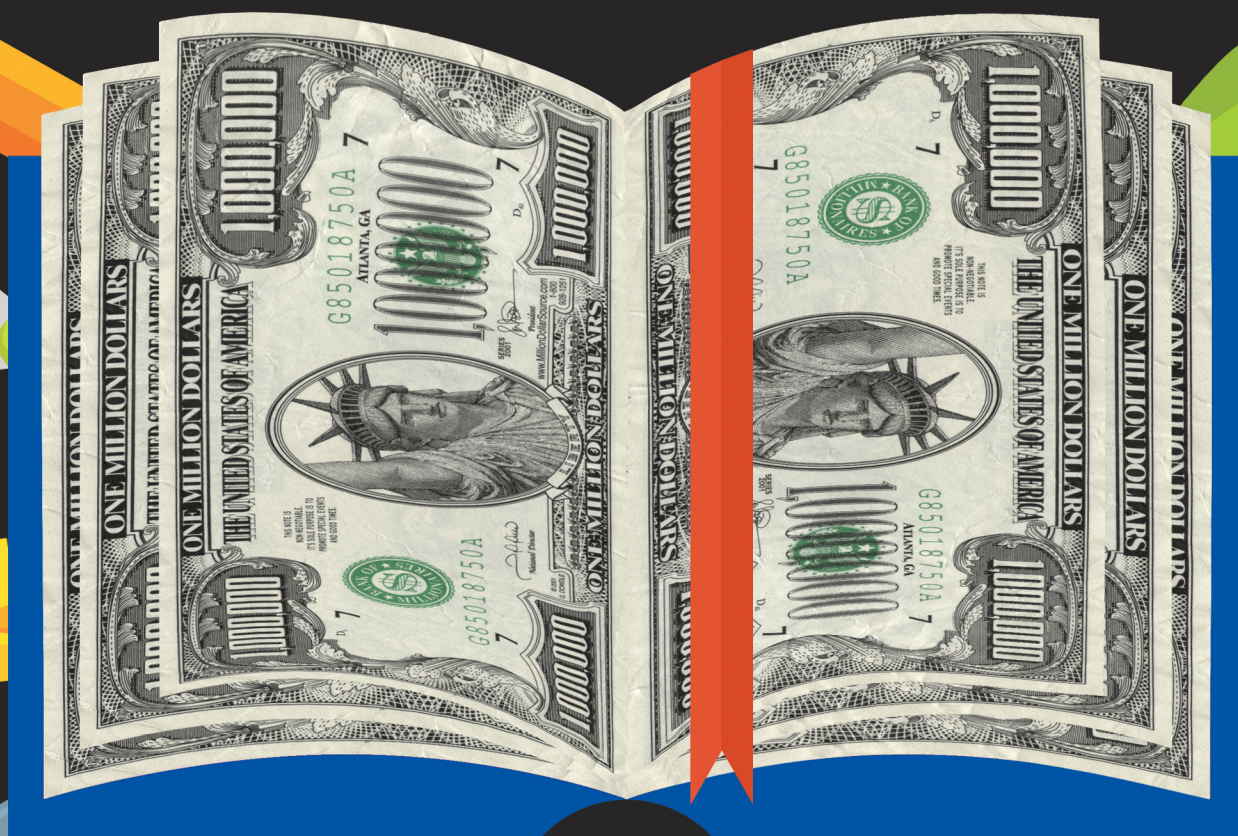




LAREDO INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

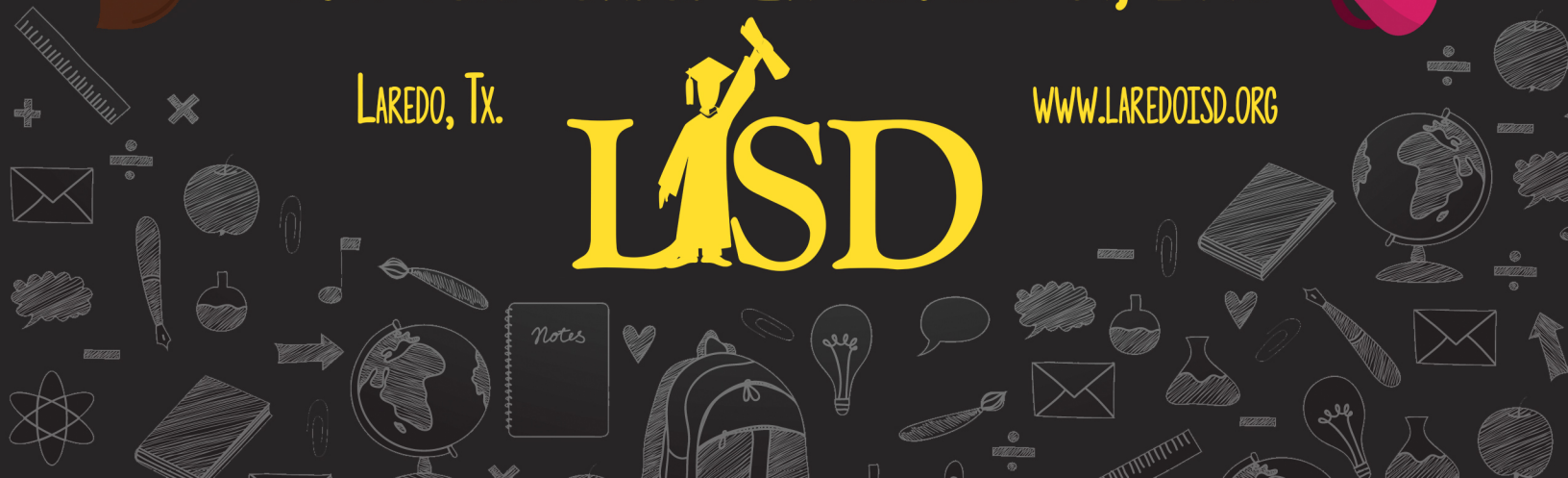


FOR YEAR ENDED IN AUGUST 31, 2018

LAREDO, Tx.



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**Laredo Independent School District
Comprehensive Annual Financial Report
For the Year Ended
August 31, 2018**

Prepared by:

Financial Management Department

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INTRODUCTORY SECTION



LAREDO INDEPENDENT SCHOOL DISTRICT

 **LUSD**

**LAREDO INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED AUGUST 31, 2018**

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



Dr. Sylvia G. Rios
Superintendent of Schools

January 16, 2019

*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, 2018. 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



Claudia V. Balli
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, if any, 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



Monica Garcia
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 2017-2018 was 24,022 students of which 6,294 students were enrolled at the high school level, 4,750 at the middle school level, and 13,008 at the elementary level.

Over 95% of our students are classified as economically disadvantaged, 57% as English Learners, 8% as Special Education, and 8% 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: Laredo ISD establishes and pursues expectations of excellence and equity to achieve college, career, and military readiness.

Goal II: Laredo ISD provides a safe, secure and healthy learning environment designed to nurture positive academic, social, and life skills development.

Goal III: Laredo ISD develops and maintains meaningful student-centered relationships with parents, businesses, and community leaders in support of campus and district initiatives.

Goal IV: Laredo ISD establishes and maintains efficient organizational support structures that promote positive performance outcomes and comply with financial accountability standards.

Achievements

The District received its sixteenth Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2017. 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), continues to be in the center of a vibrant era. With the creation of the North American Free Trade Agreement, which has enhanced trade between the United States and Mexico, provides 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 2018, the population was projected at 260,654 for Laredo. With over 500,000 living across the river in Nuevo Laredo, both cities have a combined population of 760,654. 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 the slight decrease in enrollment. The attendance rate remains constant at about 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 is still beyond our

policy requirement 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 and in July 2018, the District issued \$102,000,000 approved by the voters during the May 2018 election. The estimated final completion date for these projects is August 2024.

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 purpose 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 Assistant Superintendent of Finance and Business Services, 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, 2017. This is the twentieth 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.

Acknowledgments

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

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

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

Sincerely,



Flor Ayala, CPA
Assistant Superintendent for Finance and Business Services

**LAREDO INDEPENDENT SCHOOL DISTRICT
DISTRICT OFFICIALS, STAFF & CONSULTANTS
AUGUST 31, 2018**

ELECTED OFFICIALS

Board of Trustees	Length of Service	Occupation
Hector Garcia President	8 Years	General Manager - La Posada
Hector J. Noyola Vice-President	4 Years	Executive Director - Boys and Girls Clubs of Laredo
Ricardo Garza Secretary	7 Years	Business Owner – Twins Mechanical, Inc.
Jose A. Valdez Trustee	21 Years	Retired
Cindy Liendo Trustee	2 Years	Resource Development Manager – Habitat for Humanity of Laredo
Dr. Cecilia May Moreno Trustee	8 Years	Retired
Jose R. Perez Trustee	10 Years	Retired

APPOINTED OFFICIALS

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

Flor Ayala, CPA Assistant Superintendent for Finance & Business Services

Roberta Ramirez Assistant Superintendent for Human Resources

Elva Margarita Martinez Assistant Superintendent for Student Support Services

Miguel Munoa Assistant Superintendent for Technology

Gerardo Cruz, Ed.D Assistant Superintendent for Curriculum, Instruction & Assessment

Oscar Perez 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, 2018



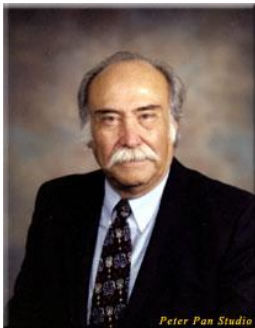
Hector Garcia
President
District 6



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



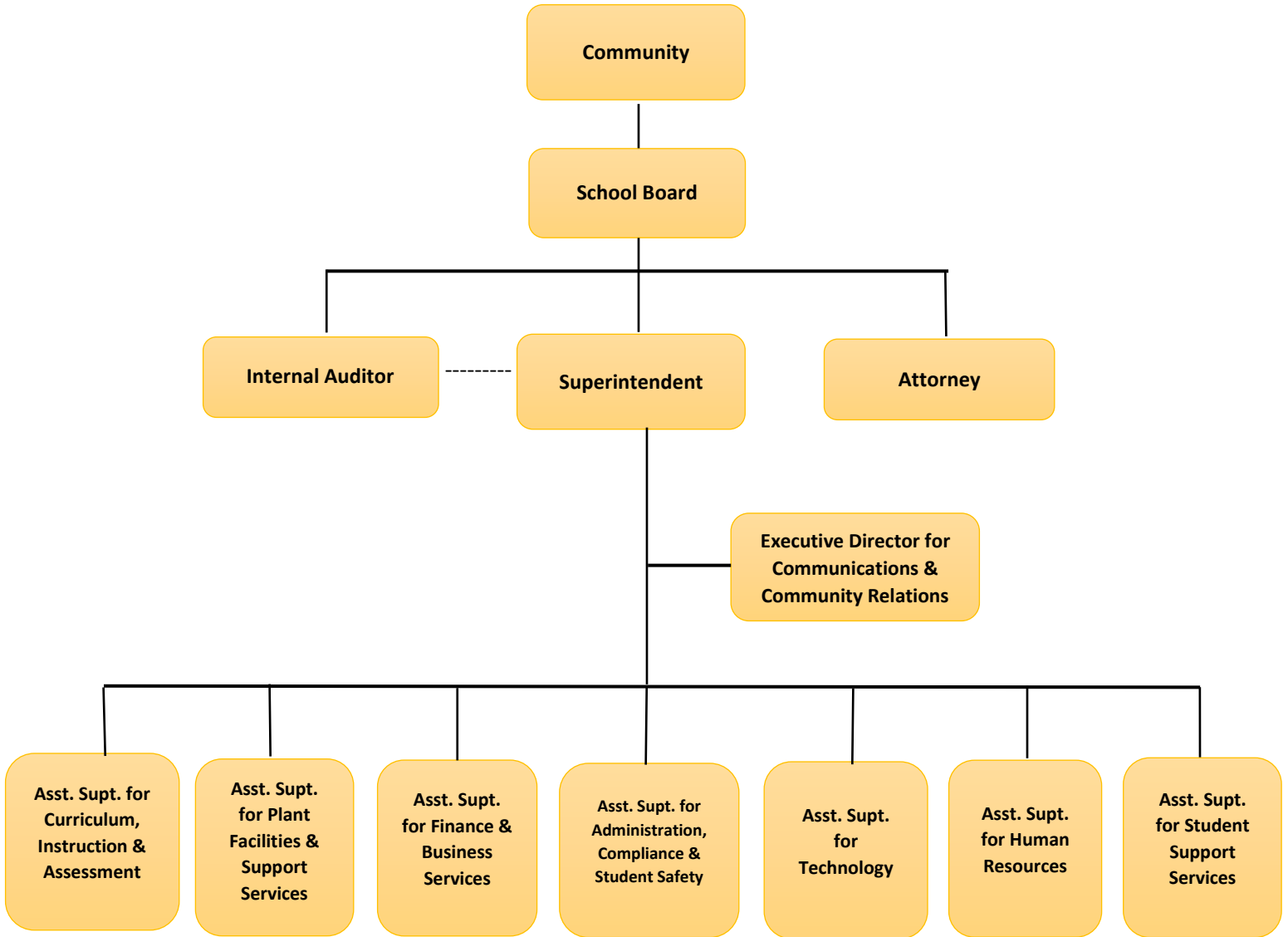
Jose R. Perez
Trustee
District 7

Superintendent of Schools



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

LAREDO INDEPENDENT SCHOOL DISTRICT
Organizational Chart
August 31, 2018





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, 2017

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, 2018 at a meeting of the Board of Trustees of such school district on the 16th day of January, 2019.



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):

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FINANCIAL SECTION



LAREDO INDEPENDENT SCHOOL DISTRICT


LUSD

Independent Auditor's Report

To the 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, 2018, 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, 2018, 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.

The Board of Trustees
Laredo Independent School District

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes A and V to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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, TEA required schedules, capital assets section, and 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 expenditures federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, 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.

The Board of Trustees
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 14, 2019 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.

San Antonio, Texas
January 14, 2019

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, 2018. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and related footnote disclosures. For fiscal years commencing after June 15, 2017, the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, became effective and replace the requirements of GASB Statement No. 45, Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This financial report reflects the implementation of GASB No. 75. This new accounting and reporting standard improves information provided by the District about the financial support for OPEB that is provided by other entities.

FINANCIAL HIGHLIGHTS

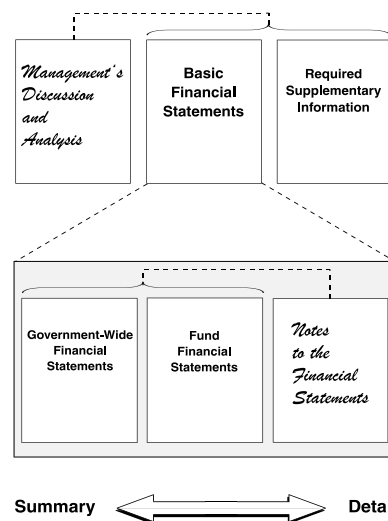
- The assets and deferred outflows of resources of the District exceeded its liabilities by \$83,284,066 (*net position*). Of this amount, the unrestricted net position is a negative \$96,935,148, caused by a prior period adjustment as part of a new accounting rule change to improve the accounting and financial reporting by state and local governments for other post-employment benefits (OPEB) under GASB No. 75.
- The District's total net position increased by \$27,865,219. The increase was mainly due to the proper implementation of GASB No. 75.
- The District had a total long-term debt outstanding (not including amortization of premium) of \$306,436,442, an increase of \$75,404,216. The increase was mainly attributed to the sale of bonds in the amount of \$102,000,000 approved by the voters on May 2018.
- The District's governmental funds reported combined fund balances of \$225,205,639, an increase of \$86,706,114 compared to last year. Approximately \$59,286,886 or 26% of the total is available for spending at the government's discretion (*unassigned fund balance*).
- The total fund balance of the General Fund decreased by \$5,116,526 primarily due to the completion of assigned and committed projects during the year.
- The total of committed and unassigned components of fund balance for the General Fund was \$4,648,450, or approximately 2% 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 Major Features of the District’s Government-wide and Fund Financial Statements

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

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.

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 and average daily attendance.

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 36 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 2018: General Fund, ESEA Title I - Part A, and EDA 2018 Bond Series. Data from the other 33 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 Food Service Funds and Debt Service Fund are 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 \$83,284,066 on August 31, 2018 (See Table A-1). Compared to the prior year, the net position increased by \$27,865,219 with a prior period adjustment of \$161,048,247 which decreased last year's total of \$216,467,094. The prior period adjustment reflected the cumulative effect of transitioning the financial statements from the provision of GASB Statement No. 45 to GASB Statement No. 75.

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

	Governmental Activities		Percentage Change
	2018	2017	
Current assets and other assets	\$ 255,242,439	\$ 168,578,010	51%
Capital assets, net	375,773,124	377,473,531	0%
Total assets	631,015,563	546,051,541	16%
Total deferred outflows of resources	25,954,689	32,171,186	-19%
Current liabilities	29,595,443	28,111,074	5%
Non-Current liabilities	496,869,581	329,580,814	51%
Total liabilities	526,465,024	357,691,888	47%
Total deferred inflows of resources	47,221,162	4,063,775	1062%
Net position:			
Net investment in capital assets	158,566,357	159,131,906	0%
Restricted	21,652,857	16,490,586	31%
Unrestricted	(96,935,148)	40,844,602	-337%
Total net position	\$ 83,284,066	\$ 216,467,094	-62%
Prior Year Adjustment - GASB 75	-	(161,048,247)	-100%
Total net position - Restated	\$ 83,284,066	\$ 55,418,847	50%

The District's current assets of \$255,242,439 were sufficient to cover current liabilities (to include debt due within one year) of \$50,342,915. When applying a solvency ratios, the current ratio was calculated at 5.03, which means that for every dollar the District owed the District had \$5.03 available to pay obligations. Also, by using the same formula and reducing current assets by the inventory amount, the quick ratio (acid test – a more conservative version of the current ratio) calculated at 5, which indicated the existence of liquid assets to pay immediate bills. Another financial metric representing operating liquidity, known as working capital, was \$202,899,524. During the last month of the fiscal year, the District sold bonds in the amount of \$102,000,000. While those proceeds earned interest, investment strategies were applied at the beginning of the following fiscal year upon receipt of the construction project schedules.

