed \$.50 per \$100 valuation. 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. The District's Series 2001, 2005, 2006, 2010 2011, 2013, 2014 and 2015 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
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
2017	2,085,547,807	258,726,839	8,339,257	250,387,582	12.01%	295,933	846	24,200	10,347

Notes:

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

²This 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

Calendar Year	Population	Personal Income¹	Per Capita Personal Income	Unemployment Income³
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	7,980,237,000	29,426	4.44
2017	295,933 ⁴	N/A	N/A	4.51

Sources:

¹U.S. Department of Commerce

²U.S. Census Bureau

³Texas State Data Center

⁴Texas Department of State Health Services

Notes:

Population and Unemployment Rate for 2017 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>2017</u>			<u>2008</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	27.70%	5,941	1	26.06%
Laredo Independent School District	4,346	2	16.78%	4,619	2	20.26%
City of Laredo	2,535	3	9.79%	2,347	3	10.29%
Laredo Sector Border Patrol	1,400	10	5.41%	-	-	0.00%
US CBP-Customs Field Officers	1,950	5	7.53%	1,600	5	7.02%
H.E.B. Grocery	1,900	6	7.34%	1,666	4	7.31%
McDonald's Restaurant	1,520	7	5.87%	1,445	8	6.34%
Webb County	1,500	8	5.79%	1,454	7	6.38%
Laredo Medical Center	1,450	9	5.60%	1,475	6	6.47%
Laredo National Bank	-	-	-	1,129	9	4.95%
Wal-Mart	2,125	4	8.20%	1,125	10	4.93%
Annual Labor Force	<u>25,900</u>		<u>100.00%</u>	<u>22,801</u>		<u>100.00%</u>

Source: Laredo Development Foundation

¹Total 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>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>	<u>2017</u>	Percentage Change 2008-2017
Teachers											
Pre-K & Kindergarten	230	228	221	223	198	215	206	206	205	213	
Elementary	631	629	678	671	625	629	557	535	535	524	
Secondary	624	622	637	603	576	543	630	625	639	679	
All Level	<u>98</u>	<u>110</u>	<u>67</u>	<u>87</u>	<u>95</u>	<u>67</u>	<u>62</u>	<u>74</u>	<u>64</u>	<u>35</u>	
Total Teachers	<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>	<u>1,450</u>	-8.39%
Support Staff											
Supervisors	-	-	-	-	-	-	-	1	1	1	
Counselors	63	61	63	65	65	64	67	69	72	74	
Educ Diagnosticians	19	18	17	17	14	15	15	15	17	17	
Librarians	30	30	30	30	27	27	27	27	27	27	
Nurses/Physicians	39	42	43	45	38	33	35	35	34	34	
Therapists	21	20	24	20	21	22	22	22	21	22	
Other Support Staff	<u>200</u>	<u>202</u>	<u>210</u>	<u>205</u>	<u>172</u>	<u>167</u>	<u>172</u>	<u>167</u>	<u>172</u>	<u>177</u>	
Total Support Staff	<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>	<u>351</u>	-5.64%
Administrators											
Admin/Instr Officers	35	37	36	37	31	29	35	36	37	38	
Principals	29	27	29	28	27	29	29	29	29	29	
Assistant Principals	59	54	54	58	54	51	53	53	53	53	
Superintendents	1	1	1	1	1	1	1	1	1	1	
Asst Superintendents	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Administrators	<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>	<u>121</u>	-3.60%
Educational Aides	492	484	526	478	355	370	413	403	387	387	-21.37%
Certified Interpreter	-	-	-	-	-	-	-	-	1	1	100.00%
Auxiliary Staff	<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>	<u>1,320</u>	2.66%
Total	<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>	<u>3,630</u>	-5.92%

Source: Texas Education Agency, Fall PEIMS Submission

Notes:

¹Full-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

<u>Fiscal Year</u>	<u>Enrollment¹</u>	<u>Operating Expenditures²</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
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%
2017	24,200	246,386,351	10,181	-2.72%	1,450	16.7	93.00%

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

Fiscal Year	0 Years Experience Salary¹	40+ Years Experience Salary¹	District Average Salary²	County Average Salary²	Statewide Average Salary²
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
2017	47,250	69,650	55,890	54,869	52,525

Sources:

¹District records

²Texas 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 and disability.

