

La Porte

Independent School District

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**



Every Student's Success is our #1 Priority!

1002 San Jacinto Street, La Porte, TX 77571 | www.lpsd.org

La Porte Independent School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Lloyd W. Graham
Superintendent of Schools

Rhonda Cumbie
Chief Financial Officer

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La Porte Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

	Page	Exhibit
Introductory Section		
Transmittal Letter	vii	
Certificate of the Board	xiii	
Principal Officials and Advisors.....	xiv	
Organizational Chart	xv	
Certificate of Excellence in Financial Reporting – ASBO	xvi	
Certificate of Achievement for Excellence in Financial Reporting – GFOA.....	xvii	
Financial Section		
Independent Auditor's Report.....	3	
Management's Discussion and Analysis.....	7	
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	20	A-1
Statement of Activities.....	21	B-1
Fund Financial Statements		
Balance Sheet – Governmental Funds.....	22	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25	C-2
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	26	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.....	28	C-4
Statement of Net Position – Proprietary Fund	29	D-1
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....	30	D-2
Statement of Cash Flows – Proprietary Fund.....	31	D-3
Statement of Fiduciary Net Position – Fiduciary Funds	32	E-1
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	33	E-2
Notes to the Basic Financial Statements	35	
Required Supplementary Information		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	66	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas	67	G-2
Schedule of the District's Contributions to the Teacher Retirement System of Texas Pension Plan	68	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas	69	G-4
Schedule of the District's Contributions to the Teacher Retirement System of Texas OPEB Plan	70	G-5
Notes to the Required Supplementary Information	71	

La Porte Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents – Continued

	Page	Exhibit
Supplementary Information – Combining Statements and Schedules		
Non-Major Governmental Funds		
Combining Balance Sheet	74	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80	H-2
Agency Funds		
Statement of Changes in Fiduciary Assets – Student Activity Fund	85	H-3
Internal Service Funds		
Combining Statement of Net Position	86	I-1
Combining Statement of Revenues, Expenses and Changes in Net Position	87	I-2
Combining Statement of Cash Flows	88	I-3
Required TEA Schedules		
Schedule of Delinquent Taxes Receivable	90	J-1
Budgetary Comparison Schedule – Child Nutrition Program	92	J-2
Budgetary Comparison Schedule – Debt Service Fund	93	J-3
Statistical Section (Unaudited)		
Financial Trends Information		
Net Position by Component	97	
Changes in Net Position	98	
Fund Balances of Governmental Funds	100	
Changes in Fund Balances of Governmental Funds	101	
General Fund Balances	102	
Revenue Capacity Information		
Property Tax Rates - Direct and all Overlapping Governments	104	
Assessed and Estimated Actual Value of Taxable Property	105	
Principal Property Tax Payers	106	
Property Tax Levies and Collections	107	
Property Tax Collections	108	
Debt Capacity Information		
Ratios of Net General Obligation Bonded Debt Outstanding	110	
Outstanding Bonds	111	
Legal Debt Margin Information	112	
Computation of Direct and Overlapping Debt	113	
Demographic and Economic Information		
Demographic Statistics	115	
Principal Employers	117	
Operating Information		
Full Time Equivalent District Employees by Function	119	
Full Time Equivalent Staff Information	120	
Teacher Base Salaries	121	
Attendance Data	122	
Average Daily Attendance and Enrollment	123	
School Building Information	124	

La Porte Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents – Continued

Page Exhibit

Federal Awards Section

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.....	127	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	129	
Schedule of Findings and Questioned Costs.....	131	
Schedule of Expenditures of Federal Awards.....	133	K-1
Notes to the Schedule of Expenditures of Federal Awards	134	

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Introductory Section

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La Porte Independent School District

1002 San Jacinto Street
La Porte, Texas 77571

Lloyd W. Graham
Superintendent of Schools

(281) 604-7001
Fax (281) 604-7010
www.lpsd.org

November 13, 2018

Ms. Dee Anne Thomson, President,
Members of the Board of Trustees, and
Citizens of the La Porte Independent School District

Dear Members of the Board of Trustees and Citizens:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the La Porte Independent School District (the District) for the fiscal year ended June 30, 2018. The Comprehensive Annual Financial Report is management's report of financial operations to the Board of Trustees (the Board), taxpayers, grantor agencies, employees, the TEA, and other interested parties.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, resides with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management of the District is responsible for establishing and maintaining internal control structures designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Awards section of this report. The results of the District's Single Audit for the fiscal year ended June 30, 2018, provided no instances of material weaknesses in the internal control structures or material violations of applicable laws and regulations.