Capital assets, which consisted of the District's land, buildings and improvements, construction-in-progress and equipment, represent about 60% of total assets. The increase in the total assets was mainly due the proceeds of the bond sale which were received during the last month of the fiscal year.

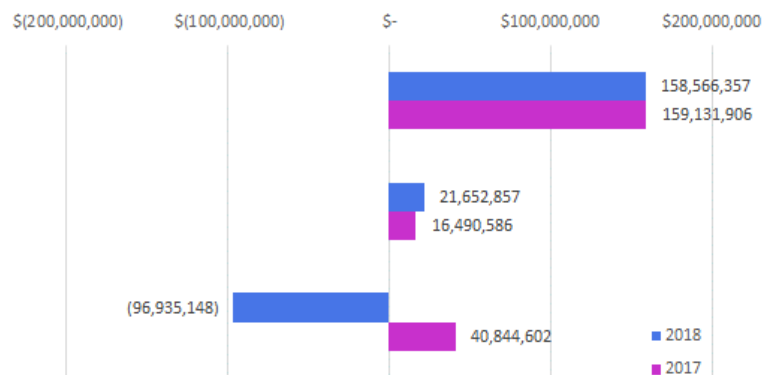
About 94% of the District's largest liability was for the repayment of general obligation bonds. Other liabilities, representing about 6% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits. The debt to worth ratio, also called the leverage ratio, calculated at a very high percentage. This represented high debt financing which adds a level of risk, especially by creditors. However, this level of risk can be mitigated 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 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 at \$21,652,857 represented resources subject to external restrictions on how they may be used. The remaining negative balance of \$96,935,148 reflects the impact of the prior year adjustment as a result of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, the District reported positive balances in two of the three categories of net position. For the prior year, the District reported positive balances all three categories.

Table A-2
Laredo Independent School District Net Position



Governmental Activities

Governmental activities increased the District’s net assets by \$27,865,482 (See Table A-3). Total revenues for the District’s governmental activities decreased by \$42,052,337 or 15% from the prior year. During the 84th Texas Legislative session, the legislatures significantly reduced the benefit terms of the Texas pension plan. The effects of the actions caused material changes in the actuarial assumptions that affected the measurement year and caused a negative expense amount in the plan. The reporting of the NECE on-behalf activity for the proportionate share of the NECE OPEB expense of the plan caused overall significant decrease in grant revenue and most expenses to the District.

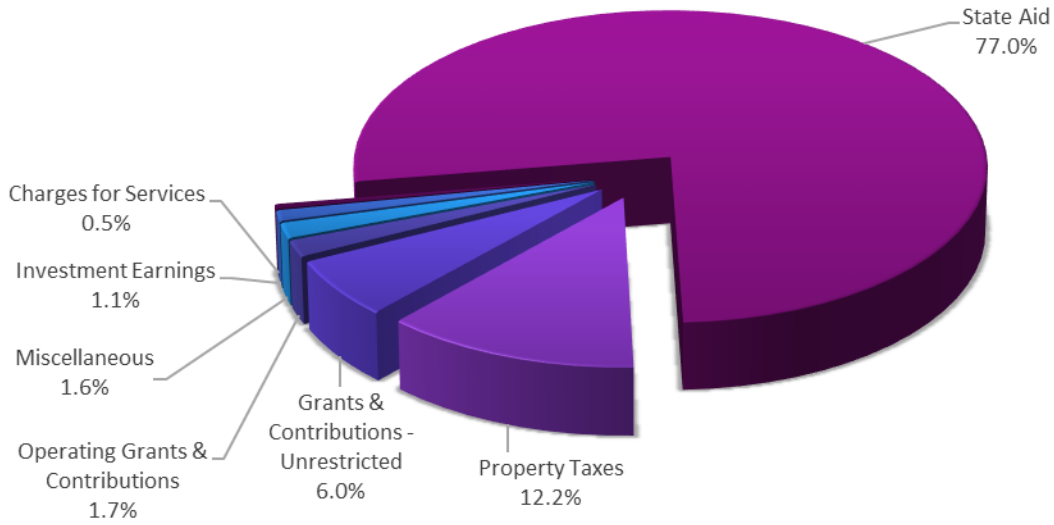
Total expenses were \$215,818,482. Total expenses decreased by \$67,954,047 or 3%. The decrease was mainly caused by the implementation of GASB 75.

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

	Governmental Activities		Percentage Change
	2018	2017	
Revenues:			
Program revenues:			
Charges for services	\$ 1,244,731	\$ 835,389	49%
Operating grants and contributions	4,088,082	61,040,269	-93%
General revenues:			
Property taxes	29,822,272	28,983,806	3%
State aid	187,601,244	188,322,463	0%
Grants and contributions - unrestricted	14,515,478	3,171,139	358%
Investment earnings	2,622,607	1,602,039	64%
Miscellaneous	3,789,287	1,780,933	113%
Total Revenues	<u>243,683,701</u>	<u>285,736,038</u>	<u>-15%</u>
Expenses			
Instruction	115,657,365	153,166,075	-24%
Instructional resources and media services	3,220,297	4,782,897	-33%
Curriculum and staff development	1,892,948	2,805,943	-33%
Instructional leadership	2,468,713	4,243,539	-42%
School leadership	9,343,520	14,654,202	-36%
Guidance, counseling, and evaluation services	5,990,563	9,424,462	-36%
Social work services	1,390,842	1,964,935	-29%
Health services	2,700,202	3,621,892	-25%
Student transportation	3,462,486	5,116,099	-32%
Food services	20,087,952	22,341,293	-10%
Extracurricular activities	5,155,082	6,476,233	-20%
General administration	4,975,745	7,040,294	-29%
Plant maintenance and operations	20,322,233	25,394,880	-20%
Security and monitoring services	3,360,146	5,019,948	-33%
Data processing services	3,416,169	4,864,734	-30%
Community service	1,637,059	2,195,905	-25%
Interest on long-term debt	9,729,953	10,542,417	-8%
Bond Issuance Cost and Fees	924,419	5,000	18388%
Payments related to shared services arrangements	6,000	6,000	0%
Payments to Juvenile Justice Alt. Education Program	76,788	105,781	-27%
Total Expenses	<u>215,818,482</u>	<u>283,772,529</u>	<u>-24%</u>
Increase in net position	27,865,219	1,963,509	1319%
Net assets at beginning of year	55,418,847	214,503,585	-74%
Net assets at end of year	<u>\$ 83,284,066</u>	<u>\$ 216,467,094</u>	<u>-62%</u>
Prior Year Adjustment - GASB 75	-	(161,048,247)	-100%
Total Net Position - Restated	<u>\$ 83,284,066</u>	<u>\$ 55,418,847</u>	50%

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 77%, followed by 12.2% in property taxes.

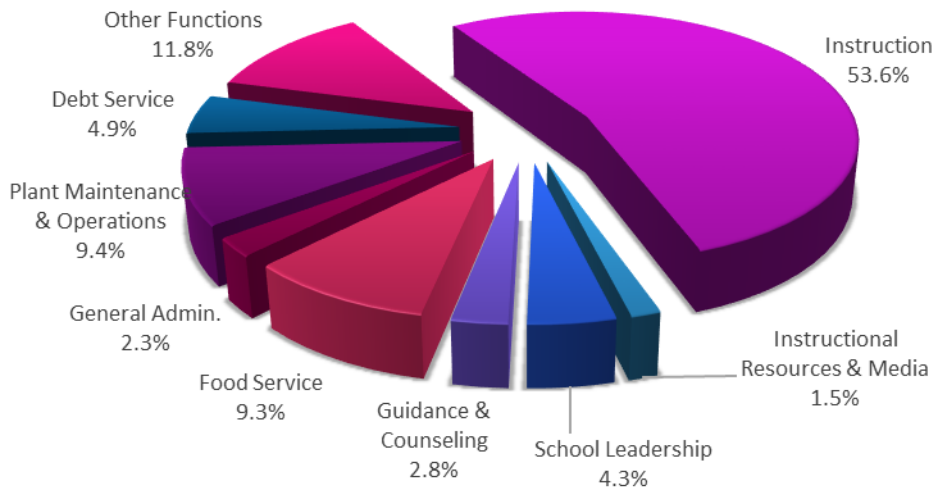
Figure A-1 District's Total Revenues



Total revenues were \$243,683,701. Overall, total revenues were \$27,865,219 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 represented the largest dollar expense at \$115,657,365 or 53.6%, followed by plant maintenance & operations at \$20,322,233 or 9.4%. 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

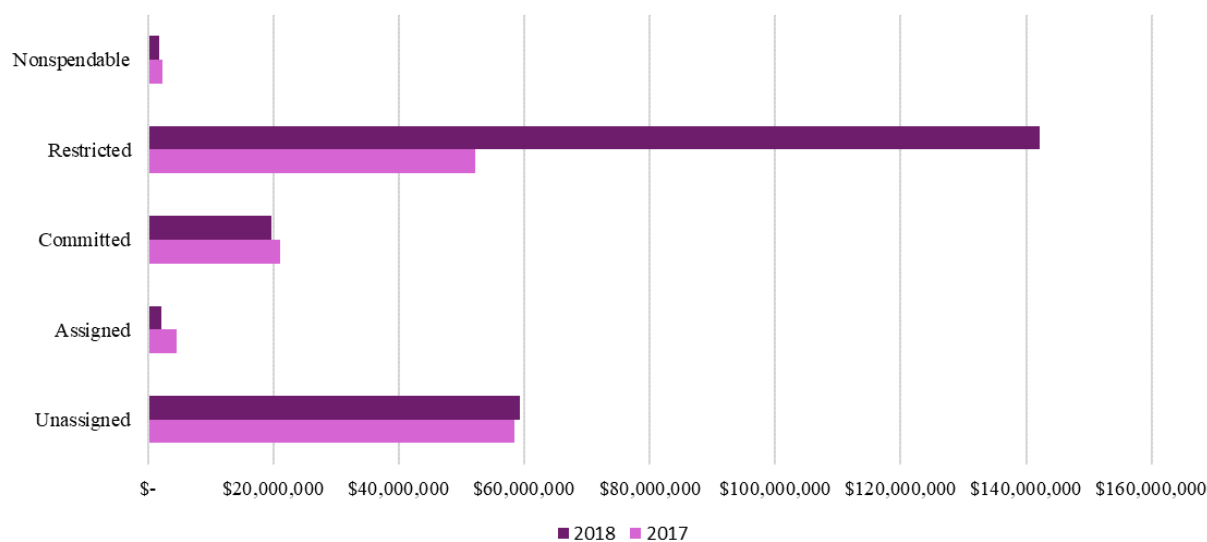


Governmental Funds

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.

Below is a chart with the components of the combined Fund Balance compared to the prior year. As of the end of the fiscal year, the District’s governmental funds reported combined ending fund balance of \$225,205,639 an increase of \$86,706,114 in comparison with the prior year. The increase was mainly due to the sale of bonds toward the latter part of the fiscal year. Of the combined fund balance, \$59,286,886 constituted unassigned fund balance, which experienced in FYE 2017 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 \$880,000 each year. The ending unassigned fund balance reflects the first payment. 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 \$1,125,488 and as prepaid items \$756,710; 2) legally required to be maintained intact such as Federal and State Grants \$4,450,626, capital acquisition and contractual obligations \$124,174,015, from the Webb County Permanent School Fund for the administration building \$4,818,733, and for the retirement of long term debt \$8,685,282; 3) committed for a particular purpose for other local projects such as the baseball field, aquatic center and administration building, \$16,889,095 and \$2,829,304 (See Note T); and, 4) assigned balance for open encumbrances \$2,189,500 (See Note T).

Components of Combined Fund Balance



General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$59,286,886, while total fund balance reached \$69,640,445. 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 26% of total general fund expenditures while total fund balance represents 30% of total general fund expenditures.

The unassigned fund balance gives the District a balance that is the equivalent of 125 days of expenditures based on 365 days of operations. 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 decreased by \$5,116,527 during the fiscal year when compared to the prior year. The decrease was due primarily by an outstanding order to purchase technology devices to students in the previous year.

Child Nutrition Fund. The Child Nutrition Fund (CNP) is part of the General Fund. It had a total fund balance of \$4,612,813, a decrease of \$436,053 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 Food Service Fund

	2018	2017	% Change
Local Sources	\$ 175,748	\$ 151,137	16.3%
State Program Revenues	97,567	97,007	0.6%
Federal Program Revenues	19,715,293	19,284,241	2.2%
Total revenues	<u>19,988,608</u>	<u>19,532,385</u>	<u>2.3%</u>
Expenditures by function			
Food Service	20,104,673	18,563,711	8.3%
Facilities Maintenance and Operations	284,938	306,145	-6.9%
Facilities Maintenance and Operations	35,050	-	100.0%
Total Expenditures	<u>20,424,661</u>	<u>18,869,856</u>	<u>8.2%</u>
Net change in fund balance	(436,053)	662,529	-165.8%
Fund balance, beginning	<u>5,048,866</u>	<u>4,386,337</u>	<u>15.1%</u>
Fund balance, ending	<u>\$ 4,612,813</u>	<u>\$ 5,048,866</u>	<u>-8.6%</u>

The increase in local sources was mainly due to a slight increase 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 9 elementary schools. The increase in food service costs were attributed to much needed delivery vehicles and cafeteria equipment, personnel salary raises, purchase of food items, non-food items and supplies associated with the daily meal production. During the year, the CNP staff launched the supper on site program.

Debt Service Fund. As illustrated in Table A-5, the Debt Service Fund ended with a fund balance of \$8,685,282, 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 \$346,025. The increase was due to higher collections in local revenue and state aid than our projections.

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

	2018	2017	Percent Change
Revenues			
Property taxes	\$ 7,669,286	\$ 7,683,751	-0.19%
State program revenues	19,203,979	20,676,845	-7.12%
Total revenues	<u>26,873,265</u>	<u>28,360,596</u>	<u>-5.24%</u>
Expenditures by function			
Principal long term debt	13,265,764	13,188,573	0.59%
Interest on long term debt	13,666,365	13,744,539	-0.57%
Other fees	4,999	5,000	-0.02%
Total expenditures	<u>26,937,128</u>	<u>26,938,112</u>	<u>0.00%</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	346,025	1,832,372	-81.12%
Fund balance, beginning	<u>8,339,257</u>	<u>6,506,885</u>	<u>28.16%</u>
Fund balance, ending	<u>\$ 8,685,282</u>	<u>\$ 8,339,257</u>	<u>4.15%</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 increase of \$93,276,216 in the combined capital project fund balance over last year was attributable mostly to the proceeds for the bond sale that the voter approved in May 2018. The District also had ongoing construction projects such as the modernization of a baseball field, aquatic center, performance arts center and the new administration building.

The District's capital projects budget for fiscal year 2018 had a combined unspent bond proceeds, interest, and local funds of \$145,881,843. On May 5, 2018, the voters approved the issuance of bonds in the amount of \$150,795,000 for the purposes of constructing, renovating, acquiring, and equipping school facilities in the District, including improvements to Cigarroa High School, Cigarroa Middle School, the Nixon High School Vocational and ROTC Buildings and Athletic Weight Facility, Ligarde Elementary School, Dovalina Elementary School, Kawas Elementary School and Administration Building completion. On July 31, 2018, the District sold and received bond proceeds in the amount of \$102,000,000.

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 fifth year of implementation, the plan suffered an operating loss of \$1,848,592 at the end of the year. Therefore, total net position in the plan decreased from \$2,366,481 to \$517,889.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances – Original and Final Budget

In general, the variances between the original and final budget are attributable to the timing and length of the budget preparation process. The original budget was prepared approximately nine months prior to the final budget approved in August 2018. The final budget reflects all budget revisions made throughout the fiscal year to adjust for known facts. Consequently, when the original budget is compared to the final budget, it would be expected that significant variances can occur.

The most significant fund for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times and the original appropriations had a net increase of \$1,966,611, as of the final amended budget. The activities are listed below.

Revenues

- Increase to appropriate additional revenues of for the extra six August payroll days \$1,300,000
- Increase to appropriate additional revenues for the 2017-18 National School Lunch Program Equipment Grant \$28,000
- Increase to appropriate additional revenues for 2017-18 additional commodities entitlement \$70,414

Expenditures

- Increase to fund 2016-2017 outstanding purchase orders from Assigned Fund Balance \$4,395,662
- Increase to fund police radios upgrade from committed fund balance \$127,500
- Increase to fund TELPAS testing equipment from committed fund balance \$47,826
- Increase to fund substitute system upgrade from committed fund balance \$14,000
- Increase to fund roof improvements from committed fund balance \$119,434
- Increase to fund HVAC from committed fund balance \$112,951
- Increase to fund the extra six August payroll days \$1,300,000
- Increase to fund the Fleet Specialist position for the Transportation Department \$64,915
- Decrease to fund the Health Insurance Program Fund to support the self-funded health plan with a contribution of \$938,577
- Increase to fund the 2017-2018 National School Lunch Program Equipment Grant \$28,000
- Increase to fund the 2017-2018 additional commodities entitlement \$70,414
- Increase to fund fiscal years 2016-2017 outstanding purchase orders from the Assigned Fund Balance \$58,020
- Decrease ERATE amounts spent during fiscal year 2016-2017 \$364,164

Other Sources and (Uses)

- Increase to other uses to the Health Insurance Program Fund to support the self-funded health plan with a contribution of \$938,577
- Increase to other uses to the fund the Capital Improvement Fund to fund the Veterans Field Project from committed fund balance \$2,684,158
- Increase to other uses to the fund the Capital Improvement Fund to fund the Dr. Cecilia May Moreno Aquatic Center from committed fund balance \$189,800
- Increase to other uses to the fund the Capital Improvement Fund to fund the Administration Building from committed fund balance \$400,000
- Decrease to other uses to the Martinez Performing Arts Center Fund to Fleet Specialist position for the Transportation Department \$64,915
- Increase to other uses to the fund the Athletics Fund to fund team travel, transportation, game expenses, incentives/awards, and maintenance of equipment and fields \$150,000
- Increase to other sources to the fund the Athletics Fund to fund team travel, transportation, game expenses, incentives/awards, and maintenance of equipment and fields \$150,000
- Decrease to other sources for ERATE amounts spent during fiscal year 2016-2017 \$320,164

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 \$209,917, higher interest income of \$30,311, and higher miscellaneous income of \$175,803
- The decrease of state revenues was due to decrease in foundation school program payments and TRS on behalf payments of \$239,179
- The increase of federal revenues was due to federal and grant indirect cost earnings of \$876,631

Expenditures

- The District had payroll, payroll taxes and benefits savings of \$902,517

- The District did not complete the purchase of professional and contracted services for \$933,898
- The District did not complete the purchase of supplies and materials for \$1,127,952
- The District did not complete the purchase of miscellaneous operating expenditures for \$280,267
- The District did not complete the purchase of capital outlay for building and equipment for \$2,142,327

Other Sources and (Uses)

- The District did not complete the E-rate budgeted projects of \$342,750
- The District did not require the transfer into Athletics of \$128,219
- The District transferred out less funds to Athletics, Performing Arts Center, ERATE, and Capital Projects for \$481,380

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the District invested a total of \$586,051,063 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 \$15,242,429 over the previous year.