August 31, 2017

Campus Name ¹	Original Building ¹	Facility Replacement ¹	Facility Additions and Renovations ¹	Square Footage	Classrooms	Minimum Capacity	Enrollment 2016 - 2017	Percentage of Capacity in Use
HIGH SCHOOLS (9th - 12th)								
Dr. Leonides G. Cigarroa	1983		2004, 2005, 2006, 2011, & 2013	270,833	87	2,175	1,597	73%
Raymond & Tirza Martin	1937		2003, 2007, 2008, 2009, 2010, & 2011	366,395	93	2,325	1,942	84%
Joseph W. Nixon	1964		2003, 2005, 2006, 2007, 2011, 2015 & 2016	406,084	83	2,075	2,260	109%
Early College at Texas A&M International University	2007	2012		42,500	20	500	432	86%
Francisco S. Lara Academy (Alternative School)	1997		1997	28,883	17	255	85	33%
TOTAL HIGH SCHOOLS:				1,114,695	300	7,330	6,316	86%
MIDDLE SCHOOLS (6th - 8 th)								
Louis J. Christen	1930	2006	2008 2004, 2005, 2006, 2010 & 2016	194,507	82	2,050	1,225	60%
Dr. Joaquin G. Cigarroa	1983			178,770	74	1,850	1,332	72%
Mirabeau B. Lamar	1957	2003	2004, 2005	176,157	78	1,950	1,307	67%
Memorial	1937-39	2005	2008	133,081	48	1,200	731	61%
TOTAL MIDDLE SCHOOLS:				682,515	282	7,050	4,595	65%
ELEMENTARY SCHOOLS (PK- 5th)								
Antonio M. Bruni	1927	2004		81,549	38	836	628	75%
Don Jose Gallego	1946	2007		92,305	39	858	760	89%
Leon Daiches	1920	2006		92,905	33	726	597	82%
Anita T. Dovalina	1983		2002, 2010	69,511	30	660	523	79%
Francisco Farias	1958	2002	2010, 2011	108,465	47	1,034	678	66%
Demetrio D. Hachar	1974	2008		88,814	30	660	521	79%
Heights	1923	2007		68,500	26	572	561	98%
Jesus A. kawas	1983		2003, 2016	73,850	34	748	591	79%
John Z. Leyendecker	1953		2008	97,752	38	836	515	62%
Honore Ligarde	1988		2003	80,252	39	858	776	90%
Christopher M. Macdonell	1930	2004		77,965	38	836	613	73%
Joseph C. Martin	1972	2009		94,728	32	704	609	87%
Clarence L. Milton	1960		2003	88,070	51	1,122	875	78%
Alma A. Pierce	1963	2004	2010	93,233	43	946	848	90%
Michael S. Ryan	1954		2006	94,404	49	1,078	908	84%
Tomas Sanchez/Hermelinda Ochoa	1953	2002	2016	95,004	43	946	715	76%
Santa Maria	1972	2003		81,669	34	748	674	90%
Santo Niño	1960		2003, 2016	99,357	43	946	711	75%
Katherine F. Tarver	1960		2005	81,982	29	638	549	86%
Henry B. Zachry	1998	2016	2003	100,535	34	748	646	86%
TOTAL ELEMENTARY SCHOOLS:				1,760,850	750	16,500	13,298	81%
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 CAMPUSES⁶:				122,682			(6)	
Total Square Footage ⁴ :	3,680,742							
Total Minimum Capacity ² :	30,880							
Total Enrollment ⁴ :	24,209							
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. 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 the ending enrollment as of the end of the school year 2016-2017 (based on Finance Department report (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, 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 2004, 2005, 2006 &	194,507	82	2,050	1,328	65%
Dr. Joaquin G. Cigarroa	1983	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 CAMPUSES⁶:				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	2010	216,000	74	1,850	1,407	76%
Mirabeau B. Lamar	1957	2003	2004, 2005	184,900	78	1,950	1,352	69%
Memorial	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	750	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 CAMPUSES*:				122,682				

Total Square Footage²: 3,707,922
 Total Minimum Capacity³: 30,880
 Total Enrollment⁴: 24,698
 Total Capacity Utilization⁵: 80%

Source: ¹ District records (latest new replacements, additions and modifications). No information prior to FY2014 is available in the required format.