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.

Profile of the District

Residents of the District elect a seven-member Board of Trustees (the Board), each of which serves for three years. La Porte Independent School District is not included in any other governmental "reporting entity" since the Board of Trustees is elected by the public and has decision making authority. Monthly meetings of the Board are posted and advertised as prescribed under state laws so that the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

The District occupies 55 square miles in Southeast Harris County. Included in its boundaries are the cities of La Porte, Shoreacres, Morgan's Point, and a small section of southeast Deer Park and Pasadena. Established for the 1915-1916 school year, La Porte ISD is fortunate to have the support of the La Porte community which has retained that special "hometown" feeling while being able to take advantage of opportunities offered by the nearby metropolitan Houston area. During the 2017-2018 fiscal year, the District operated one senior high school, one alternative secondary campus, two junior high schools, one 6th grade campus, and seven elementary schools. The District serves approximately 7600 students, and provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and enriched academic education, special education for children with special needs, career and technology education, and programs for students with limited English proficiency. These basic programs are supplemented by a wide variety of offerings in fine arts and athletics.

A Vision for LPISD

The La Porte Independent School District *Portrait of a Graduate* presents a set of attributes that reflect our district's high expectations and commitment to provide our students with pride, loyalty, academic and social accomplishment, citizenship, curiosity, and a lifelong desire to contribute back to the greater community. This portrait serves as a framework for developing a coherent set of competencies for all La Porte Independent School District students.

The goals for improvement, which grew out of a comprehensive needs assessment and the work of the district Board of Trustees, staff, and community, are to increase achievement and success for every student through rigorous, broad-based academic programs and expanded opportunities; provide a safe, secure and disciplined learning environment; attract, develop and retain excellent staff; promote family engagement and active involvement of the community in the education of our students; and ensure and demonstrate efficient and effective use of district resources.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the specific environment in which the District operates. Located just southeast of Houston, Texas, in Harris County, the La Porte Independent School District is a dynamic factor in the quality of life and economic development efforts of the area. The commercial/industrial growth and the overall economic health of the area have dramatically increased in recent years. Increased property values and growth in the District's tax base easily demonstrate this. The strong collaborative ties with the chamber of commerce, the business community, other local governmental entities in the area, and San Jacinto College, LPISD is continuing to make new inroads in building support and targeting resources to achieve the greatest impact for all of our students. The financial, cultural, educational and recreational climate of the area is a testimony to the collective leadership and to the communities' progressive attitude toward responsible growth and their vision of the future.

Financial Information

Accounting Systems - The Board of Trustees maintains a system of accounting controls designed to assist the administration in meeting its responsibility for accurately reporting the financial condition of the District. The system is designed to provide reasonable assurance that assets are safeguarded against loss, theft, or misuse so activities can be recorded and transacted by the administration for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The cost of operating the District's schools and the revenues to cover these costs are recorded in the General Fund. Food service operations and special programs funded by state or federal government grants designed to accomplish a particular objective are recorded in Special Revenue Funds.

The District accounts for school construction financed by bond sales through a Capital Projects Fund. A specific portion of the tax rate is dedicated to payment of bond principal and interest. These transactions are recorded in the Debt Service Fund.

The District has established Internal Service Funds to account for the transactions of its self-insured workers' compensation plan and its print shop. Income for the self-funded workers' compensation plan is derived primarily from charges to governmental funds based on employee salaries. Income for the print shop is derived primarily from charges to governmental funds for printing services.

Financial schedules for fiduciary funds are included in the CAFR. Fiduciary funds are trust and agency funds used to account for assets held by the district in a trustee capacity. Included in this type of fund are the scholarship and activity funds.