The increase in buildings and improvements was mainly due to the substantial completion of the final construction phase of Lamar Middle School in the amount of \$16,769,989. Cigarroa High School also had improvements in the amount of \$912,397.

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

	2018	2017	Percentage Change
Land	\$ 19,372,448	\$ 19,372,448	0.0%
Buildings and improvements	518,938,094	497,116,373	4.4%
Equipment	38,541,618	38,152,780	1.0%
Construction in progress	9,198,903	16,167,033	-43.1%
Totals at historical cost	586,051,063	570,808,634	2.7%
Total accumulated depreciation	210,277,939	193,335,103	8.8%
Net capital assets	\$ 375,773,124	\$ 377,473,531	-0.5%

Long Term Debt

At year-end, the District had loans, bonds, and compensated absences outstanding as shown in Table A-7. The table indicates an increase of \$85,282,070 or 31.7% 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

	2018	2017	Percentage Change
Loans payable	\$ 8,000,000	\$ 8,000,000	0.0%
Bonds payable	343,853,533	258,726,839	32.9%
Compensated absences	2,778,702	2,623,326	5.9%
Total long term debt payable	\$ 354,632,235	\$ 269,350,165	31.7%

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-.

During the year, the District retired \$17,550,000 of bonded debt. The District did issue new debt during the year and sold bonds at par in the amount of \$90,375,000 that generated a project fund of \$102,000,000.

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 .3297. We were able to provide tax relief by .02 to the residents of our District due to unequalized local interest and sinking tax collections available to our District.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2018-19 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and Laredo's economy. The following factors listed below are highlights of the budget.

- The District experienced an increase in net taxable value of \$148,632,440 or 6.59% due to increases in non-homesite improvements.
- The Board of Trustees approved an increase in the interest and sinking tax rate by .0968 pennies, from .3297 to .4265. The increase was needed to secure state aid in the next biennium for the annual bond payment. The voters approved the sale of the bonds during the May 5, 2018, election.
- The District's refined average daily attendance (ADA) was estimated at 21,800, compared to last year's actual of 21,756.
- The basic allotment, which is the amount every school district is guaranteed to receive in state and local funds for each student in ADA, remained constant at \$5,140, while the Level 2 Guaranteed Yield (first six cents above the compressed rate) increased from \$99.41 to \$106.28.

The Board of Trustees approved a balanced budget for the Fiscal Year Ending August 31, 2019. The health benefit plan employer monthly contribution increased from \$355 to \$390.50. The employee contribution in all four plans remained the same. Included in the budget is a \$1,200 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 \$1,930,608. Professional employees were approved a \$1,000 increase for an approximate cost of \$281,000. Para-professional employees were approved a 3% increase from the midpoint for an approximate cost of \$1,076,445.

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, 2018

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 166,177,868
1120 Current Investments	75,596,775
1220 Property Taxes - Delinquent	3,311,232
1230 Allowance for Uncollectible Taxes	(2,266,890)
1240 Due from Other Governments	7,781,135
1250 Accrued Interest	480,228
1290 Other Receivables, Net	270,393
1300 Inventories	1,125,488
1410 Prepayments	766,210
Capital Assets:	
1510 Land	19,372,448
1520 Buildings, Net	338,291,276
1530 Furniture and Equipment, Net	8,910,497
1580 Construction in Progress	9,198,903
1910 Long Term Investments	2,000,000
1000 Total Assets	631,015,563
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	5,844,124
1705 Deferred Outflow Related to TRS Pension	18,614,526
1706 Deferred Outflow Related to TRS OPEB	1,496,039
1700 Total Deferred Outflows of Resources	25,954,689
LIABILITIES	
2110 Accounts Payable	8,016,308
2140 Interest Payable	1,120,873
2150 Payroll Deductions and Withholdings	1,679,881
2160 Accrued Wages Payable	13,318,306
2180 Due to Other Governments	1,685,892
2200 Accrued Expenses	1,158,190
2300 Unearned Revenue	2,615,993
Noncurrent Liabilities:	
2501 Due Within One Year	20,747,472
2502 Due in More Than One Year	333,884,763
2540 Net Pension Liability (District's Share)	50,393,148
2545 Net OPEB Liability (District's Share)	91,844,198
2000 Total Liabilities	526,465,024
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain on Refunding	541,807
2605 Deferred Resource Inflow Related to TRS Pension	8,260,754
2606 Deferred Resource Inflow Related to TRS OPEB	38,418,601
2600 Total Deferred Inflows of Resources	47,221,162
NET POSITION	
3200 Net Investment in Capital Assets	158,566,357
3820 Restricted for Federal and State Programs	8,074,739
3850 Restricted for Debt Service	8,685,282
3860 Restricted for Capital Projects	4,892,836
3900 Unrestricted	(96,935,148)
3000 Total Net Position	\$ 83,284,066

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, 2018

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 115,657,365	\$ -	\$ (7,870,162)	\$ (123,527,527)
12 Instructional Resources and Media Services	3,220,297	-	(768,016)	(3,988,313)
13 Curriculum and Instructional Staff Development	1,892,948	-	1,852,421	(40,527)
21 Instructional Leadership	2,468,713	-	147,974	(2,320,739)
23 School Leadership	9,343,520	-	(3,541,277)	(12,884,797)
31 Guidance, Counseling and Evaluation Services	5,990,563	-	433,403	(5,557,160)
32 Social Work Services	1,390,842	-	(111,145)	(1,501,987)
33 Health Services	2,700,202	-	712,863	(1,987,339)
34 Student (Pupil) Transportation	3,462,486	-	(1,154,209)	(4,616,695)
35 Food Services	20,087,952	107,649	20,467,691	487,388
36 Extracurricular Activities	5,155,082	254,954	(442,904)	(5,343,032)
41 General Administration	4,975,745	52,729	(1,423,024)	(6,346,040)
51 Facilities Maintenance and Operations	20,322,233	-	(3,602,223)	(23,924,456)
52 Security and Monitoring Services	3,360,146	7,573	(1,043,603)	(4,396,176)
53 Data Processing Services	3,416,169	-	(858,037)	(4,274,206)
61 Community Services	1,637,059	821,826	1,282,330	467,097
72 Debt Service - Interest on Long-Term Debt	9,729,953	-	-	(9,729,953)
73 Debt Service - Bond Issuance Cost and Fees	924,419	-	-	(924,419)
93 Payments Related to Shared Services Arrangements	6,000	-	6,000	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	76,788	-	-	(76,788)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 215,818,482	\$ 1,244,731	\$ 4,088,082	(210,485,669)

Data	General Revenues:		
Control			
Codes			
	Taxes:		
MT	Property Taxes, Levied for General Purposes		22,643,763
DT	Property Taxes, Levied for Debt Service		7,178,509
SF	State Aid - Formula Grants		187,601,244
GC	Grants and Contributions not Restricted		14,515,478
IE	Investment Earnings		2,622,607
MI	Miscellaneous Local and Intermediate Revenue		3,789,287
TR	Total General Revenues		238,350,888
CN	Change in Net Position		27,865,219
NB	Net Position - Beginning		216,467,094
PA	Prior Period Adjustment		(161,048,247)
NE	Net Position--Ending		\$ 83,284,066

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

LAREDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	20 ESEA I, A Basic Program	60 EDA 2018 Series
ASSETS			
1110 Cash and Cash Equivalents	\$ 64,984,939	\$ -	\$ 72,176,528
1120 Investments - Current	13,944,000	-	30,000,000
1220 Property Taxes - Delinquent	2,638,040	-	-
1230 Allowance for Uncollectible Taxes	(1,806,019)	-	-
1240 Due from Other Governments	1,902,575	3,983,862	-
1250 Accrued Interest	155,758	-	2,079
1260 Due from Other Funds	5,219,475	214	-
1290 Other Receivables	245,640	18	-
1300 Inventories	1,125,488	-	-
1410 Prepayments	756,710	-	-
1900 Other Assets	2,000,000	-	-
1000 Total Assets	<u>\$ 91,166,606</u>	<u>\$ 3,984,094</u>	<u>\$ 102,178,607</u>
LIABILITIES			
2110 Accounts Payable	\$ 4,012,918	\$ 24,118	\$ -
2150 Payroll Deductions and Withholdings Payable	1,679,881	-	-
2160 Accrued Wages Payable	11,998,814	822,906	-
2170 Due to Other Funds	1,050,272	2,958,512	-
2180 Due to Other Governments	1,644,422	-	-
2300 Unearned Revenue	307,833	178,558	-
2000 Total Liabilities	<u>20,694,140</u>	<u>3,984,094</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	832,021	-	-
2600 Total Deferred Inflows of Resources	<u>832,021</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	1,125,488	-	-
3430 Prepaid Items	756,710	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	3,823,211	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	102,178,607
3480 Retirement of Long-Term Debt	-	-	-
3490 Administration Building WCPSF	-	-	-
Committed Fund Balance:			
3510 Construction	-	-	-
3545 Other Committed Fund Balance	2,552,537	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	2,095,613	-	-
3600 Unassigned Fund Balance	59,286,886	-	-
3000 Total Fund Balances	<u>69,640,445</u>	<u>-</u>	<u>102,178,607</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 91,166,606</u>	<u>\$ 3,984,094</u>	<u>\$ 102,178,607</u>

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

Other Funds	Total Governmental Funds
\$ 26,094,016	\$ 163,255,483
31,652,775	75,596,775
673,192	3,311,232
(460,871)	(2,266,890)
1,894,698	7,781,135
322,391	480,228
4,031	5,223,720
24,735	270,393
-	1,125,488
9,500	766,210
-	2,000,000
<u>\$ 60,214,467</u>	<u>\$ 257,543,774</u>
\$ 3,434,040	\$ 7,471,076
-	1,679,881
496,586	13,318,306
2,154,364	6,163,148
41,470	1,685,892
489,100	975,491
<u>6,615,560</u>	<u>31,293,794</u>
212,320	1,044,341
<u>212,320</u>	<u>1,044,341</u>
-	1,125,488
-	756,710
627,415	4,450,626
21,995,408	124,174,015
8,685,282	8,685,282
4,818,733	4,818,733
16,889,095	16,889,095
276,767	2,829,304
93,887	2,189,500
-	59,286,886
<u>53,386,587</u>	<u>225,205,639</u>
<u>\$ 60,214,467</u>	<u>\$ 257,543,774</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	225,205,639
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		517,889
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 \$570,808,634 and the accumulated depreciation was (\$193,335,103). 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. Note: Beginning Balances related to TRS are NOT included in this amount.		112,895,360
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 2018 capital outlays and debt principal payments is to decrease net position.		(68,948,527)
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 \$28,762,072, a Deferred Resource Inflow in the amount of \$3,472,708 and a net pension liability in the amount of \$60,230,649. The impact of this on Net Position is (\$37,941,285). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$2,098,901). 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 (\$40,039,376) .		(40,039,376)
5 The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. Since this is the first year of implementation, a prior period adjustment had to be made in the amount of (\$161,048,247). The District's share of the TRS plan resulted in a net OPEB liability of \$91,844,198, a deferred outflow of \$1,496,039 and a deferred inflow of \$38,418,601. This resulted in a difference between the ending fund balance and the ending net position of (128,766,760).		(128,766,760)
6 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(18,624,500)
7 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.		1,044,341
19 Net Position of Governmental Activities	\$	83,284,066

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

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LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	20 ESEA I, A Basic Program	60 EDA 2018 Series
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 26,397,257	\$ 531,164	\$ 178,607
5800 State Program Revenues	177,999,678	-	-
5900 Federal Program Revenues	24,887,257	14,465,201	-
5020 Total Revenues	<u>229,284,192</u>	<u>14,996,365</u>	<u>178,607</u>
EXPENDITURES:			
Current:			
0011 Instruction	126,254,796	9,845,023	-
0012 Instructional Resources and Media Services	4,381,063	242,703	-
0013 Curriculum and Instructional Staff Development	519,755	1,497,426	-
0021 Instructional Leadership	2,858,648	303,993	-
0023 School Leadership	14,165,327	64,771	-
0031 Guidance, Counseling and Evaluation Services	7,040,783	652,951	-
0032 Social Work Services	1,695,252	259,037	-
0033 Health Services	2,473,749	1,029,403	-
0034 Student (Pupil) Transportation	4,481,586	-	-
0035 Food Services	20,104,673	-	-
0036 Extracurricular Activities	5,482,093	-	-
0041 General Administration	6,798,256	-	-
0051 Facilities Maintenance and Operations	24,026,698	45,298	-
0052 Security and Monitoring Services	4,270,323	19,594	-
0053 Data Processing Services	4,198,548	-	-
0061 Community Services	368,115	1,036,166	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	919,420
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,532,495	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	76,788	-	-
6030 Total Expenditures	<u>230,728,948</u>	<u>14,996,365</u>	<u>919,420</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,444,756)</u>	<u>-</u>	<u>(740,813)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	90,375,000
7915 Transfers In	2,932,877	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	12,544,420
8911 Transfers Out (Use)	(6,604,647)	-	-
7080 Total Other Financing Sources (Uses)	<u>(3,671,770)</u>	<u>-</u>	<u>102,919,420</u>
1200 Net Change in Fund Balances	(5,116,526)	-	102,178,607
0100 Fund Balance - September 1 (Beginning)	<u>74,756,971</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 69,640,445</u>	<u>\$ -</u>	<u>\$ 102,178,607</u>

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

	Other Funds	Total Governmental Funds
\$	11,772,122	\$ 38,879,150
	22,155,714	200,155,392
	9,460,729	48,813,187
	43,388,565	287,847,729
	9,531,761	145,631,580
	30,044	4,653,810
	482,989	2,500,170
	511,687	3,674,328
	41,985	14,272,083
	1,426,511	9,120,245
	1,050	1,955,339
	227,378	3,730,530
	4,693	4,486,279
	654,831	20,759,504
	424,947	5,907,040
	82,224	6,880,480
	516,609	24,588,605
	154,640	4,444,557
	43,807	4,242,355
	591,348	1,995,629
	13,265,764	13,265,764
	13,666,365	13,666,365
	4,999	924,419
	14,808,092	16,340,587
	6,000	6,000
	-	76,788
	56,477,724	303,122,457
	(13,089,159)	(15,274,728)
	-	90,375,000
	4,155,312	7,088,189
	-	12,544,420
	(1,422,119)	(8,026,766)
	2,733,193	101,980,843
	(10,355,966)	86,706,115
	63,742,553	138,499,524
\$	53,386,587	\$ 225,205,639

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, 2018

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	86,706,115
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 loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.		(1,848,592)
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 2018 capital outlays and debt principal payments is to decrease net position.		(68,948,527)
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.		(18,624,500)
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 increase net position.		397,327
Current year changes due to GASB 68 increased revenues in the amount of \$5,431,403 but also increased expenditures in the amount of \$5,165,135. The net effect on the change in the ending net position was a decrease in the amount of \$2,364,359.		(2,098,091)
The implementation of GASB 75 to report the District's share of the TRS OPEB plan resulted in a prior period adjustment in the amount of (\$161,048,247). The changes in the ending net position as a result of reporting the OPEB items was an increase in the change in net position in the amount of \$32,281,487.		32,281,487
Change in Net Position of Governmental Activities	<u>\$</u>	<u>27,865,219</u>

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, 2018

	Governmental Activities -
	Health Plan Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,922,385
Due from Other Funds	<u>941,772</u>
Total Assets	<u>3,864,157</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	545,232
Due to Operating	2,130
Due to Special Revenue	214
Accrued Expenses	1,158,190
Unearned Revenues	<u>1,640,502</u>
Total Liabilities	<u>3,346,268</u>
NET POSITION	
Unrestricted Net Position	<u>517,889</u>
Total Net Position	<u><u>\$ 517,889</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, 2018

	Governmental Activities -
	Health Plan Internal Service Fund
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 20,332,281
Total Operating Revenues	<u>20,332,281</u>
OPERATING EXPENSES:	
Other Operating Costs	23,119,450
Total Operating Expenses	<u>23,119,450</u>
Income (Loss) Before Transfers	(2,787,169)
Transfer In	<u>938,577</u>
Change in Net Position	(1,848,592)
Total Net Position - September 1 (Beginning)	<u>2,366,481</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 517,889</u></u>

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

LAREDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Governmental Activities -
	Health Plan Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 20,353,755
Cash Payments for Insurance Claims	(20,473,821)
Cash Payments for Suppliers	(2,637,494)
Net Cash Used for Operating Activities	<u>(2,757,560)</u>
Net Decrease in Cash and Cash Equivalents	(2,757,560)
Cash and Cash Equivalents at Beginning of Year	<u>5,679,945</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,922,385</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (2,787,169)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase in Due from Other Funds	(3,195)
Decrease Receivables	16,390
Decrease in Accounts Payable	(147,499)
Increase in Due to Other Fund	1,779
Increase in Payroll Deductions	23,058
Increase in Accrued Expenses	139,076
Net Cash Used for Operating Activities	<u>\$ (2,757,560)</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, 2018

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 557,292
Other Receivables	5,000
Total Assets	<u>\$ 562,292</u>
LIABILITIES	
Due to Student Groups	\$ 562,292
Total Liabilities	<u>\$ 562,292</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, 2018

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, 2018

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.
- ESEA I, A Basic Program: The District accounts, 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.
- EDA 2018 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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

reported in the governmental funds to be available if the revenues are collected within 60 days after year-end.

Grant and similar revenues, revenues received from the State of Texas, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

For the fiscal year ended August 31, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of the statement requires Districts to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See Note U-Defined Other Post Employment Benefit Plan for the financial statement impact of the implementation of the statement.