Notes:

²Square Footage comprises the total enclosed space of each campus based on construction plans.

³Minimum 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).

⁴Actual Enrollment is based on PEIMS data.

⁵Capacity Utilization is the quotient of Total Enrollment by Total Capacity, less enrollment at Special Campuses.

⁶Enrollment 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.

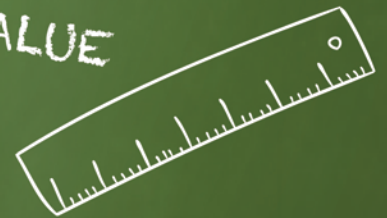
SINGLE AUDIT SECTION



FINANCE

MONEY

VALUE



INVESTMENT



GOALS

%

$\sqrt{3}$

EDUCATION

1 2 3

$E=MC^2$

TIME

GROWTH





**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the 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, 2017, 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 18, 2018.

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.

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*.

Laredo Independent School District

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 18, 2018

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, 2017. 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, 2017.

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 18, 2018

Laredo Independent School District
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2017

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

Federal Awards

Internal control over major programs:

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

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be in accordance with the Uniform Guidance? ___ Yes X None reported

Identification of major programs:

- 84.367A Title II, Part A
- 84.027A IDEA, Part B
- 10.553/10.555 Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs? \$1,365,996

Auditee qualified as low-risk auditee? X Yes ___ No

Laredo Independent School District
Schedule of Findings and Questioned Costs – Continued
Year Ended August 31, 2017

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

This Page Left Blank Intentionally

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

(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	12.9999	N/A	\$ 189,807
Total Direct Programs			189,807
TOTAL U.S. DEPARTMENT OF DEFENSE			189,807
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101240901	15,583,654
ESEA, Title I, Part C - Migratory Children	84.011	17615001240901	291,567
*IDEA - Part B, Formula	84.027	176600012409016600	4,738,794
*IDEA - Part B, Discretionary	84.027	176600022409016674	74,874
Total CFDA Number 84.027			4,813,668
*IDEA - Part B, Preschool	84.173	176610012409016610	31,207
Total Special Education Cluster (IDEA)			4,844,875
Career and Technical - Basic Grant	84.048	17420006240901	484,835
Title III, Part A - English Language Acquisition	84.365A	17671001240901	1,392,799
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501240901	2,253,768
Total Passed Through State Department of Education			24,851,498
TOTAL U.S. DEPARTMENT OF EDUCATION			24,851,498
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Aware Grant	93.243	N/A	5,884
Total Direct Programs			5,884
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	52907015700277	85,789
Total Passed Through Texas Dept of Human Services			85,789
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			91,673
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Forfeiture US Treasury	16.922	N/A	77,291
Organized Crime Drug Enforcement Task Force	16.111	N/A	16,649
Body Worn Camera	16.738	N/A	43,653
Anti-Gang Project	16.738	N/A	1,755
Total CFDA Number 16.738			45,408
Total Direct Programs			139,348
TOTAL U.S. DEPARTMENT OF JUSTICE			139,348
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	5,364,313
*National School Lunch Program - Cash Assistance	10.555	N/A	11,921,855
*National School Lunch Prog - Non-Cash Assistance	10.555	N/A	1,305,848
Total CFDA Number 10.555			13,227,703
*Summer Feeding Program - Cash Assistance	10.559	N/A	837,282

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2017

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Fresh Fruit & Vegetable Program	10.582	N/A	692,225
Total Child Nutrition Cluster			<u>20,121,523</u>
Total Passed Through the State Department of Agriculture			<u>20,121,523</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>20,121,523</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 45,393,849</u></u>

*Clustered Programs

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2017

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 performance for federal grant funds for the purpose of liquidation of outstanding obligations are made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement. The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
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	\$45,393,849
SHARS Program Reimbursement	<u>3,876,395</u>
Federal Program Revenues, Exhibit C-3	<u>\$49,270,244</u>