The District's accounting records are maintained on a modified accrual basis for governmental fund types and a full accrual basis for the proprietary fund types as prescribed by Texas Education Agency Financial Accountability System Resource Guide (FASRG). Additionally, the District has prepared the Government-wide Financial Statements on the full accrual basis as required by Governmental Accounting Standards Board Statement No. 34.

Financial data is submitted by the District to the Texas Education Agency through the Public Education Information Management System (PEIMS). The data is then analyzed, reviewed and presented to the State Board of Education.

Budgetary Process – State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The budget itself is prepared utilizing a detailed line item approach for governmental fund types and is prepared in accordance with the budgeting requirements as outlined in the FASRG. The annual budget serves as the foundation for the District's financial planning and control. The District maintains budgetary controls throughout all of its financial systems. The objective of these controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the Board of Trustees. Activities of the general fund, child nutrition fund and debt service fund are included in the annually appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function within each individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, they are generally re-appropriated as part of the next year's budget. The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditures categories, revenues, and other sources and uses require Board approval.

Significant Financial Activities –The District's total tax base in 2017-18 was over \$9.82 billion, an increase of 4.1 % from the previous year. The tax rates per \$100 of assessed value for the past five years are shown on the following table.

Year	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
M&O	1.04	1.04	1.04	1.04	1.04
I&S	0.29	0.41	0.41	0.38	0.34

Major Indicators

In looking at the most common indicators of quality in a school system, the following are examples of major indicators in the District:

Test Scores – Under the state accountability system, STAAR (State of Texas Assessments of Academic Readiness) testing, the District as a whole met the state's expectations for the 2017-2018 school year. This is the sixth consecutive year that the state has awarded ratings as part of the STAAR accountability system. La Porte ISD and all campuses have met the state's standards since the inception of the program. Additionally, districts and campuses may receive distinctions in recognition of outstanding achievement towards performance index goals. Five La Porte ISD campuses were recognized with distinctions in one or more areas. Leo A. Rizzuto Elementary earned six distinctions, followed by La Porte Elementary and Lomax Elementary with four distinctions. Heritage Elementary earned two distinctions and Bayshore Elementary earned one distinction.

Attendance Rate - Attendance rate in the district for 2017-2018 is steady at 95% in spite of families being displaced due to Hurricane Harvey.

Dropout Rate - The dropout rate remains below the State average, meaning more students are finishing high school and are entering college or the work force.

Public Support - Pursuant to voter approval of a \$260 million bond authorization on August 12, 2015, the district sold \$72,545,000 in bonds. Additionally, another \$43,385,000 in bonds was sold on June 7, 2016. At the end of the 2017-18 school year, all construction projects were 100% complete except for La Porte High School which is at 99.5% completion, and the Agriculture Loafing Barn which is at 3% completion. The bond funds also provide funding for additional capital expenditures for fine arts, technology, transportation and maintenance. This bond has allowed the district to make substantial improvements resulting in improved student and staff morale as well as creating an attractive environment to draw future families and students to the La Porte community.

Awards and Acknowledgments

Financial Reporting Awards

The TEA has awarded the District a rating of "Superior" for the year ended June 30, 2017. This is the sixteenth year of the State's financial accountability rating system for school districts (School FIRST). La Porte ISD has received the highest possible rating for the past sixteen years. The rating is based upon an analysis of staff and student data reported for the 2016-2017 school year and budgetary and actual financial data for the fiscal year ended June 30, 2017. The primary goal of School FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to La Porte Independent School District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a governmental unit 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.

The District was also awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The District believes that the current comprehensive annual financial report continues to conform to the standards for which this award is granted and we will again submit the report for review.

In addition, for the school year ended June 30, 2018 the District received the TASBO Award of Merit for Purchasing Operations. This award recognizes school district's achievement in implementing best practices in the area of purchasing. This will be the third year that La Porte ISD has received this honor, and was awarded the prestigious Elite Award for Small Districts for the year ended June 30, 2016.