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

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.

c. Property Taxes

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

Allowances for uncollectible tax receivables within the General Fund are \$1,806,019 and \$460,871 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 Lives (Years)
Buildings	15 – 30
Furniture and Equipment	3 – 15
Vehicles	7 – 10

e. Receivable and Payable Balances

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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

f. Interfund Activity

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

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

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Budgets

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, General Fund – Food Service, and Debt Service Fund. The Food Service Fund is accounted in the general fund. A more detailed budget versus actual presentation for the Food Service Fund 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 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	\$210,122,381	\$4,879,547	\$215,001,928
General Fund – Food Service	20,957,547	156,434	21,113,981
Debt Service Fund	26,940,863	-	26,940,863

It is noted that during this fiscal year, the budget appropriations in General Fund were increased to appropriate expenditures from assigned fund balance for outstanding purchase orders in the amount of \$4,395,662. Budget appropriations in the General Fund were also increased to appropriate expenditures from committed fund balance for Veterans Field improvements in the amount of \$2,684,158, for Aquatic Center improvements in the amount of \$189,800, and for the Administration Building in the amount of \$400,000. Moreover, budget appropriations in the General Fund were increased due to transfer out savings that were used to fund a transportation department position in the amount of \$64,915, and appropriations were decreased to fund a transfer out to the Health Plan Internal Service Fund to fund a lump-sum employer contribution to support the self-funded health plan in the amount of \$938,577. Furthermore, budget appropriations in the General Fund were increased to appropriate expenditures from other committed fund balance for police radios upgrade in the amount of \$127,500, for testing headphones in the amount of \$47,826, for substitute system upgrade in the amount of \$14,000, for roof improvements in the amount of \$119,434, and for HVAC replacements in the amount of \$112,951. Additionally, budget appropriations in the General Fund were increased to appropriate additional revenues and expenditures for increased interest earnings in the amount of \$707,022, for E-Rate reimbursement in the amount of \$506,000, and for increased miscellaneous revenues in the amount of \$86,978. Lastly, budget appropriations in the General Fund (E-Rate) computer equipment purchases were decreased due to the reduced funding in the amount of \$364,164. Budget appropriations in General Fund – Food Service were increased to appropriate revenues and expenditures for the NSLP Equipment Grant in the amount of \$28,000, to fund additional commodities in the amount of \$70,414, and to appropriate from assigned fund balance the purchase of four steamers in the amount of \$58,020.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

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	\$ 2,095,613
EDA 2018 Bond Series	4,982,770
Nonmajor Governmental Funds	93,887
Total	\$ 7,172,270

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, 2018.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

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. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

p. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category.

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

Deferred outflows of resources for pension and OPEB 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 and TRS Care 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 and OPEB 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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

Accordingly, the District reports a deferred gain on refunding and Deferred Inflow related to TRS and TRS Care Plan 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 and OPEB 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 and changes in actuarial assumptions. 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.

q. 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.

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, 2018, 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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

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.

r. 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.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. Summary of Significant Accounting Policies (Continued)

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.

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 position 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 \$68,948,527 difference is as follows:

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

B. Reconciliation of Government –Wide and Fund Financial (Continued)

Assets:

Increase in Buildings and Improvements	\$	21,821,721	
Net Increase in Equipment		388,838	
Depreciation on Disposed Equipment		1,681,664	
Decrease in Construction in Progress		(6,968,130)	
		Subtotal	\$ 16,924,093

Deferred outflows of Resources:

Increase in Deferred Charge for refunding			(565,020)
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Long - Term Liabilities:

Increase in termination benefits & compensated absences		(155,376)	
Increase in Interest payable		(74,790)	
Principal Payments on bonds payable		14,970,784	
Increase for the Unlimited Tax School Building Bonds, Series 2018		(90,375,000)	
Increase in premium for the Unlimited Tax School Building Bonds, Series 2018		(12,544,420)	
Amortization of premium on new bond, Series 2018		42,814	
Amortization of premium on bonds		2,779,128	
		Subtotal	(85,356,860)

Deferred inflows of Resources:

Decrease in Deferred Gain for refunding			49,260
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Net Adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities			\$ (68,948,527)
--	--	--	-----------------

C. Compliance and Accountability

Excess Actual Over Budget

For the year ended August 31, 2018, appropriations exceeded expenditures in all legally budgeted funds.

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

D. Deposits and Investments (Continued)

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

Cash in Bank or On Hand - Primary Government	\$	22,755,464
Cash Equivalents		
Investment Pools Accounts:		
TexasDAILY	134,497,910	
TexPool	8,924,494	
Current Investments		
Certificates of Deposit:		
BBVA Compass	65,050,554	
Texas Term	4,852,000	
Discount Notes:		
Federal National Mortgage Association Discount Note	5,694,221	
Total Cash Equivalents and Current Investments		219,019,179
Long Term Investments		2,000,000
Total Deposits and Investments - Primary Government	\$	243,774,643

Deposits:

At August 31, 2018, the District's bank deposits (cash and interest bearing accounts) were \$168,369,151. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018, were entirely covered by FDIC insurance, by pledged collateral held by the District's agent bank in the District's name and letters of credit from the Federal Home Loan Bank.

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

- a. Depository: BBVA Compass Bank. The total collateral amount at the highest combined balance on deposits was \$122,000,000 which is the sum of eight letters of credit.
- b. The highest combined balances of cash, savings, and time deposit accounts amounted to \$110,714,687 and occurred during the month of December 2017.
- c. 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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

D. Deposits and Investments (Continued)

average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas, (2) certificates of deposit and Share Certificates, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

External Investment Pool-Primary Government:

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

TexPool is a local government investment pool created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts administers the Texas Local Government Investment Pools (the “TexPool Portfolios”) as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the “Trust Company”).

The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. 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, 2018, 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, 2018. The District’s investments in bonds of Federal National Mortgage Association (FNMA) were rated AAA by S&P.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer, rather investments are governed by the objectives of preservation and safety of principal, liquidity, and

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

D. Deposits and Investments (Continued)

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: FNMA (2.34%), Texas Daily (55.17%), Texas Term (2.81%), TexPool (3.66%), and BBVA Compass (36.02%).

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.

The District's investments at August 31, 2018 are shown below:

Investment Maturities in Years			
Investment	Book Value	Less than 1 Year	1 to 2 Years
Agency Bonds & Discount Notes			
FNMA Note	\$ 5,694,221	\$ 5,694,221	\$ -
	5,694,221	5,694,221	-
Investment Pools			
Texpool	8,924,494	8,924,494	-
Texas Daily	134,497,910	134,497,910	-
	143,422,404	143,422,404	-
Certificates of Deposit			
BBVA Compass	65,050,554	65,050,554	-
Texas Term	6,852,000	4,852,000	2,000,000
	71,902,554	69,902,554	2,000,000
Total Book Value	\$ 221,019,179	\$ 219,019,179	\$ 2,000,000

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.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

D. Deposits and Investments (Continued)

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.

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, 2018 are shown below:

Investment Type	Cost or Amortized Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Agency Bonds & Discount Notes					
FNMA Note	\$ -	\$ -	\$ 5,694,221	\$ -	\$ 5,694,221
	-	-	5,694,221	-	5,694,221
Investment Pools					
Texpool	8,924,494	-	-	-	8,924,494
Texas Daily	134,497,910	-	-	-	134,497,910
	143,422,404	-	-	-	143,422,404
Certificates of Deposit					
BBVA Compass	65,050,554	-	-	-	65,050,554
Texas Term	6,852,000	-	-	-	6,852,000
	71,902,554	-	-	-	71,902,554
Total Investments	<u>\$ 215,324,958</u>	<u>\$ -</u>	<u>\$ 5,694,221</u>	<u>\$ -</u>	<u>\$ 221,019,179</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

D. Deposits and Investments (Continued)

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 \$81,175 during the year ended August 31, 2018. The total investment income for the year is \$178,066.

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, 2018 are summarized below and are reported on the government-wide statement of net position.

	Due to Other Governments	Due from Other Governments
<u>Major Governmental Funds:</u>		
General Fund	\$ 1,644,422	\$ 443,876
Food Service Fund	-	1,458,699
ESEA I, A Improving Basic Program	-	3,983,862
Total Major Governmental Funds	1,644,422	5,886,437
<u>Nonmajor Governmental Funds:</u>		
ESEA Title I Part C Migrant	-	62,917
IDEA - Part B Formula	-	952,923
IDEA - Part B Discretionary	-	4,112
Career and Technical - Basic Grant	-	50,868
ESEA II, A Training and Recruiting	-	336,612
Title III, A English Lang. Acquisition	-	269,463
ESEA Title IV Part A	-	116,350
OCDETF Grant	-	3,778
Bullet Proof Grant	-	9,046
AEP Foundation Grant	-	88,629
Debt Service Fund	41,470	-
Total Nonmajor Governmental Funds	41,470	1,894,698
Total Governmental Funds	\$ 1,685,892	\$ 7,781,135

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

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.

The composition of interfund balances at August 31, 2018 consisted of the following:

	Interfund Receivables	Interfund Payables
<u>Governmental Funds:</u>		
General Fund	\$ 5,219,475	\$ 1,050,272
ESEA I, A Improving Basic Program	214	2,958,512
EDA 2014 Bond Series	-	-
Nonmajor Governmental Funds	4,031	2,154,364
Total Governmental Funds	5,223,720	6,163,148
<u>Proprietary Fund:</u>		
Health Plan Internal Service Fund	941,772	2,344
Total – All Funds	\$ 6,165,492	\$ 6,165,492

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, 2018 consisted of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Capital Projects	\$ 3,273,958	Transfer to cover for capital improvement projects.
General Fund	Debt Service	409,888	Transfer to cover for principal payments and agent fees.
General Fund	Athletics Program	1,331,111	Transfer to cover athletic costs for the District.
General Fund	Civic Center	471,466	Transfer to cover civic center costs for the District.
General Fund	E-Rate	179,647	Transfer to cover local 10% share of grant and items ineligible for E-Rate.
General Fund	Health Plan ISF	938,577	Transfer to cover a lump-sum employer contribution to support the self-funded health plan.
Capital Projects	E-Rate	1,422,119	Transfer to cover local 10% share of grant and items ineligible for E-Rate.
		\$ 8,026,766	

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

G. Capital Assets

Capital asset activity for the year ended August 31, 2018 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	16,167,033	14,853,591	21,821,721	9,198,903
Total capital assets not being depreciated	<u>35,539,481</u>	<u>14,853,591</u>	<u>21,821,721</u>	<u>28,571,351</u>
Capital assets being depreciated:				
Buildings and Improvements	497,116,373	21,821,721	-	518,938,094
Equipment	38,152,780	2,072,601	1,683,763	38,541,618
Total capital assets being depreciated	<u>535,269,153</u>	<u>23,894,322</u>	<u>1,683,763</u>	<u>557,479,712</u>
Less accumulated depreciation:				
Building and Improvements	164,616,372	16,030,446	-	180,646,818
Equipment	28,718,731	2,594,054	1,681,664	29,631,121
Total accumulated depreciation	<u>193,335,103</u>	<u>18,624,500</u>	<u>1,681,664</u>	<u>210,277,939</u>
Total capital assets being depreciated, net	<u>341,934,050</u>	<u>5,269,822</u>	<u>2,099</u>	<u>347,201,773</u>
Governmental activities capital assets, net	<u>\$377,473,531</u>	<u>\$20,123,413</u>	<u>\$21,823,820</u>	<u>\$375,773,124</u>

Depreciation was charged to the following functions as follows:

Instruction	\$ 13,988,586
Instruction Resources and Media Services	17,922
Curriculum Development and Instructional Staff Development	60,841
Instructional Leadership	41,942
School Leadership	107,183
Guidance, Counseling & Evaluation Services	14,648
Social Work Services	7,901
Health Services	131,161
Student (Pupil) Transportation	594,039
Food Service	2,239,206
Extracurricular Activities	176,207
General Administration	68,515
Facilities Maintenance and Operations	399,217
Security and Monitoring Services	348,401
Data Processing Services	428,731
Total Depreciation	<u>\$ 18,624,500</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

H. Unearned Revenues

Unearned revenues at August 31, 2018 consisted of the following:

Major Governmental Funds:

General Fund - Food Service	\$	231,150
General Fund - Escrow Taxes		76,683
ESEA I, A Basic Program		178,558
Total Major Governmental Funds		486,391

Nonmajor Governmental funds:

Title III, A English Lang. Acquisition		51,924
Instructional Materials Allotment		284,277
LEOSE		4,540
Math & Literacy Academies		2,100
Equitable Sharing Program		144,403
J. Martinez Performing Arts Complex		1,856
Total Nonmajor Governmental funds		489,100

Total Governmental funds		975,491
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Proprietary Fund:

Health Plan Internal Service Fund		1,640,502
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Total – All Funds	\$	2,615,993
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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, 2018

I. Loans Payable (Continued)

The following is a summary of loan transaction of the District for the year ending August 31, 2018.

Description	Balance Outstanding 9/1/2017	Issued Current Year	Retired Current Year	Balance Outstanding 8/31/2018	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
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
2019	\$ 389,887
2020	389,887
2021	389,887
2022	389,887
Total	<u>\$ 1,559,548</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, 2018

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, 2018 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	\$ 3,545,176	\$ 364,824	\$ 3,910,000	\$ -	\$ -
<i>Unlimited Tax Refunding Bonds, Series 2010:</i>							
Current Interest	4.00-5.00%	18,420,000	18,420,000	-	-	18,420,000	-
<i>Unlimited Tax Refunding Bonds, Series 2011:</i>							
Current Interest	2.00-5.00%	18,415,000	8,795,000	-	960,000	7,835,000	1,000,000
<i>Unlimited Tax School Building Bonds, Series 2013:</i>							
Current Interest	4.00-5.00%	43,425,000	35,035,000	-	2,215,000	32,820,000	2,315,000
<i>Unlimited Tax School Building Bonds, Series 2014:</i>							
Current Interest	4.00-5.00%	67,160,000	62,590,000	-	2,420,000	60,170,000	2,545,000
<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	22,362,050	2,214,392	3,625,000	20,951,442	2,275,000
<i>Unlimited Tax School Refunding Bonds, Series 2015:</i>							
Current Interest	2.00-5.00%	65,560,000	60,975,000	-	4,420,000	56,555,000	8,410,000
<i>Unlimited Tax School Building Bonds, Series 2018:</i>							
Current Interest	3.125-5.00%	90,375,000	-	90,375,000	-	90,375,000	-
TOTALS		\$ 339,864,910	\$ 223,032,226	\$ 92,954,216	\$ 17,550,000	\$ 298,436,442	\$ 16,545,000

Interest paid on bonded indebtedness during the current year was \$13,666,365.

J. Long-Term Obligations (Continued)

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

Year Ending August 31,	Capital Appreciation		Interest	Total
	Principal	Bond		
2019	\$ 16,545,000	\$ 1,024,221	\$ 14,800,482	\$ 31,345,482
2020	19,095,000	935,014	14,306,982	33,401,982
2021	19,725,000	850,060	13,661,182	33,386,182
2022	20,445,000	772,185	12,953,900	33,398,900
2023	21,235,000	702,504	12,175,050	33,410,050
2024-2028	84,525,000	2,232,458	47,175,050	131,700,050
2029-2033	55,010,000	-	20,547,554	75,557,554
2034-2038	27,270,000	-	10,686,250	37,956,250
2039-2043	28,070,000	-	4,347,250	32,417,250
	<u>\$ 291,920,000</u>	<u>\$ 6,516,442</u>	<u>\$ 150,653,700</u>	<u>\$ 442,573,700</u>

Capital Appreciation Bonds

The total accretion of discount on capital appreciation bonds that is included in the August 31, 2018 ending balance of \$298,432,442 is \$6,516,442.

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 \$230,744,630.

K. Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2018, was as follows:

Description	Balance	Issued/Increase	Retired/Decrease	Balance	Amounts
	Outstanding	Current	Current	Outstanding	Due Within
	9/1/2017	Year	Year	8/31/2018	One Year
Loans	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	\$ -
Total Loans Payable	8,000,000	-	-	8,000,000	-
General Obligation Bonds	223,032,226	92,954,216	17,550,000	298,436,442	16,545,000
Bonds Premium Amortization - Net	35,694,613	12,544,420	2,821,942	45,417,091	3,292,896
Total Bonds Payable	258,726,839	105,498,636	20,371,942	343,853,533	19,837,896
Other Liabilities					
Compensated Absences	2,623,326	391,604	236,228	2,778,702	909,576
Total Other Liabilities	2,623,326	391,604	236,228	2,778,702	909,576
Total Governmental Activities					
Long-term Liabilities	\$ 269,350,165	\$ 105,890,240	\$ 20,608,170	\$ 354,632,235	\$ 20,747,472

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

L. Major Sources of Revenue from Local and Intermediate Sources

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

	General Fund	ESEA 1, A Basic Program	EDA 2018 Series	Other Governmental Funds	Total
Property Taxes	\$ 22,380,924	\$ -	\$ -	\$ 7,094,988	\$ 29,475,912
Penalties & Interest	471,265	-	-	142,699	613,964
Investment Income	1,278,866	-	178,607	1,166,737	2,624,210
Rental of Facilities & Insurance	16,414	-	-	146,790	163,204
Co-curricular	338,489	-	-	-	338,489
Webb County Permanent Fund	-	-	-	1,128,922	1,128,922
Miscellaneous	1,911,299	531,164	-	2,091,987	4,534,450
	<u>\$ 26,397,257</u>	<u>\$ 531,164</u>	<u>\$ 178,607</u>	<u>\$ 11,772,122</u>	<u>\$ 38,879,150</u>

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, 2018, the balance for the State Personal and Sick Leave is \$2,778,702. The estimated amount due within a year totals to \$236,228. The General Fund and Special Revenue Funds, if allowed, are expected to pay for these.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

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 2018, 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 following liabilities reported are based on the reserves that were earmarked through August 31, 2018. These reserves are estimates based on client's current medical condition and medical plan but may change as client's condition changes in either a positive or negative manner. Laredo ISD has partnered with Broadspire to manage the historical claim for client. Broadspire will continue to perform the daily management of the client's medical treatment plan. Laredo ISD shall oversee the medical expenses periodically through client review on at least a quarterly basis to ensure efficient and effective expenditures. The medical expenditures of the client are based on client's current health but can change dependent on client's health. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. 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
2016-2017	\$77,949	\$849	\$5,240	\$71,860
2017-2018	\$71,860	-	\$12,923	\$58,937

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

N. Risk Financing Activities (Continued)

Health Insurance

The claims for the health insurance liability of \$1,158,190 reported in the Internal Service Fund at August 31, 2018 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:

	2017	2018
Beginning of the year liability	\$ 919,489	\$ 1,019,115
Current year claims	18,621,047	20,370,267
Changes in estimates	99,626	139,075
Claims payments	(18,621,047)	(20,370,267)
End of year liability	\$ 1,019,115	\$ 1,158,190 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). It is a defined benefit pension plan 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. Detail 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.

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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

O. Defined Benefit Pension Plan (Continued)

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. The 84rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates		
	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2018 Employer Contributions		\$5,431,403
2018 Member Contributions		\$12,845,203
2017 NECE On-Behalf Contributions		\$7,953,692

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, 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:

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

O. Defined Benefit Pension Plan (Continued)

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

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

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

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

O. Defined Benefit Pension Plan (Continued)

expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized 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			1.0%
Total	100%		8.7%

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$84,952,891	\$50,393,148	\$21,616,553

O. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2018, the District reported a liability of \$50,393,148 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	\$50,393,148
State’s proportionate share that is associated with District	77,759,695
Total	<u>\$128,152,843</u>

The District utilizes the Fund based on employee assignment to liquidate the Pension liability through employer contributions in the payroll process.

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

At August 31, 2017 the employer’s proportion of the collective net pension liability was 0.1576036222% which was a decrease of (0.0017851556%) from its proportionate measured as of August 31, 2016.

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, 2018, the District recognized pension expense of \$13,460,694 and revenue of \$5,931,200 for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual actuarial experience	\$737,274	\$2,717,636
Changes in actuarial assumptions	2,295,488	1,314,113
Difference between projected and actual investment earnings	-	3,672,543
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	10,150,361	556,462
Total as of August 31, 2017 measurement date	<u>13,183,123</u>	<u>8,260,754</u>
Contributions paid to TRS subsequent to the measurement date	5,431,403	-
Total as of fiscal year-end	<u>\$18,614,526</u>	<u>\$8,260,754</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
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O. Defined Benefit Pension Plan (Continued)

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

Year ended August 31:	Pension Expense Amount
2019	\$822,352
2020	4,039,077
2021	575,194
2022	(422,841)
2023	27,744
Thereafter	(119,157)

P. Health Care Coverage

For the term effective 9/1/17-8/31/18, the District was self-funded with Blue Cross Blue Shield of Texas (BCBSTX) acting as the health plan administrator. BCBSTX as well as the local servicing agency, Laurel Insurance Agency, serviced the group health program. The District maintains both aggregate and individual stop-loss coverage for catastrophic losses. The stop loss contracts renew on a calendar year basis. From 9/1/17 through 12/31/17 the individual stop loss deductible was \$200,000 per individual. From 1/1/18 through 8/31/18 the individual stop loss deductible was \$250,000 per individual.

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 plan program from 9/1/17 through 12/31/17. Between 1/1/18 and 8/31/18 the District contributed \$355.00 for all Teacher Retirement System (TRS) qualified employees towards the cost of participation in the Preferred Provider Organization (PPO) medical plan program.

The District offered four (4) benefit plan options (Basic, Low, High, and State Comparable) as well as four (4) tier coverage levels (Employee Only, Employee & Spouse, Employee & Children, Employee & Family) within each option. The District complies with all federal law and state laws, mandates or requirements in the administration and offering of its health plan.

The District’s self-funded approach to financing its health plan 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 plan is at 3,047 employees as of May 31, 2018, 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 ongoing required 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

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

P. Health Care Coverage (Continued)

by the State to TRS on-behalf of the District’s employees. For the year ended August 31, 2018, the state made contributions of \$511,654 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.

R. Construction Commitments

As of August 31, 2018, 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	\$ 22,789,958	\$ 12,705,150	\$ 10,084,808	\$ 1,341,561
Environmental Services	589,122	163,874	425,248	-
Storage & Moving Services	7,687	3,361	4,326	-
Architect Services	2,301,940	641,086	1,660,854	-
Total	<u>\$ 25,688,707</u>	<u>\$ 13,513,471</u>	<u>\$ 12,175,236</u>	<u>\$ 1,341,561</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 266,200
UISD	550,047
JHCISD	16,000
WCISD	8,000
	<u>\$ 840,247</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.

T. Fund Balance

As of August 31, 2018, the District has classified its Committed and Assigned Fund Balances as follows:

	General Funds	Nonmajor Funds	Total Governmental Funds
<u>Committed Fund Balance</u>			
<i>Other Committed Fund Balance</i>			
E-Rate Projects	\$ 2,036,079	\$ -	\$ 2,036,079
Technology	91,891	-	91,891
Elementary teacher laptops	424,567	-	424,567
Campus Activity Funds	-	276,767	276,767
<i>Total Other Committed Fund Balance</i>	\$ 2,552,537	\$ 276,767	\$ 2,829,304
<u>Assigned Fund Balance</u>			
<i>Other Assigned Fund Balance</i>			
District-Wide Projects	\$ 2,095,613	\$ 93,887	\$ 2,189,500
<i>Total Other Assigned Fund Balance</i>	\$ 2,095,613	\$ 93,887	\$ 2,189,500

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

U. Defined Other Post-Employment Benefit Plans

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS 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.

Benefits Provided. TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the

TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates
 Effective Sept. 1, 2016 – Dec. 31, 2017

	TRS-Care 1	TRS-Care 2	TRS-Care 3
	<u>Basic Plan</u>	<u>Basic Plan</u>	<u>Basic Plan</u>
Retiree*	\$ -	\$70	\$100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

Contribution. Rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

LAREDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2018

U. Defined Other Post-Employment Benefit Plans (Continued)

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%
2018 Employer Contributions		\$1,481,666
2018 Member Contributions		\$1,084,337
2017 NECE On-Behalf Contributions		\$1,438,928

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Early Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% to 9.50%

U. Defined Other Post-Employment Benefit Plans (Continued)

Healthcare Trend Rates	4.50% to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

** Includes Inflation at 2.50%

*** Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Other Information: There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Discount Rate. A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Proportionate share of the net OPEB liability:	<u>\$108,398,955</u>	<u>\$91,844,198</u>	<u>\$78,537,907</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2018, the District reported a liability of \$91,844,198 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$91,844,198
State's proportionate share that is associated with District	120,356,713
Total	<u>\$212,200,911</u>

The District utilizes the Fund based on employee assignment to liquidate the OPEB liability through employer contributions in the payroll process.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

U. Defined Other Post-Employment Benefit Plans (Continued)

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

At August 31, 2017 the employer's proportion of the collective net OPEB liability was 0.2112028546%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2016 for TRS stated that the change in proportion was immaterial and therefore, disregarded this year.

For the year ended August 31, 2018, the District recognized OPEB expense of (\$71,074,378) and revenue of (\$40,274,557) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$-	\$1,917,317
Changes in actuarial assumptions	-	36,501,284
Difference between projected and actual investment earnings	13,951	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	422	-
Total as of August 31, 2017 measurement date	14,373	38,418,601
Contributions paid to TRS subsequent to the measurement date	1,481,666	-
Total as of fiscal year-end	\$1,496,039	\$38,418,601

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

Year ended August 31:	OPEB Expense Amount
2019	(\$ 5,067,482)
2020	(\$ 5,067,482)
2021	(\$ 5,067,482)
2022	(\$ 5,067,482)
2023	(\$ 5,070,970)
Thereafter	(\$ 13,063,330)

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

V. Prior Period Adjustment

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled (\$161,048,247) which resulted in a restated beginning net position balance of \$55,418,847.

W. Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where Non-Employer Contributing Entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expenses. This resulted in negative revenue for operating grants and contributions for some functions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants & Contributions	Negative On-Behalf Accruals	Operating Grants & Contributions (excluding on-behalf accruals)
11 Instruction	(7,870,162)	(25,136,620)	17,266,458
12 Instructional Resources and Media Services	(768,016)	(913,360)	145,344
13 Curriculum and Instruction Staff Development	1,852,421	(114,074)	1,966,495
21 Instructional Leadership	147,974	(603,067)	751,041
23 School Leadership	(3,541,277)	(3,266,096)	(275,181)
31 Guidance, Counseling, and Evaluation Services	433,403	(1,486,188)	1,919,591
32 Social Work Services	(111,145)	(335,293)	224,148
33 Health Services	712,863	(491,195)	1,204,058
34 Student (Pupil) Transportation	(1,154,209)	(1,046,709)	(107,500)
35 Food Services	20,467,691	-	20,467,691
36 Extracurricular Activities	(442,904)	(467,140)	24,236
41 General Administration	(1,423,024)	(1,285,263)	(137,761)
51 Facilities Maintenance and Operations	(3,602,223)	(3,303,574)	(298,649)
52 Security and Monitoring Services	(1,043,603)	(1,025,901)	(17,702)
53 Data Processing Services	(858,037)	(814,455)	(43,582)
61 Community Services	1,282,330	14,378	1,267,952
72 Debt Svc - Interest on Long-Term Debt	-	-	-
73 Debt Svc - Bond Issuance Cost and Fees	-	-	-
93 Payments Related to Shared Service Arrangements	6,000	-	6,000
95 Payments to Juvenile justice Alternative Ed. Prg.	-	-	-
	<u>4,088,082</u>	<u>(40,274,557)</u>	<u>44,362,639</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 25,101,060	\$ 26,401,060	\$ 26,397,257	\$ (3,803)
5800	State Program Revenues	178,795,503	178,238,857	177,999,678	(239,179)
5900	Federal Program Revenues	25,108,828	25,763,888	24,887,257	(876,631)
5020	Total Revenues	229,005,391	230,403,805	229,284,192	(1,119,613)
EXPENDITURES:					
Current:					
0011	Instruction	120,314,423	126,439,460	126,254,796	184,664
0012	Instructional Resources and Media Services	4,455,917	4,510,835	4,381,063	129,772
0013	Curriculum and Instructional Staff Development	731,766	648,445	519,755	128,690
0021	Instructional Leadership	3,118,775	2,996,630	2,858,648	137,982
0023	School Leadership	14,251,950	14,361,199	14,165,327	195,872
0031	Guidance, Counseling and Evaluation Services	7,143,131	7,077,141	7,040,783	36,358
0032	Social Work Services	1,730,792	1,752,024	1,695,252	56,772
0033	Health Services	2,369,026	2,575,500	2,473,749	101,751
0034	Student (Pupil) Transportation	4,212,554	4,631,838	4,481,586	150,252
0035	Food Services	20,647,568	20,768,952	20,104,673	664,279
0036	Extracurricular Activities	5,182,822	5,628,798	5,482,093	146,705
0041	General Administration	7,938,052	7,116,755	6,798,256	318,499
0051	Facilities Maintenance and Operations	25,713,529	24,474,467	24,026,698	447,769
0052	Security and Monitoring Services	4,465,499	4,414,309	4,270,323	143,986
0053	Data Processing Services	4,205,304	4,327,047	4,198,548	128,499
0061	Community Services	338,192	398,734	368,115	30,619
Capital Outlay:					
0081	Facilities Acquisition and Construction	4,050,628	3,783,775	1,532,495	2,251,280
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	210,000	210,000	76,788	133,212
6030	Total Expenditures	231,079,928	236,115,909	230,728,948	5,386,961
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,074,537)	(5,712,104)	(1,444,756)	4,267,348
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	3,574,010	3,403,846	2,932,877	(470,969)
8911	Transfers Out (Use)	(2,788,407)	(7,086,027)	(6,604,647)	481,380
7080	Total Other Financing Sources (Uses)	785,603	(3,682,181)	(3,671,770)	10,411
1200	Net Change in Fund Balances	(1,288,934)	(9,394,285)	(5,116,526)	4,277,759
0100	Fund Balance - September 1 (Beginning)	74,756,971	74,756,971	74,756,971	-
3000	Fund Balance - August 31 (Ending)	\$ 73,468,037	\$ 65,362,686	\$ 69,640,445	\$ 4,277,759

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018

A. 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 Food Service Fund is accounted 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, 2018

	FY 2018 Plan Year 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)	0.157603622%	0.159388778%	0.1644294%	0.1020927%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 50,393,148	\$ 60,230,649	\$ 58,123,604	\$ 27,270,373
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	77,759,695	94,490,295	91,324,939	78,764,172
Total	<u>\$ 128,152,843</u>	<u>\$ 154,720,944</u>	<u>\$ 149,448,543</u>	<u>\$ 106,034,545</u>
District's Covered Payroll	\$ 163,525,595	\$ 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 Payroll	30.82%	37.47%	37.19%	18.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	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, 2017 for year 2018, 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 four 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'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 5,431,403	\$ 5,165,135	\$ 5,064,178	\$ 4,868,826
Contribution in Relation to the Contractually Required Contribution	(5,431,403)	(5,165,135)	(5,064,178)	(4,868,826)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 166,820,641	\$ 163,525,595	\$ 160,736,603	\$ 156,283,905
Contributions as a Percentage of Covered Payroll	3.26%	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 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four 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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.211202855%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 91,844,198
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	120,356,713
Total	\$ 212,200,911
District's Covered Payroll	\$ 163,525,595
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	56.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 1,481,666
Contribution in Relation to the Contractually Required Contribution	(1,481,666)
	\$ -0-
Contribution Deficiency (Excess)	-0-
District's Covered Payroll	\$ 166,820,988
Contributions as a Percentage of Covered Payroll	0.89%

Note: GASB Codification, Vol. 2, P50.238 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 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018

A. TRS Pension

1. Changes of Benefit Terms

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

2. Changes in Assumptions

There have been no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

B. TRS OPEB Plan

1. Changes of Benefit Terms

There were no changes in benefit terms that affected measurement of the Total OPEB liability during the measurement period.

2. Changes in Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

In this valuation the impact of the Cadillac tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2018

B. TRS OPEB Plan (Continued)

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

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COMBINING AND OTHER STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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

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

This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. Re-Authorized by P.L 114-95 as Every Student Succeeds Act.

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

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

224 IDEA, Part B - Formula

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

225 IDEA, Part B - Preschool

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

226 IDEA, Part B - Discretionary (Deaf)

This fund classification is to be used to account 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 ESEA, 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.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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

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

289 ESEA, 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.

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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.

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 OCDEF (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. Promote school projects and educational programs that directly benefit students.

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.

492 Bulletproof Vest Partnership Grant

This fund classification is to be used to account for funds granted to Laredo ISD by the U.S. Department of Justice to provide bullet-resistant body armor for sworn law enforcement officers.

496 Marching Band Festival

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

497 AEP Foundation Grant

This fund classification is to be used to account for funds awarded to Laredo ISD from the AEP Foundation Credits Count Grant. The AEP Foundation funds will support STEM exploration for students at three middle schools; readiness assessments for 9th and 10th graders; summer bridge program at Laredo College; dual credit college courses for 9th and 10th grade students; scholarships and books and professional development opportunities for faculty.

**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

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.

499 Other Local FUSE, Heroes & Helpers

This fund classification is used to account for funds awarded to Laredo ISD from FUSE. The funds will support STEAM education program designed to engage students in a variety of formal and informal space. FUSE facilitates learning in the fields of Science, Technology, Engineering, Math and the Arts. Heroes & Helpers is a program under the Target & BLUE initiative that pairs public safety partners with in-need youth to purchase holiday gifts for the children and their families

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-
1240	Due from Other Governments	62,917	952,923	4,112
1250	Accrued Interest	-	-	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1410	Prepayments	-	-	-
1000	Total Assets	<u>\$ 62,917</u>	<u>\$ 952,923</u>	<u>\$ 4,112</u>
LIABILITIES				
2110	Accounts Payable	\$ 619	\$ 14,102	\$ -
2160	Accrued Wages Payable	422	270,013	-
2170	Due to Other Funds	61,876	668,808	4,112
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>62,917</u>	<u>952,923</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3490	Administration Building WCPSF	-	-	-
Committed Fund Balance:				
3510	Construction	-	-	-
3545	Other Committed Fund Balance	-	-	-
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 62,917</u>	<u>\$ 952,923</u>	<u>\$ 4,112</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 ESSA Title IV Part A	397 Advanced Placement Incentives	410 Instructional Materials Allotment	424 LEOSE
\$ 132,066	\$ -	\$ -	\$ -	\$ -	\$ 10,963	\$ 514,624	\$ 4,835
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	50,868	336,612	269,463	116,350	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
804	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 132,870</u>	<u>\$ 50,868</u>	<u>\$ 336,612</u>	<u>\$ 269,463</u>	<u>\$ 116,350</u>	<u>\$ 10,963</u>	<u>\$ 514,624</u>	<u>\$ 4,835</u>
\$ 107,372	\$ 12,660	\$ -	\$ -	\$ 13,982	\$ -	\$ 213,374	\$ 295
23,695	384	91,002	41,537	8,040	-	-	-
1,803	37,824	245,610	176,002	94,328	-	-	-
-	-	-	-	-	-	-	-
-	-	-	51,924	-	-	284,277	4,540
<u>132,870</u>	<u>50,868</u>	<u>336,612</u>	<u>269,463</u>	<u>116,350</u>	<u>-</u>	<u>497,651</u>	<u>4,835</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	10,963	16,973	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	10,963	16,973	-
<u>\$ 132,870</u>	<u>\$ 50,868</u>	<u>\$ 336,612</u>	<u>\$ 269,463</u>	<u>\$ 116,350</u>	<u>\$ 10,963</u>	<u>\$ 514,624</u>	<u>\$ 4,835</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	427 Math & Literacy Academies	429 Pre-K Grant and Other Local	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 2,100	\$ -	\$ 656,219	\$ 296,569
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	7
1290	Other Receivables	-	-	-	1,111
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ 656,219</u>	<u>\$ 297,687</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 1,195
2160	Accrued Wages Payable	-	-	59,524	-
2170	Due to Other Funds	-	-	-	19,725
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	2,100	-	-	-
2000	Total Liabilities	<u>2,100</u>	<u>-</u>	<u>59,524</u>	<u>20,920</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	-	-	596,695	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Administration Building WCPSF	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3545	Other Committed Fund Balance	-	-	-	276,767
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>596,695</u>	<u>276,767</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ 656,219</u>	<u>\$ 297,687</u>