Acknowledgments – As we come to the completion of construction, we would like to express appreciation to all the stakeholders of the community for voting for the 2014 \$260 million bond referendum. We would also like to express appreciation to the Board of Trustees for its concern for providing fiscal accountability to patrons of our District and for its leadership in the development of one of the best educational operations within the State of Texas. Countless hours have been devoted to this District by teachers, principals, and

supporting staff and thanks is extended to the entire La Porte Independent School District Team that has worked so hard to provide the high-quality, cost-efficient education to the students we serve. Additionally, the preparation of this report was accomplished through much time and effort on the part of the District Finance department, and special appreciation is expressed to them.



Lloyd Graham
Superintendent



Rhonda Cumbie
Chief Financial Officer



Thad Lasater
Director of Finance

Certificate of the Board

La Porte Independent
School District
Name of Local Education Agency

Harris
County

101-916
County-District-Number No.

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and

approved

✓

disapproved

for the fiscal year ended June 30, 2018 at a meeting of the Board of Trustees of such school district on the 13th day of November, 2018.

Leis Rogerson
Signature of Board Secretary

Dee Armstrong
Signature of Board President

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

La Porte Independent School District
Principal Officials and Advisors

Board of Trustees

Trustee	Office	Completed Years of Service	Term Expires May	Occupation
Dee Anne Thomson	President	8	2019	Warehouse Operations Manager
David Janda	Vice President	6	2021	Teacher
Lois Rogerson	Secretary	5	2020	Retired Teacher
Kathy Green	Trustee	14	2020	Training Coordinator
Dennis Slate	Trustee	1	2020	Retired Police Officer
Lee Wallace	Trustee	8	2021	Retired GB Biosciences
Charlcya Wheeler	Trustee	14	2019	Retired

Administrative Officials

Official	Position	Years of Service	
		Total	District
Lloyd W. Graham	Superintendent	29	10
Rhonda Cumbie	Chief Financial Officer	21	10
Dr. Linda Wadleigh	Deputy Superintendent	33	18
Mike Clausen	Deputy Superintendent	49	49
Danette Tilley	Executive Director, Secondary Education	29	14
Jewel Whitfield	Executive Director, Elementary Education	21	18
Angela Garza-Viator	Executive Director, Human Resources	20	20
Thad Lasater	Director of Finance	10	1
Terri Cook	Public Information Officer, Director-Public Relations	18	10

Consultants and Advisors

Weaver and Tidwell, L.L.P.

Independent Auditors
24 Greenway Plaza, Suite 1800, Houston, Texas 77046

Hunton Andrews Kurth, L.L.P.