481 Classroom Technology Grant	482 Dr. Hochman Classroom Grant	483 Equitable Sharing Program	484 OCDETF	487 TFB Garden Grant	488 Advertising	490 J. Martinez Performing Arts Complex	492 Bullet Proof Grant
\$ -	\$ 2,784	\$ 144,403	\$ -	\$ -	\$ 99,103	\$ 15,707	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,778	-	-	-	9,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,784</u>	<u>\$ 144,403</u>	<u>\$ 3,778</u>	<u>\$ -</u>	<u>\$ 99,103</u>	<u>\$ 15,707</u>	<u>\$ 9,046</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,216	\$ 13,536	\$ -
-	-	-	1,656	-	-	313	-
-	-	-	2,122	-	-	2	9,046
-	-	-	-	-	-	-	-
-	-	144,403	-	-	-	1,856	-
<u>-</u>	<u>-</u>	<u>144,403</u>	<u>3,778</u>	<u>-</u>	<u>5,216</u>	<u>15,707</u>	<u>9,046</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,784	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	93,887	-	-
<u>-</u>	<u>2,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,887</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2,784</u>	<u>\$ 144,403</u>	<u>\$ 3,778</u>	<u>\$ -</u>	<u>\$ 99,103</u>	<u>\$ 15,707</u>	<u>\$ 9,046</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	496 Marching Band Festival	497 AEP Foundation Grant	498 FUTP60 Equipment Grant	499 Other Local FUSE, Heroes & Helpers	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 477	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	-	88,629	-	-
1250	Accrued Interest	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 88,629</u>	<u>\$ 477</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 23,376	\$ 477	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	65,253	-	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>88,629</u>	<u>477</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Administration Building WCPSF	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 88,629</u>	<u>\$ 477</u>	<u>\$ -</u>

Total Nonmajor Special Revenue Funds	511 Debt Service Fund	616 Local Funds Capital Projects	694 EDA 2014 Series	695 EDA 2005 Series	698 IFA 2006 Series	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,879,850	\$ 2,955,484	\$ 14,395,372	\$ 5,743,372	\$ 1,104,870	\$ 15,068	\$ 21,258,682	\$ 26,094,016
-	5,694,221	7,908,000	18,050,554	-	-	25,958,554	31,652,775
-	673,192	-	-	-	-	-	673,192
-	(460,871)	-	-	-	-	-	(460,871)
1,894,698	-	-	-	-	-	-	1,894,698
-	73,590	98,024	150,777	-	-	248,801	322,391
7	3,456	568	-	-	-	568	4,031
1,915	-	-	22,820	-	-	22,820	24,735
-	-	9,500	-	-	-	9,500	9,500
<u>\$ 3,776,470</u>	<u>\$ 8,939,072</u>	<u>\$ 22,411,464</u>	<u>\$ 23,967,523</u>	<u>\$ 1,104,870</u>	<u>\$ 15,068</u>	<u>\$ 47,498,925</u>	<u>\$ 60,214,467</u>
\$ 406,204	\$ -	\$ 629,534	\$ 2,374,229	\$ 9,073	\$ 15,000	\$ 3,027,836	\$ 3,434,040
496,586	-	-	-	-	-	-	496,586
1,386,511	-	-	-	767,785	68	767,853	2,154,364
-	41,470	-	-	-	-	-	41,470
489,100	-	-	-	-	-	-	489,100
<u>2,778,401</u>	<u>41,470</u>	<u>629,534</u>	<u>2,374,229</u>	<u>776,858</u>	<u>15,068</u>	<u>3,795,689</u>	<u>6,615,560</u>
-	212,320	-	-	-	-	-	212,320
-	212,320	-	-	-	-	-	212,320
627,415	-	-	-	-	-	-	627,415
-	-	74,102	21,593,294	328,012	-	21,995,408	21,995,408
-	8,685,282	-	-	-	-	-	8,685,282
-	-	4,818,733	-	-	-	4,818,733	4,818,733
-	-	16,889,095	-	-	-	16,889,095	16,889,095
276,767	-	-	-	-	-	-	276,767
93,887	-	-	-	-	-	-	93,887
<u>998,069</u>	<u>8,685,282</u>	<u>21,781,930</u>	<u>21,593,294</u>	<u>328,012</u>	<u>-</u>	<u>43,703,236</u>	<u>53,386,587</u>
<u>\$ 3,776,470</u>	<u>\$ 8,939,072</u>	<u>\$ 22,411,464</u>	<u>\$ 23,967,523</u>	<u>\$ 1,104,870</u>	<u>\$ 15,068</u>	<u>\$ 47,498,925</u>	<u>\$ 60,214,467</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	292,079	4,838,294	32,160	36,676
5020 Total Revenues	292,079	4,838,294	32,160	36,676
EXPENDITURES:				
Current:				
0011 Instruction	100,043	2,933,611	32,032	28,177
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	852	27,356	-	2,499
0021 Instructional Leadership	54,237	312,286	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	52,935	1,296,989	-	-
0032 Social Work Services	-	1,050	-	-
0033 Health Services	-	225,881	-	-
0034 Student (Pupil) Transportation	4,693	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	28,428	128	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	1,539	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	77,780	12,693	-	-
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	-	-	-	6,000
6030 Total Expenditures	292,079	4,838,294	32,160	36,676
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)	\$ -	\$ -	\$ -	\$ -

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 ESSA Title IV Part A	397 Advanced Placement Incentives	410 Instructional Materials Allotment	424 LEOSE
\$ 1,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,220	\$ -
-	-	-	-	-	-	2,589,524	295
652,543	417,650	1,368,953	1,338,232	413,373	-	-	-
654,059	417,650	1,368,953	1,338,232	413,373	-	2,597,744	295
-	233,680	1,118,426	1,140,306	286,383	4,475	2,580,577	-
-	-	-	-	-	-	-	-
-	113,036	199,676	22,005	86,789	-	13,660	-
-	6,222	43,983	43,823	-	-	-	-
-	3,102	6,868	-	150	-	-	-
-	4,799	-	-	6,700	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,422	-	-	-
-	-	-	-	-	-	-	-
654,059	-	-	-	-	-	-	-
-	13,096	-	725	31,929	-	-	-
-	-	-	-	-	-	-	-
-	-	-	8,601	-	-	-	-
-	-	-	-	-	-	-	295
-	43,715	-	-	-	-	-	-
-	-	-	122,772	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
654,059	417,650	1,368,953	1,338,232	413,373	4,475	2,594,237	295
-	-	-	-	-	(4,475)	3,507	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(4,475)	3,507	-
-	-	-	-	-	15,438	13,466	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,963	\$ 16,973	\$ -

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	427 Math & Literacy Academies	429 Pre-K Grant and Other Local	435 SSA Regional Day School - Deaf	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 574,047	\$ 836,325
5800 State Program Revenues	68,950	26,766	266,200	-
5900 Federal Program Revenues	-	14,430	-	-
5020 Total Revenues	68,950	41,196	840,247	836,325
EXPENDITURES:				
Current:				
0011 Instruction	68,950	2,929	753,222	93,106
0012 Instructional Resources and Media Services	-	537	-	29,507
0013 Curriculum and Instructional Staff Development	-	6,300	-	1,696
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	31,865
0031 Guidance, Counseling and Evaluation Services	-	-	64,513	575
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	75
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	335,675
0041 General Administration	-	-	-	1,500
0051 Facilities Maintenance and Operations	-	-	-	3,550
0052 Security and Monitoring Services	-	14,430	-	4,716
0053 Data Processing Services	-	-	-	92
0061 Community Services	-	17,000	-	354,700
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	68,950	41,196	817,735	857,057
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	22,512	(20,732)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	22,512	(20,732)
0100 Fund Balance - September 1 (Beginning)	-	-	574,183	297,499
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 596,695	\$ 276,767

481 Classroom Technology Grant	482 Dr. Hochman Classroom Grant	483 Equitable Sharing Program	484 OCDETF	487 TFB Garden Grant	488 Advertising	490 J. Martinez Performing Arts Complex	492 Bullet Proof Grant
\$ 95	\$ -	\$ 1,603	\$ -	\$ 3	\$ 45,011	\$ 152,440	\$ -
-	-	-	-	-	-	-	-
-	-	31,417	15,876	-	-	-	9,046
95	-	33,020	15,876	3	45,011	152,440	9,046
95	234	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,551	-	-
-	-	-	-	-	-	80,724	-
-	-	-	-	3	20,725	461,667	-
-	-	33,020	15,876	-	-	75,145	9,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,403	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
95	234	33,020	15,876	3	23,276	623,939	9,046
-	(234)	-	-	-	21,735	(471,499)	-
-	-	-	-	-	-	471,466	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	471,466	-
-	(234)	-	-	-	21,735	(33)	-
-	3,018	-	-	-	72,152	33	-
\$ -	\$ 2,784	\$ -	\$ -	\$ -	\$ 93,887	\$ -	\$ -

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	496 Marching Band Festival	497 AEP Foundation Grant	498 FUTP60 Equipment Grant	499 Other Local FUSE, Heroes & Helpers
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 15,251	\$ 173,801	\$ 772	\$ 41,970
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	15,251	173,801	772	41,970
EXPENDITURES:				
Current:				
0011 Instruction	-	122,665	-	32,850
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	9,120
0021 Instructional Leadership	-	51,136	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	772	-
0036 Extracurricular Activities	12,415	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	724	-	-	-
0052 Security and Monitoring Services	2,112	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	-	-	-	-
0072 Interest on Long-Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	15,251	173,801	772	41,970
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)	\$ -	\$ -	\$ -	\$ -

Total Nonmajor Special Revenue Funds	511 Debt Service Fund	616 Local Funds Capital Projects	694 EDA 2014 Series	695 EDA 2005 Series	698 IFA 2006 Series	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,851,054	\$ 7,669,286	\$ 1,790,339	\$ 445,982	\$ 15,461	\$ -	\$ 2,251,782	\$ 11,772,122
2,951,735	19,203,979	-	-	-	-	-	22,155,714
9,460,729	-	-	-	-	-	-	9,460,729
14,263,518	26,873,265	1,790,339	445,982	15,461	-	2,251,782	43,388,565
9,531,761	-	-	-	-	-	-	9,531,761
30,044	-	-	-	-	-	-	30,044
482,989	-	-	-	-	-	-	482,989
511,687	-	-	-	-	-	-	511,687
41,985	-	-	-	-	-	-	41,985
1,426,511	-	-	-	-	-	-	1,426,511
1,050	-	-	-	-	-	-	1,050
227,378	-	-	-	-	-	-	227,378
4,693	-	-	-	-	-	-	4,693
654,831	-	-	-	-	-	-	654,831
424,947	-	-	-	-	-	-	424,947
82,224	-	-	-	-	-	-	82,224
496,809	-	19,800	-	-	-	19,800	516,609
154,640	-	-	-	-	-	-	154,640
43,807	-	-	-	-	-	-	43,807
591,348	-	-	-	-	-	-	591,348
-	13,265,764	-	-	-	-	-	13,265,764
-	13,666,365	-	-	-	-	-	13,666,365
-	4,999	-	-	-	-	-	4,999
-	-	1,979,869	12,741,013	87,210	-	14,808,092	14,808,092
6,000	-	-	-	-	-	-	6,000
14,712,704	26,937,128	1,999,669	12,741,013	87,210	-	14,827,892	56,477,724
(449,186)	(63,863)	(209,330)	(12,295,031)	(71,749)	-	(12,576,110)	(13,089,159)
471,466	409,888	3,273,958	-	-	-	3,273,958	4,155,312
-	-	-	-	(1,422,119)	-	(1,422,119)	(1,422,119)
471,466	409,888	3,273,958	-	(1,422,119)	-	1,851,839	2,733,193
22,280	346,025	3,064,628	(12,295,031)	(1,493,868)	-	(10,724,271)	(10,355,966)
975,789	8,339,257	18,717,302	33,888,325	1,821,880	-	54,427,507	63,742,553
\$ 998,069	\$ 8,685,282	\$ 21,781,930	\$ 21,593,294	\$ 328,012	\$ -	\$ 43,703,236	\$ 53,386,587

LAREDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 377,155	\$ 1,810,160	\$ 1,729,932	\$ 457,383
Liabilities:				
Due to Student Groups	\$ 377,155	\$ 1,810,160	\$ 1,729,932	\$ 457,383
BACK TO SCHOOL ASSISTANCE PROGRAM				
Assets:				
Cash and Temporary Investments	\$ 18,120	\$ 11,171	\$ 11,979	\$ 17,312
Liabilities:				
Due to Student Groups	\$ 18,120	\$ 11,171	\$ 11,979	\$ 17,312
DONATIONS FUND				
Assets:				
Cash and Temporary Investments	\$ 40,658	\$ 56,177	\$ 58,546	\$ 38,289
Due From Other Governments	-	5,000	-	5,000
Total Assets	\$ 40,658	\$ 61,177	\$ 58,546	\$ 43,289
Liabilities:				
Accounts Payable	\$ 1,979	\$ -	\$ 1,979	\$ -
Due to Student Groups	38,679	61,177	56,567	43,289
Total Liabilities	\$ 40,658	\$ 61,177	\$ 58,546	\$ 43,289
UNIDENTIFIED FUND FROM TRIAL BALANCE				
Assets:				
Cash and Temporary Investments	\$ 39,260	\$ 45,307	\$ 40,259	\$ 44,308
Liabilities:				
Due to Student Groups	\$ 39,260	\$ 45,307	\$ 40,259	\$ 44,308
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 475,193	\$ 1,922,815	\$ 1,840,716	\$ 557,292
Due From Other Governments	-	5,000	-	5,000
Total Assets	\$ 475,193	\$ 1,927,815	\$ 1,840,716	\$ 562,292
Liabilities:				
Accounts Payable	\$ 1,979	\$ -	\$ 1,979	\$ -
Due to Student Groups	473,214	1,927,815	1,838,737	562,292
Total Liabilities	\$ 475,193	\$ 1,927,815	\$ 1,840,716	\$ 562,292

T.E.A. REQUIRED SCHEDULES

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.040000	0.234000	2,135,852,058
2011	1.040000	0.234000	2,125,507,784
2012	1.040000	0.234000	2,127,187,046
2013	1.040000	0.234000	2,108,797,859
2014	1.040000	0.234000	2,092,889,779
2015	1.040000	0.370800	2,087,487,325
2016	1.040000	0.355500	2,032,433,349
2017	1.040000	0.349700	2,094,251,971
2018 (School year under audit)	1.040000	0.329700	2,197,965,855
1000 TOTALS			

Column 10 + Column 20 - Column 31 - Column 32 + Column 40 = Column 50

Column 3 - Assessed /Appraised Value for School Tax Purposes: This is the net appraised value, after deductions of all exemptions, and tax freeze amounts and reductions provided by law and those granted by the district, based on Maintenance Requirements.

Column 20 - Current Year's Tax Levy: This amount is calculated by multiplying tax rate(s) times the applicable Assessed/Appraised Value(s) in column 3.

Column 31 & 32 - Total Collections: These are total collections net of adjustments described in column 40, according to each year of tax levy, which do NOT include penalty and interest.

Column 40 - Entire Year's Adjustments: Total adjustments include corrections for errors in taxes assessed, taxes lost due to tax freeze, and discounts allowed for early payment of taxes.

Column 50 - Ending Balances 8/31/18: This total agrees with Exhibit A-1, Balance Sheet, memorandum totals for current year, for Asset Code 1220 - Property Taxes Delinquent.

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 1,007,372	\$ -	\$ 27,759	\$ 4,556	\$ (123,924)	\$ 851,133
166,362	-	4,886	1,099	-	160,377
152,021	-	6,038	1,359	-	144,624
177,717	-	8,748	1,968	-	167,001
192,706	-	17,536	3,946	2,819	174,043
207,838	-	19,362	4,357	3,124	187,243
258,263	-	32,972	11,756	3,427	216,962
336,488	-	74,003	25,296	2,921	240,110
851,402	-	316,236	106,334	(109,759)	319,073
-	30,105,538	21,873,384	6,934,317	(447,171)	850,666
<u>\$ 3,350,169</u>	<u>\$ 30,105,538</u>	<u>\$ 22,380,924</u>	<u>\$ 7,094,988</u>	<u>\$ (668,563)</u>	<u>\$ 3,311,232</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - FOOD SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 187,719	\$ 187,719	\$ 175,748	\$ (11,971)
5800	State Program Revenues	99,000	99,000	97,567	(1,433)
5900	Federal Program Revenues	20,670,828	20,769,242	19,715,293	(1,053,949)
5020	Total Revenues	20,957,547	21,055,961	19,988,608	(1,067,353)
EXPENDITURES:					
0035	Food Services	20,647,568	20,768,952	20,104,673	664,279
0051	Facilities Maintenance and Operations	309,979	309,979	284,938	25,041
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	35,050	35,050	-
6030	Total Expenditures	20,957,547	21,113,981	20,424,661	689,320
1200	Net Change in Fund Balances	-	(58,020)	(436,053)	(378,033)
0100	Fund Balance - September 1 (Beginning)	5,048,866	5,048,866	5,048,866	-
3000	Fund Balance - August 31 (Ending)	\$ 5,048,866	\$ 4,990,846	\$ 4,612,813	\$ (378,033)

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, 2018

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	\$ 7,539,751	\$ 7,539,751	\$ 7,669,286	\$ 129,535
5800	State Program Revenues	18,813,794	18,813,794	19,203,979	390,185
5020	Total Revenues	26,353,545	26,353,545	26,873,265	519,720
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	13,265,764	13,265,764	13,265,764	-
0072	Interest on Long-Term Debt	13,655,099	13,666,365	13,666,365	-
0073	Bond Issuance Cost and Fees	20,000	8,734	4,999	3,735
6030	Total Expenditures	26,940,863	26,940,863	26,937,128	3,735
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(587,318)	(587,318)	(63,863)	523,455
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	409,888	409,888	409,888	-
1200	Net Change in Fund Balances	(177,430)	(177,430)	346,025	523,455
0100	Fund Balance - September 1 (Beginning)	8,339,257	8,339,257	8,339,257	-
3000	Fund Balance - August 31 (Ending)	\$ 8,161,827	\$ 8,161,827	\$ 8,685,282	\$ 523,455

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CAPITAL ASSETS

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2018

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS & IMPROVEMENTS	FURNITURE & EQUIPMENT
High Schools:				
Martin	\$ 85,086,058	\$ 6,033,289	\$ 76,695,341	\$ 2,357,428
Nixon	75,151,152	3,250,112	69,746,293	2,154,747
Cigarroa	35,424,636	872,258	32,523,197	2,029,181
VMT Communications & Arts	22,846,399	83,362	21,912,101	850,936
Francisco Lara Academy	2,685,524	-	2,659,606	25,918
Early College High School @ TAMIU	9,414,924	249,109	8,476,654	689,161
Valdez	896,123	3,106	893,017	
Middle Schools:				
Christen	29,149,746	117,596	28,388,058	644,092
Lamar	29,127,079	186,887	28,170,173	770,019
Cigarroa	13,988,234	-	13,636,993	351,241
Memorial	15,338,151	447,337	14,203,516	687,298
Elementary Schools:				
Bruni	8,188,584	6,139	7,853,656	328,789
Jose Gallegos	10,524,224	694,545	9,485,297	344,382
Daiches	9,331,850	28,111	9,021,704	282,035
Farias	12,092,466	1,750,761	10,001,976	339,729
Heights	8,102,315	400,313	7,178,704	523,298
Tarver	6,998,221	75,100	6,691,328	231,793
Leyendecker	11,711,896	133,989	11,088,261	489,646
Macdonell	7,893,392	1,348,364	6,230,547	314,481
Milton	7,266,997	164,517	6,872,989	229,491
Alma Pierce	10,350,251	47,542	9,724,484	578,225
Ryan	11,051,964	238,047	10,473,708	340,209
Santa Maria	7,544,307	20,950	7,208,503	314,854
Santo Nino	9,797,628	132,267	9,206,880	458,481
D. D. Hachar	11,514,934	484,686	10,630,175	400,073
J. C. Martin	13,123,767	240,525	12,375,646	507,596
H. B. Zachry	24,823,703	101,298	24,344,930	377,475
J. Kawas	11,242,316	238,434	10,637,385	366,497
Dovalina	6,860,564	35,000	6,314,052	511,512
H. Ligarde	7,508,105	129,588	6,917,144	461,373
T. Sanchez/Ochoa	10,168,638	120,000	9,650,276	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	15,414	-	-	15,414
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	2,909,876	-	2,756,297	153,579
Fine Arts / U.I.L.	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, 2018

LOCATION AND ACTIVITY	TOTALS	LAND	BUILDINGS & IMPROVEMENTS	FURNITURE & EQUIPMENT
				(Continued)
District Wide	12,871,198	1,153,262	10,275,962	1,441,974
Crime Stoppers	9,500	-	-	9,500
Instructional Technology	1,144,305	-	1,037,114	107,191
Health Services	1,687	-	1,687	-
Pupil Transportation	11,848,568	78,925	4,177,777	7,591,866
Athletics	556,523	-	243,017	313,506
Special Education	379,531	4,705	362,088	12,738
Printing/Creative Services	351,804	-	-	351,804
Instructional Television	1,062,222	52,647	416,406	593,169
Information Technology	4,682,419	-	613,478	4,068,941
Division of Operations	271,773	-	-	271,773
LISD Police Department	899,850	-	-	899,850
Child Nutrition Program	10,341,607	121,287	7,058,564	3,161,756
Migrant	150,508	630	149,878	-
Total Assets by Location	<u>576,852,160</u>	<u>19,372,448</u>	<u>518,938,094</u>	<u>38,541,618</u>
Construction in Progress	9,198,903	-	-	-
Total General Fixed Assets	<u>\$ 586,051,063</u>	<u>\$ 19,372,448</u>	<u>\$ 518,938,094</u>	<u>\$ 38,541,618</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY LOCATION AND ACTIVITY
AUGUST 31, 2018

Location and Activity	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
High Schools:				
Martin	\$ 82,150,271	\$ 2,980,589	\$ 44,802	\$ 85,086,058
Nixon	75,245,725	79,348	173,921	75,151,152
Cigarroa	34,601,373	912,397	89,134	35,424,636
VMT Communications & Arts	22,848,697	3,035	5,333	22,846,399
Francisco Lara Academy	2,707,498	8,600	30,574	2,685,524
Early College High School @ TAMIU	9,210,051	216,507	11,634	9,414,924
Valdez	896,123	-	-	896,123
Middle Schools:				
Christen	29,259,930	28,326	138,510	29,149,746
Lamar	12,397,805	16,769,989	40,715	29,127,079
Cigarroa	13,986,945	26,824	25,535	13,988,234
Memorial	15,426,716	63,529	152,094	15,338,151
Elementary Schools:				
Bruni	8,154,293	34,291	-	8,188,584
Jose Gallegos	10,513,378	28,832	17,986	10,524,224
Daiches	9,247,408	85,351	909	9,331,850
Farias	12,057,223	36,458	1,215	12,092,466
Heights	8,112,961	16,467	27,113	8,102,315
Tarver	6,974,946	31,774	8,499	6,998,221
Leyendecker	11,664,785	47,111	-	11,711,896
Macdonell	7,858,214	35,178	-	7,893,392
Milton	7,215,223	108,977	57,203	7,266,997
Alma Pierce	10,365,289	50,958	65,996	10,350,251
Ryan	11,026,257	31,565	5,858	11,051,964
Santa Maria	7,524,029	20,278	-	7,544,307
Santo Nino	9,699,709	102,919	5,000	9,797,628
D. D. Hachar	11,501,888	14,002	956	11,514,934
J. C. Martin	13,114,771	17,508	8,512	13,123,767
H. B. Zachry	24,837,588	45,638	59,523	24,823,703
J. Kawas	10,953,793	300,907	12,384	11,242,316
Dovalina	6,843,255	17,309	-	6,860,564
H. Ligarde	7,475,131	32,974	-	7,508,105
T. Sanchez/Ochoa	10,099,832	68,806	-	10,168,638
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	22,373	-	6,959	15,414
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	-	-	1,381,737
Textbooks & Records Management	612,152	-	-	612,152
Performing Arts Complex	2,691,448	218,428	-	2,909,876
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, 2018

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	12,911,780	-	40,582	12,871,198
Crime Stoppers	9,500	-	-	9,500
Instructional Technology	1,144,305	-	-	1,144,305
Health Services	1,687	-	-	1,687
Pupil Transportation	11,619,491	237,589	8,512	11,848,568
Athletics	548,747	7,776	-	556,523
Special Education	385,740	-	6,209	379,531
Printing/Creative Services	351,804	-	-	351,804
Instructional Television	1,078,059	-	15,837	1,062,222
Information Technology	4,460,545	624,893	403,019	4,682,419
Division of Operations	292,933	80,386	101,546	271,773
LISD Police Department	887,040	12,810	-	899,850
Child Nutrition Program	9,958,307	495,993	112,693	10,341,607
Migrant	150,508	-	-	150,508
Total Assets by Location	554,641,601	23,894,322	1,683,763	576,852,160
Construction in Progress	16,167,033	\$ 14,853,591	21,821,721	9,198,903
Total General Fixed Assets	<u>\$ 570,808,634</u>	<u>\$ 38,747,913</u>	<u>\$ 23,505,484</u>	<u>\$ 586,051,063</u>

LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDING AUGUST 31, 2018

Function	Land	Buildings & Improvements	Furniture & Equipment	Construction in Progress	Total
Prior Year Data	\$ 19,372,448	\$ 497,116,373	\$ 38,152,780	\$ 16,167,033	\$ 570,808,634
Instruction	-	-	(160,873)	-	(160,873)
Instructional Resources & Media Services	-	-	(40,174)	-	(40,174)
Instructional Leadership	-	-	(32,963)	-	(32,963)
Student (Pupil) Transportation	-	-	200,476	-	200,476
Food Services	-	-	543,654	-	543,654
Extracurricular Activities	-	-	(14,089)	-	(14,089)
General Administration	-	-	(6,959)	-	(6,959)
Facilities Maintenance and Operations	-	-	(12,308)	-	(12,308)
Security and Monitoring Services	-	-	(140,617)	-	(140,617)
Data Processing Services	-	-	(553,784)	-	(553,784)
Community Services	-	-	(24,825)	-	(24,825)
Facilities Acquisition and Construction	-	21,821,721	631,300	(6,968,130)	15,484,891
Total Expenditures	<u>\$ 19,372,448</u>	<u>\$ 518,938,094</u>	<u>\$ 38,541,618</u>	<u>\$ 9,198,903</u>	<u>\$ 586,051,063</u>

STATISTICAL SECTION



LAREDO INDEPENDENT SCHOOL DISTRICT



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>	112-118
Revenue Capacity <i>These schedules contain information to help the reader assess the District's most significant local revenue sources.</i>	119-122
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>	123-126
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>	127-128
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>	129-135

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>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>	<u>2018</u>
Governmental activities										
Net Investment in Capital Assets	\$ 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	\$ 158,566,357
Restricted										
Federal and State Programs	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	8,074,739
Debt Service	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	8,685,282
Capital Projects	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	4,892,836
Campus Activities	186,869	196,270	-	-	-	-	-	-	-	-
Other Purposes	416,474	11,104,927	10,570,736	-	-	-	-	-	-	-
Unrestricted	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	(96,935,148)
Total primary government net position	<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>	<u>\$ 83,284,066</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)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
11 Instruction	\$ 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	\$ 115,657,365
12 Instructional Resources & Media Svcs.	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	3,220,297
13 Curriculum & Instructional Staff Devpt.	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	1,892,948
21 Instructional Leadership	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	2,468,713
23 School Leadership	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	9,343,520
31 Guidance, Counseling, and Evaluation Svcs.	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	5,990,563
32 Social Work Services	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	1,390,842
33 Health Services	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	2,700,202
34 Student (Pupil) Transportation	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	3,462,486
35 Food Services	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	20,087,952
36 Cocurricular/Extracurricular Activities	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	5,155,082
41 General Administration	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	4,975,745
51 Plant Maintenance & Operations	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	20,322,233
52 Security & Monitoring Services	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	3,360,146
53 Data Processing Services	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	3,416,169
61 Community Services	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	1,637,059
72 Debt Service - Interest on Long-Term Debt	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	9,729,953
73 Bond Issuance Costs and Fees	263,236	254,559	279,195	300,252	285,502	1,801,763	657,048	6,802	5,000	924,419
93 Payments to Fiscal Agents/Mem.	6,637	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	85,320	85,320	72,443	58,618	162,740	184,386	121,502	274,841	105,781	76,788
Total primary government expenses	<u>253,396,967</u>	<u>257,590,160</u>	<u>251,714,873</u>	<u>256,626,697</u>	<u>244,822,483</u>	<u>259,433,082</u>	<u>263,419,880</u>	<u>291,387,347</u>	<u>283,772,529</u>	<u>215,818,482</u>
Program Revenues										
Governmental activities:										
Charges for services										
Instruction	4,350	294,749	-	-	-	642,644	-	-	-	-
Student (Pupil) Transportation	-	-	25,388	24,898	41,081	-	-	-	-	-
Food Services	312,052	330,569	323,896	345,903	339,974	340,262	229,878	164,443	115,447	107,649
Extracurricular Activities	210,088	154,023	145,658	240,733	221,142	214,101	243,410	222,554	206,763	254,954
General Administration	-	-	2,539	-	22,121	-	7,005	-	19,249	52,729
Plant Maintenance and Operations	-	1,073	-	7,414	7,625	-	-	-	-	-
Security & Monitoring Services	-	-	-	-	-	-	-	6,148	9,624	7,573
Data Processing Services	-	-	3,253	-	-	-	-	-	-	-
Community Services	-	-	220,876	224,081	252,807	192,117	883,000	797,794	484,306	821,826
Operating grants and contributions	<u>52,900,270</u>	<u>75,483,285</u>	<u>77,827,937</u>	<u>65,735,610</u>	<u>60,252,450</u>	<u>59,480,070</u>	<u>56,404,405</u>	<u>66,225,000</u>	<u>61,040,269</u>	<u>4,088,082</u>
Total primary government program revenues	<u>53,426,760</u>	<u>76,263,699</u>	<u>78,549,547</u>	<u>66,578,639</u>	<u>61,137,200</u>	<u>60,869,194</u>	<u>57,767,698</u>	<u>67,415,939</u>	<u>61,875,658</u>	<u>5,332,813</u>
Net (Expense)/Revenue										
Total primary government net expense	<u>\$ 199,970,207</u>	<u>\$ 181,326,461</u>	<u>\$ 173,165,326</u>	<u>\$ 190,048,058</u>	<u>\$ 183,685,283</u>	<u>\$ 198,563,888</u>	<u>\$ 205,652,182</u>	<u>\$ 223,971,408</u>	<u>\$ 221,896,871</u>	<u>\$ 210,485,669</u>

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									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Restated¹</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (Expense)/Revenue										
Total primary government net expense	\$ 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	\$ 210,485,669
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes levied for general purposes	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	22,643,763
Property taxes levied for debt service	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	7,178,509
Unrestricted State Aid Formula Grants	-	169,891,579	166,315,755	165,355,519	160,288,363	169,677,509	178,306,378	190,334,823	188,322,463	187,601,244
Unrestricted grants and contributions	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	14,515,478
Investment earnings	5,936,051	3,706,251	1,456,958	783,823	607,821	374,341	548,472	915,144	1,602,039	2,622,607
Miscellaneous	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	3,789,287
Special Item	-	-	-	-	-	109,849	-	-	-	-
Total primary government	<u>221,082,941</u>	<u>204,501,613</u>	<u>201,117,417</u>	<u>197,138,447</u>	<u>197,334,764</u>	<u>203,924,255</u>	<u>214,651,953</u>	<u>226,579,384</u>	<u>223,860,380</u>	<u>238,350,888</u>
Change in Net Position										
Total primary government	<u>\$ 21,112,734</u>	<u>\$ 23,175,152</u>	<u>\$ 27,952,091</u>	<u>\$ 7,090,389</u>	<u>\$ 13,649,481</u>	<u>\$ 5,360,367</u>	<u>\$ 8,999,771</u>	<u>\$ 2,607,976</u>	<u>\$ 1,963,509</u>	<u>\$ 27,865,219</u>

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									
	2009	2010	2011 ¹	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ 1,178,052	\$ 1,035,264	\$ 3,047,831	\$ 1,126,204	\$ 1,431,972	\$ 1,776,108	\$ 2,244,742	\$ 1,882,198
Restricted	-	-	14,881,931	14,929,976	2,873,497	5,291,807	5,117,869	3,398,376	3,781,278	3,823,211
Committed	-	-	-	3,851,761.00	3,955,409	12,012,274	15,438,210	2,223,380	5,870,385	2,552,537
Assigned	-	-	10,430,944	10,498,376	5,006,798	617,873	897,673	-	4,453,682	2,095,613
Unassigned	-	-	59,272,362	62,570,104	62,652,991	62,652,991	62,652,991	62,652,991	58,406,885	59,286,886
Reserved	16,513,895	15,665,794	-	-	-	-	-	-	-	-
Unreserved	45,310,703	55,213,049	-	-	-	-	-	-	-	-
Total General Fund	\$ 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	\$ 69,640,445
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	627,415
Debt Service Funds	-	-	22,139,631	14,453,416	5,370,711	4,101,125	5,317,675	6,506,885	8,339,257	8,685,282
Capital Projects Funds	-	-	71,105,330	62,570,106	65,857,222	101,546,934	68,500,586	76,173,088	35,784,307	124,174,015
Other Funds	-	-	-	-	-	-	-	-	3,689,811	4,818,733
Committed										
Special Revenue Funds	-	-	1,831,277	305,522	334,011	411,447	366,907	343,451	297,499	276,767
Capital Projects Funds	-	-	-	-	-	-	-	-	14,953,389	16,889,095
Assigned	-	-	-	-	-	29,175	121,383	76,167	72,152	93,887
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	24,795,478	47,946,686	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	3,205,029	3,366,692	-	-	-	-	-	-	-	-
Capital Projects Funds	96,330,178	67,346,619	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Total all Other Governmental Funds	\$ 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	\$ 155,565,194

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Federal Sources:										
Federal Grants	\$ 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	\$ 29,097,894
Food Services	13,241,239	14,174,829	15,779,620	15,742,194	16,475,778	16,936,477	18,536,349	18,803,921	19,284,241	19,715,293
Total Federal Sources	<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>	<u>48,813,187</u>
State Sources:										
Per Capita and Foundation	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	168,330,583
Instructional Facilities Allotment	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	12,154,114
Teacher Retirement System on Behalf	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	9,571,528
Other State Programs	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	10,098,872
Other Governmental Agencies	13,769	8,523	36,543	14,278	10,000	600	4,761	2,153	1,225	295
Total State Sources	<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>	<u>200,155,392</u>
Local Sources:										
Property Taxes	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	29,475,912
Food Service Sales	312,052	330,569	323,896	345,903	337,567	337,180	-	-	-	-
Investment Income	5,969,438	3,299,340	1,396,011	785,814	608,346	374,341	548,472	915,144	1,605,953	2,624,210
Penalties, Interest, and Other Fees	767,477	849,947	793,562	680,304	681,600	631,631	740,642	627,167	716,478	613,964
Co-Curricular	208,305	154,024	140,579	2,744,310	558,709	554,362	463,024	384,585	320,276	338,489
Other Revenues	4,886,980	5,472,925	3,574,980	1,104,934	4,065,606	4,583,374	6,112,616	4,749,404	4,231,738	5,826,575
Total Local Sources	<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>	<u>38,879,150</u>
Total Revenues	<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>	<u>\$ 287,847,729</u>

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

	Fiscal Year									
	<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>	<u>2018</u>
11 Instruction	\$ 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	\$ 145,631,580
12 Instructional Resources & Media Svcs.	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	4,653,810
13 Curriculum & Instructional Staff Devpt.	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	2,500,170
21 Instructional Leadership	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	3,674,328
23 School Leadership	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	14,272,083
31 Guidance, Counseling, and Evaluation Svcs.	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	9,120,245
32 Social Work Services	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	1,955,339
33 Health Services	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	3,730,530
34 Student (Pupil) Transportation	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	4,486,279
35 Food Services	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	20,759,504
36 Cocurricular/Extracurricular Activities	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	5,907,040
41 General Administration	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	6,880,480
51 Plant Maintenance & Operations	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	24,588,605
52 Security & Monitoring Services	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	4,444,557
53 Data Processing Services	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	4,242,355
61 Community Services	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	1,995,629
71 Principal	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	13,265,764
Interest	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	13,666,365
Other Debt Service Costs	20,350	287,969	289,311	18,950	17,950	1,801,762	657,048	6,802	5,000	924,419
81 Facilities acquisition/construction	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	16,340,587
Other capital outlay										
93 Payments to Fiscal Agents / Members	6,637	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
95 Payments to Juvenile Justice Alternative Ed.	85,320	85,320	72,443	58,618	162,740	184,386	121,502	274,841	105,781	76,788
Total Expenditures	\$ 276,895,145	\$ 277,151,272	\$ 285,779,996	\$ 275,020,652	\$ 281,259,677	\$ 301,641,146	\$ 301,065,648	\$ 289,780,526	\$ 299,313,994	\$ 303,122,457
 Debt Service as a percentage of noncapital expenditures ¹	 12.89%	 10.78%	 10.85%	 13.06%	 13.71%	 7.31%	 10.14%	 9.84%	 10.48%	 10.19%

Notes:

¹Percentage was calculated as follows: (Debt Service Principal + Interest Payments) / (Total Expenditures - Capital)
(13,265,764 + 13,666,365) / (303,122,457 - 38,747,913) Capital Assets increased by \$38,747,913. See Note G to the Basic Financial Statements.