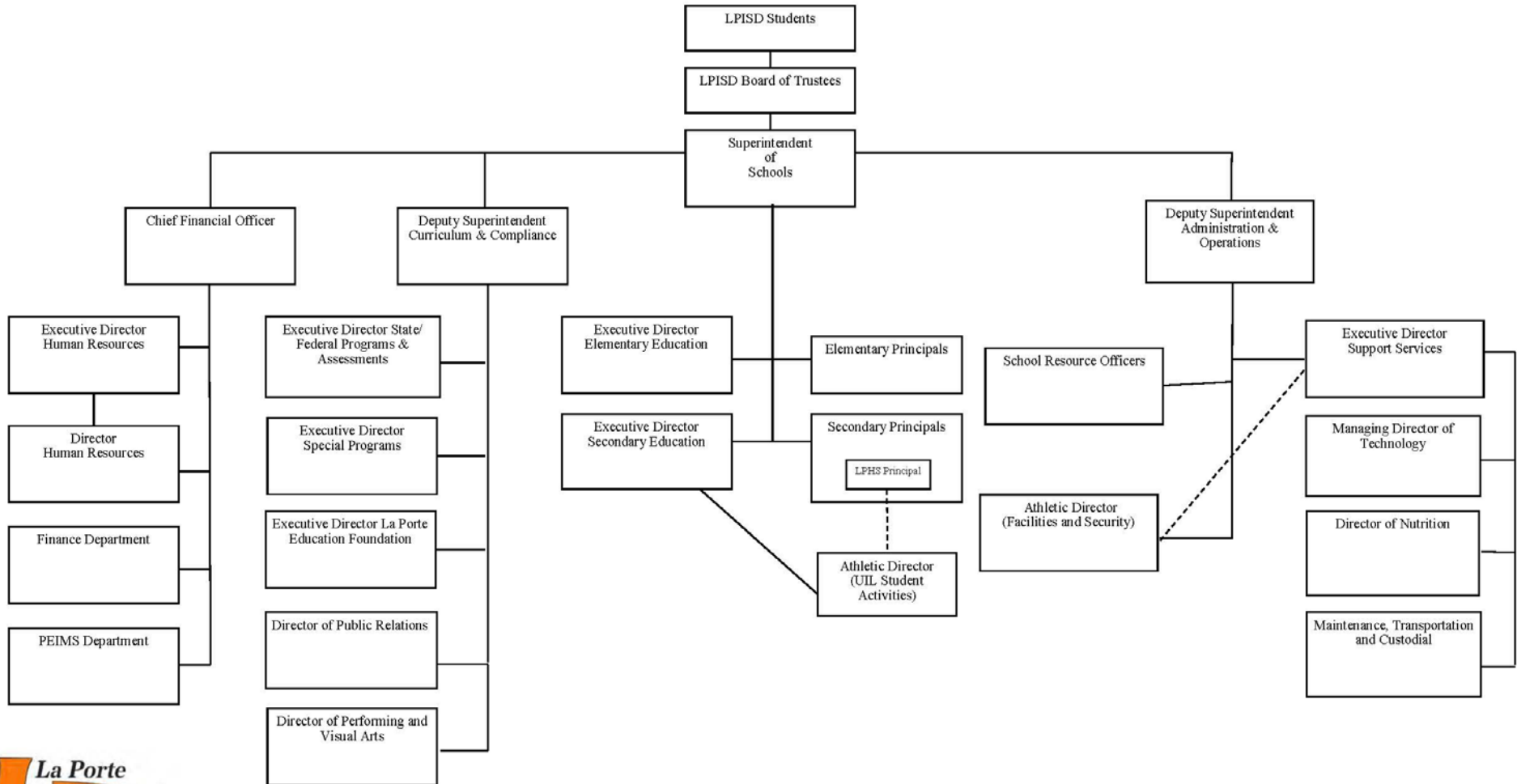
Bond Counsel
600 Travis, Suite 4200, Houston, Texas 77010

SAMCO Capital Markets, Inc

Financial Advisor
11111 Katy Freeway #820, Houston, Texas 77079

La Porte Independent School District Organizational Chart

2018-2019





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

La Porte Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**La Porte Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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Financial Section

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Independent Auditor's Report

To the Board of Trustees of
La Porte Independent School District
La Porte, Texas

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 La Porte Independent School District (the District), as of and for the year ended June 30, 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

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 La Porte Independent School District, as of June 30, 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.

Emphasis of Matters

As discussed in Note 1.C., the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (GASB 75). Also, as discussed in Note 17 to the financial statements, beginning net position has been restated for the implementation of GASB 75. 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 the 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 La Porte Independent School District's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information and The Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplementary Information and The Schedule of Expenditures 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 of
La Porte Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of La Porte Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering La Porte Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

Houston, Texas
November 13, 2018

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La Porte Independent School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

As the management of the La Porte Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial condition.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$37,007,259 (*net position*).
- The District's total net position decreased by \$29,983,958 due to the implementation of GASB 75, see note 1.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$73,352,284, a decrease of \$12,623,082 in comparison with the prior year. The decrease in governmental fund balances was primarily due to a decrease of \$17,306,095 and \$346,514 in the capital projects fund and non-major governmental funds, respectively, and an increase of \$1,668,119 and \$3,361,408 in the general fund and debt service fund, respectively.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$31,494,926, or 30 percent of total general fund expenditures.
- The District's total bonded debt decreased by 4.4 percent or \$15,530,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction; Instructional Resources and Media Services; Curriculum and Instructional Staff Development; Instructional Leadership; School Leadership; Guidance, Counseling, and Evaluation Services; Social Work Services; Health Services; Student Transportation; Food Services; Extracurricular Activities; General Administration; Plant Maintenance and Operations; Security and Monitoring Services; Data Processing Services; Community Services; Interest on Long-term Debt; Issuance Costs and Fees; Contracted Instructional Services between Schools; payments to JJAEP; payments to Tax Increment Fund and other intergovernmental charges. The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty 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, debt service fund, and the capital projects fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and National School Breakfast and Lunch Program special revenue fund.

The basic governmental fund financial statements can be found on pages 22 through 28 of this report.

Proprietary Fund

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long- and short-term financial information. The District maintains two internal service funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses an internal service fund to account for its self-funded workers' compensation insurance program and its print shop. Because their service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 29 through 31 of this report.

Fiduciary Funds

The fiduciary funds are used to account for resources held for the benefit of students. The fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The trust fund includes a student scholarship fund.

The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on pages 35 through 62 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The required supplementary information also includes the Schedule of the District's Proportionate Share of the Teacher Retirement System Net Pension Liability, Schedule of the District's Contributions to the Teacher Retirement System Pension Plan, Schedule of the District's Proportionate Share of the Net OPEB Liability and the Schedule of the District's Contributions to the Teacher Retirement System OPEB Plan. This required supplementary information can be found immediately following the notes to the financial statements of this report.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and can be found on pages 74 through 88 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$37,007,259 at the close of the most recent fiscal year.

The largest portion of the District's net position (\$30,910,969) reflects its investment in capital assets (e.g., capitalized bond and debt issuance costs, land, buildings and improvements, furniture and equipment and construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

La Porte Independent School District's Net Position (Amount in 000's)

	2018	2017
Assets:		
Current and other assets	\$ 97,736	\$ 119,603
Capital and non-current assets	<u>366,663</u>	<u>364,389</u>
Total assets	464,399	483,992
Deferred outflows of resources:	<u>13,726</u>	<u>16,515</u>
Total assets and deferred outflows of resources:	478,125	500,507
Liabilities:		
Current liabilities	25,962	35,755
Long-term liabilities	<u>401,834</u>	<u>396,662</u>
Total liabilities	427,796	432,417
Deferred inflows of resources:	<u>13,322</u>	<u>1,099</u>
Total liabilities and deferred inflows of resources:	441,118	433,516
Net position:		
Net investment in capital assets	30,911	33,312
Restricted	14,810	11,551
Unrestricted	<u>(8,714)</u>	<u>22,128</u>
Total net position	<u><u>\$ 37,007</u></u>	<u><u>\$ 66,991</u></u>

Net position of \$13,707,580 is restricted for debt service activities and net position of \$1,103,082 is restricted for grant activities. The District's net position decreased \$29,983,958 during the current fiscal year due to implementation of GASB 75. See note 1. C. in the notes to the basic financial statements.

La Porte Independent School District's Changes in Net Position (Amounts in 000's)

	<u>2018</u>	<u>2017</u>	<u>Percentage Change</u>
Program revenues			
Charges for services	\$ 1,382	\$ 1,787	-23%
Operating grants	(4,549)	10,010	-145%
General revenues			
Property taxes	129,406	130,223	-1%
Grants and contributions not restricted	5,702	5,962	-4%
Investment earnings	1,238	897	38%
Other	1,066	2,853	-63%
Total revenues	<u>134,245</u>	<u>151,732</u>	-12%
Expenses			
Instruction	38,856	52,297	-26%
Instructional resources and media services	349	455	-23%
Curriculum and staff development	693	1,026	-32%
Instructional leadership	616	1,026	-40%
School leadership	2,854	4,374	-35%
Guidance, counseling, and evaluation services	1,824	2,997	-39%
Social work services	228	231	-1%
Health services	592	875	-32%
Student transportation	2,384	3,024	-21%
Food service	3,251	4,518	-28%
Extracurricular activities	2,122	2,320	-9%
General administration	2,708	3,155	-14%
Plant maintenance and operations	10,071	10,634	-5%
Security and monitoring services	1,243	1,300	-4%
Data processing services	2,435	3,578	-32%
Community services	21	38	-45%
Interest on long-term debt	13,000	13,754	-5%
Issuance costs and fees	8	9	-11%
Facilities repair and maintenance	-	29	0%
Contracted instructional services between schools	33,224	31,238	6%
Payments related to shared services arrangements	111	108	3%
Payments to JJAEP	20	20	0%
Payments to tax increment fund	1,141	2,055	-44%
Other intergovernmental charges	994	964	3%
Total expenses	<u>118,745</u>	<u>140,025</u>	-15%
Special item-loss on disposal of capital assets	<u>-</u>	<u>(14,514)</u>	
Increase (decrease) in net position	15,500	(2,807)	-652%
Beginning net position	66,991	69,798	
Prior period adjustment	<u>(45,484)</u>	<u>-</u>	
Beginning net position as restated	<u>21,507</u>	<u>69,798</u>	
Ending net position	<u><u>\$ 37,007</u></u>	<u><u>\$ 66,991</u></u>	-45%