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>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>	<u>2018</u>
Excess of Revenues over (under) Expenditures	\$ 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)	\$ (15,274,728)
Other Financing Sources (Uses)										
Issuance of Bonds	-	18,420,000	18,415,000	-	-	144,585,000	68,560,000	-	-	90,375,000
Lease Proceeds	154,728	-	-	-	-	-	-	-	-	-
Premium on Issuance of Bond	-	1,382,794	926,503	-	-	29,678,827	10,466,511	-	-	12,544,420
Sale of Real and Personal Property	-	-	72,215	-	-	109,849	-	11,500	-	-
Payment to Refunded Bond Escrow Agent	-	(19,771,368)	(19,062,461)	-	-	(98,931,152)	(78,337,969)	-	-	-
Transfers In	8,369,938	8,510,698	7,020,726	8,266,550	23,776,245	49,636,867	4,084,152	17,700,193	6,385,323	7,088,189
Transfers Out	(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)	(8,026,766)
Total Other Financing Sources (uses)	<u>154,728</u>	<u>31,426</u>	<u>351,257</u>	<u>-</u>	<u>-</u>	<u>75,442,524</u>	<u>688,542</u>	<u>11,500</u>	<u>-</u>	<u>101,980,843</u>
Net Change in Fund Balances	\$ <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>	\$ <u>86,706,115</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 Value²	Total Direct Rate¹
	Residential Property	Personal Property			
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
2018	3,166,118,697	269,658,384	1,237,811,226	2,197,965,855	1.370

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
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
2018	1.0400	0.3297	1.3697	0.2162	0.2162	0.1402

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	Tax Year 2017			Tax Year 2008		
	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Assessed Valuation	Rank	Percentage Total Assessed Valuation
Laredo Texas Hospital Co LP	\$ 89,935,300	1	2.57%	\$ 94,472,400	1	3.24%
Laredo Outlet Shoppes 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%
International Bank of Commerce	16,788,795	5	0.48%	15,614,180	5	0.54%
HE Butt Grocery Co	15,983,020	6	0.46%	15,007,580	6	0.51%
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%	-	-	-
R&P Ramirez LTD	8,529,380	9	0.24%	-	-	-
Southwestern Bell Telephone LP	-	-	-	16,550,660	3	0.57%
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%
	<u>\$ 255,420,458</u>		<u>7.30%</u>	<u>\$ 241,218,400</u>		<u>8.27%</u>

Source: LISD Tax Office

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

Fiscal Year Ended August 31	Taxes Levy for the Fiscal Year	Adjustments in Subsequent Years	Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
				Amount Collected	Percentage of Levy		Amount Collected	Outstanding Tax Levy	Percentage of Adjusted Levy
2009	\$ 27,260,379	(12,953)	27,247,426	\$ 25,827,720	94.74	1,247,476	\$ 27,075,196	\$ 172,230	99.37%
2010	27,102,410	7,873	27,110,282	25,957,921	95.78	991,985	26,949,906	160,376	99.41%
2011	27,095,747	33,316	27,129,063	26,174,858	96.60	809,581	26,984,439	144,625	99.47%
2012	27,000,439	2,037	27,002,476	25,976,529	96.21	858,946	26,835,475	167,001	99.38%
2013	27,206,649	27,904	27,234,553	26,296,681	96.66	763,825	27,060,507	174,046	99.36%
2014	26,748,591	(115,771)	26,632,821	25,914,276	96.88	531,302	26,445,577	187,244	99.30%
2015	29,441,531	(22,096)	29,419,435	28,602,811	97.15	599,662	29,202,473	216,962	99.26%
2016	28,436,615	(15,320)	28,421,294	27,555,738	96.90	625,446	28,181,184	240,111	99.16%
2017	29,235,914	(109,760)	29,126,153	28,384,510	97.09	422,570	28,807,080	319,073	98.90%
2018	30,162,537	-	30,162,537	29,311,871	97.18	-	29,311,871	850,666	97.18%

Source: LISD Tax Office

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

Fiscal Year	General Obligation Bonds	Loans	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹	Per Capita Personal Income Schedule # 16
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	3.23%	971	30,008
2018	343,853,533	8,000,000	351,853,533	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, 2018
 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	\$ 651,742,818	21.62%	\$ 140,906,797
County of Webb	70,454,259	14.02%	9,877,687
Laredo Community College	195,965,000	21.62%	<u>42,367,633</u>
Subtotal, overlapping debt			193,152,117
District Direct Debt	351,853,533	100.00%	<u>351,853,533</u>
Total Direct and Overlapping Debt			<u>\$ 545,005,650</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 2018

Net Assessed value of 2017 taxable property		\$	2,197,965,855
Plus: Exemptions			<u>1,237,811,226</u>
Total Assessed Value			3,435,777,081
Debt limit (10% of total assessed value)			343,577,708
Amount of debt applicable to said maximum debt limit:			
Total (net) general bonded debt	\$	343,853,533	
(Percentage of debt to total assessed value)			10.01%
Less: Debt Service Fund Balance as of 8/31/18		8,685,282	
Total amount of debt applicable to debt limit			<u>335,168,251</u>
Debt margin	\$		<u>8,409,457</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>
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%
2018	343,577,708	335,168,251	8,409,457	97.55%

Notes:

Currently, outstanding tax supported debt is supported with funds received by either the Existing Debt Allotment Program or the Instructional Facilities Allotment Program from the Texas Education Agency. Both the Existing Debt Allotment Program and the Instructional Facilities Allotment Program are subject to biennial appropriation by the Texas Legislature. The District's Series 2001, 2005, 2006, 2013, 2014, 2018, and 2010, 2011, 2014, 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
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
2018	2,197,965,855	343,853,533	8,685,282	335,168,251	15.25%	303,060	1,106	24,022	13,953

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
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	8,246,035,000	30,008	4.51
2018	303,060 ⁴	N/A	N/A	3.79

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 2018 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>2018</u>			<u>2009</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	6,204	1	24.89%	6,067	1	25.92%
Laredo Independent School District	4,346	2	17.43%	4,564	2	19.50%
City of Laredo	2,535	3	10.17%	2,414	3	10.31%
Laredo Sector Border Patrol	1,400	10	5.62%	1,700	4	7.26%
US CBP-Customs Field Officers	1,950	5	7.82%	-		0.00%
H.E.B. Grocery	1,900	6	7.62%	1,640	5	7.01%
Laredo Community College				1,564	6	6.68%
McDonald's Restaurant	1,520	7	6.10%	1,418	8	6.06%
Webb County	1,500	8	6.02%	1,500	7	6.41%
Laredo Medical Center	1,450	9	5.82%	1,400	9	5.98%
Wal-Mart	2,125	4	8.52%	1,144	10	4.89%
Annual Labor Force	<u>24,930</u>		<u>100.00%</u>	<u>23,411</u>		<u>100.00%</u>

Source: Laredo Economic Development Corporation - 2018
Laredo Development Foundation - 2009

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

	Fiscal Year										Percentage Change 2009-2018
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Teachers											
Pre-K & Kindergarten	228	221	223	198	215	206	206	205	213	223	
Elementary	629	678	671	625	629	557	535	535	524	517	
Secondary	622	637	603	576	543	630	625	639	679	680	
All Level	110	67	87	95	67	62	74	64	35	36	
Total Teachers	1,589	1,603	1,584	1,494	1,454	1,455	1,440	1,443	1,450	1,455	-8.42%
Support Staff											
Supervisors	-	-	-	-	-	-	1	1	1	1	
Counselors	61	63	65	65	64	67	69	72	74	73	
Educ Diagnosticians	18	17	17	14	15	15	15	17	17	17	
Librarians	30	30	30	27	27	27	27	27	27	27	
Nurses/Physicians	42	43	45	38	33	35	35	34	34	32	
Therapists	20	24	20	21	22	22	22	21	22	19	
Other Support Staff	202	210	205	172	167	172	167	172	177	168	
Total Support Staff	373	387	382	337	328	338	336	344	351	336	-9.80%
Administrators											
Admin/Instr Officers	37	36	37	31	29	35	36	37	38	34	
Principals	27	29	28	27	29	29	29	29	29	29	
Assistant Principals	54	54	58	54	51	53	53	53	53	52	
Superintendents	1	1	1	1	1	1	1	1	1	1	
Asst Superintendents	1	1	-	-	-	-	-	-	-	7	
Total Administrators	120	121	124	113	110	118	119	119	121	123	2.31%
Educational Aides	484	526	478	355	370	413	403	387	387	461	-4.80%
Certified Interpreter	-	-	-	-	-	-	-	1	1	2	100.00%
Auxiliary Staff	1,274	1,240	1,260	1,268	1,273	1,221	1,258	1,329	1,320	1,247	-2.13%
Total	3,840	3,877	3,828	3,567	3,535	3,545	3,556	3,623	3,630	3,624	-5.62%

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>
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%
2018	24,022	258,925,322	10,779	5.87%	1,455	16.5	95.47%

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
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
2018	47,250	71,050	57,024	56,590	53,334

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, 2018

Campus Name ¹	Original Building ¹	Facility Replacement ¹	Facility Additions and Renovations ¹	Square Footage	Classrooms	Minimum Capacity	Enrollment 2017 - 2018	Percentage of Capacity in Use
HIGH SCHOOLS (9th - 12th)								
Dr. Leonides G. Cigarroa	1983		2004, 2005, 2006, 2011, & 2013	270,833	87	2,175	1,602	74%
Raymond & Tirza Martin	1937		2003, 2007, 2008, 2009, 2010, & 2011	391,695	93	2,325	2,026	87%
Joseph W. Nixon	1964		2003, 2005, 2006, 2007, & 2011, 2015, 2016	406,084	83	2,075	2,188	105%
Early College at Texas A&M International University	2007	2012		42,500	20	500	438	88%
Francisco S. Lara Academy (Alternative School)	1997		1997	28,883	17	255	70	27%
TOTAL HIGH SCHOOLS:				1,139,995	300	7,330	6,324	86%
MIDDLE SCHOOLS (6th - 8 th)								
Louis J. Christen	1930	2006	2008	194,507	82	2,050	1,233	60%
Dr. Joaquin G. Cigarroa	1983		2004, 2005, 2006 & 2010, 2017	178,770	74	1,850	1,319	71%
Mirabeau B. Lamar	1957	2003	2004, 2005, 2018	198,956	78	1,950	1,369	70%
Memorial	1937-39	2005	2008	133,081	48	1,200	763	64%
TOTAL MIDDLE SCHOOLS:				705,314	282	7,050	4,684	66%
ELEMENTARY SCHOOLS (PK- 5th)								
Antonio M. Bruni	1927	2004		81,549	38	836	618	74%
Don Jose Gallego	1946	2007		92,305	39	858	775	90%
Leon Daiches	1920	2006		92,905	33	726	597	82%
Anita T. Dovalina	1983		2002, 2010	69,511	30	660	504	76%
Francisco Farias	1958	2002	2010, 2011	108,465	47	1,034	655	63%
Demetrio D. Hachar	1974	2008		88,814	30	660	541	82%
Heights	1923	2007		68,500	26	572	553	97%
Jesus A. Kawas	1983		2003, 2010, 2017	73,850	34	748	578	77%
John Z. Leyendecker	1953		2008	97,752	38	836	509	61%
Honore Ligarde	1988		2003	80,252	39	858	729	85%
Christopher M. Macdonell	1930	2004		77,965	38	836	539	64%
Joseph C. Martin	1972	2009		94,728	32	704	607	86%
Clarence L. Milton	1960		2003	88,070	51	1,122	881	79%
Alma A. Pierce	1963	2004	2010	93,233	43	946	839	89%
Michael S. Ryan	1954		2006	94,404	49	1,078	898	83%
Tomas Sanchez/Hermelinda Ochoa	1953	2002	2017	95,004	43	946	719	76%
Santa Maria	1972	2003		81,669	34	748	666	89%
Santo Niño	1960		2003, 2017	99,357	43	946	694	73%
Katherine F. Tarver	1960		2005	81,982	29	638	506	79%
Henry B. Zachry	1998	2016	2003	100,535	34	748	635	85%
TOTAL ELEMENTARY SCHOOLS:				1,760,850	750	16,500	13,043	79%
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 (Urbahn Bldg)	1922		1993, 2015	15,045	5			
TOTAL SPECIAL CAMPUSES*:				122,682				
Total Square Footage (2):				3,728,841				
Total Minimum Capacity (3):				30,880				
Total Enrollment (4):				24,051				
Total Capacity Utilization (5):				78%				

(1) Source: District records (latest new replacements, additions and modifications)

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

(3) Maximum Capacity is a calculation based on Texas Administrator Code 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) Enrollment is the ending enrollment as of the end of the school year 2017-2018 (based on Finance Department report (PEIMS DATA))

(5) Capacity Utilization is a calculation dividing Total Enrollment by Total Capacity, less enrollment at Special Campuses

(6) Enrollment included with home campus

Historical data for the past six years not readily available.

Statistical schedule provided from the Laredo Independent School District Construction Department.

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	194,507	82	2,050	1,225	60%
Dr. Joaquin G. Cigarroa	1983		& 2016	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				
Total Square Footage ² :	3,680,742							
Total Minimum Capacity ³ :	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 Fiance 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 six 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	760	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 Footage²: 3,707,922
 Total Minimum Capacity³: 30,880
 Total Enrollment⁴: 24,181
 Total Capacity Utilization⁵: 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 six 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 2004, 2005, 2006 & 2010	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 CAMPUSES⁶:				122,682				

Total Square Footage ² :	3,707,922
Total Minimum Capacity ³ :	30,880
Total Enrollment ⁴ :	24,698
Total Capacity Utilization ⁵ :	80%

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

Notes:

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

³ Minimum Capacity is a calculation based on TAC requirements (No. Classrooms based on construction plans).

Note: Room size requirements are based on rooms that will house 22 students at the elementary level and 25 students at the middle or high school level (19 TAC Chapter 61, Subchapter CC) (Lara Academy = 15/1).

⁴ Actual Enrollment is based on PEIMS data.

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

⁶ Enrollment included with home campus.

Historical data for the past six years not readily available.

Statistical schedule provided from the Laredo Independent School District Construction Department.

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SINGLE AUDIT SECTION



LAREDO INDEPENDENT SCHOOL DISTRICT

LSD

**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, 2018, 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 14, 2019.

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*.

The Board of Trustees
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.

San Antonio, Texas
January 14, 2019

**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, 2018. 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 federal statutes, regulations and the terms and conditions of its federal awards 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, 2018.

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.

San Antonio, Texas
January 14, 2019

Laredo Independent School District
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2018

Section 1. 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
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Identification of major programs:

10.553/10.555/10.559 – Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs?	<u>\$1,342,982</u>
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Laredo Independent School District
Schedule of Findings and Questioned Costs – Continued
Year Ended August 31, 2018

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None

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LAREDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

(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	\$ 161,332
Total Direct Programs			161,332
TOTAL U.S. DEPARTMENT OF DEFENSE			161,332
 U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101240901	15,018,445
ESEA, Title I, Part C - Migratory Children	84.011	18615001240901	304,204
*IDEA - Part B, Formula	84.027	186600012409016600	5,038,540
*IDEA - Part B, Discretionary	84.027	186600112409016673	37,974
Total CFDA Number 84.027			5,076,514
*IDEA - Part B, Preschool	84.173	186610012409016610	32,760
Total Special Education Cluster (IDEA)			5,109,274
Career and Technical - Basic Grant	84.048	18420006240901	430,490
Title III, Part A - English Language Acquisition	84.365A	18671001240901	1,388,621
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501240901	1,424,177
Title IV	84.372A	186801012440901	423,254
Total Passed Through State Department of Education			24,098,465
TOTAL U.S. DEPARTMENT OF EDUCATION			24,098,465
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	67,659
Total Passed Through Texas Dept of Human Services			67,659
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			67,659
 U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs</u>			
Forfeiture U.S. Treasury	16.922	N/A	31,417
Organized Crime Drug Enforcement Task Force	16.111	N/A	15,876
Bulletproof Vest Partnership	16.607	N/A	9,047
Total Direct Programs			56,340
TOTAL U.S. DEPARTMENT OF JUSTICE			56,340
 U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	5,117,239
*National School Lunch Program - Cash Assistance	10.555	N/A	12,234,331
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	1,459,368
Total CFDA Number 10.555			13,693,699

LAREDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
*Summer Feeding Program - Cash Assistance	10.559	N/A	652,543
Total Child Nutrition Cluster			<u>19,463,481</u>
Fresh Fruit & Vegetable Program	10.582	N/A	480,606
Child & Adult Care Program	10.558	N/A	<u>423,749</u>
Total Passed Through the State Department of Agriculture			<u>20,367,836</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>20,367,836</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 44,751,632</u></u>

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Laredo Independent School District under programs of the federal government for the year ended August 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

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.

B. Summary of Significant Accounting Policies

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 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.

The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations are made in accordance with provisions for the period of availability of Federal Funds in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)*.

LAREDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

C. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

D. Reconciliation from the Schedule of Expenditures of Federal Awards to the Exhibit C-3

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	\$44,751,632
School Health and Related Services (SHARS) Program Reimbursement	<u>4,061,555</u>
Federal Program Revenues, Exhibit C-3	<u>\$48,813,187</u>

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LAREDO INDEPENDENT SCHOOL DISTRICT