Governmental Activities

Governmental activities decreased the District's net position by \$29,983,958. Primarily the decrease is due to GASB 75 (see note 1) which increased net position approximately \$15 million in FY 2018 and decreased prior years by approximately \$45 million.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 District's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$73,352,284, a decrease of \$12,623,082 in comparison with the prior year. The decrease in governmental fund balances was primarily due to a decrease in the capital projects fund balance of \$17,306,095 and a decrease in the non-major governmental funds balance of \$346,514. The general fund balance increased by \$1,668,119 and the debt service fund balance increased by \$3,361,408.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$31,494,926, or 30 percent of total general fund expenditures. The net increase in general fund balance (\$1,668,119) during the current year was due primarily to an increased tax base and insurance proceeds.

The debt service fund has a total fund balance of \$18,245,027, all of which is reserved for the payment of debt service. The net increase in the debt service fund balance (\$3,361,408) during the current year was primarily due to increased base even though the District maintained the debt service tax rate. A contributing factor to the increased base is the Chapter 313 agreements the District has with industry partners, 100% of the tax base they bring to the District is taxable for debt service purposes.

The capital projects fund has a total fund balance of \$14,715,624, all of which is reserved for authorized construction, plant maintenance and technology projects/enhancements. The decrease in fund balance during the current year (\$17,306,095) was due to voter approval of a \$260,000,000 bond authorization in May, 2014 in which \$18,452,976, was spent for the utilization of bond proceeds for construction projects, renovation projects, plant maintenance and technology projects/ enhancements.

General Fund Budgetary Highlights

The primary difference between the original budget and the final amended budget of the general fund was an increase in revenue due to increased tax base from the preliminary values the District budget is based on and an offsetting increase in expenditures for the increased recapture payment occasioned by the increase in tax base. There was also an increase in revenue for insurance recovery due to Hurricane Harvey losses.

Capital Assets and Long-Term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2018, amounts to \$366,663,545 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$2,274,681.

A comparison of capital asset balances at current and prior fiscal year end follows:

Capital Assets (Amounts in 000's)

	Balance June 30, 2018	Balance June 30, 2017
Land	\$ 10,520	\$ 10,520
Buildings and improvements	415,599	397,818
Furniture and equipment	25,265	22,274
Construction in progress	18,191	24,065
	<u>469,575</u>	<u>454,677</u>
Less accumulated depreciation for:		
Buildings and improvements	(87,286)	(76,140)
Furniture and equipment	<u>(15,626)</u>	<u>(14,148)</u>
	<u>(102,912)</u>	<u>(90,288)</u>
Governmental capital assets	<u><u>\$ 366,663</u></u>	<u><u>\$ 364,389</u></u>

Additional information on the District's capital assets can be found in note 5 of the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the District had \$401,834,775 in total long-term liabilities, a decrease of \$40,568,740 as compared to the previous year. The underlying ratings of the bonds for general obligation debt are "AA" from Standard and Poor's and "Aa2" from Moody's Investors Service, and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

A comparison of long-term debt as of current and prior fiscal year end follows:

Long-term Debt (Amounts in 000's)

	Balance June 30, 2018	Balance June 30, 2017
General obligation bonds	\$ 335,450	\$ 350,980
Premium on bonds	23,137	25,609
Compensated absences	1,097	1,013
Net pension liability	16,241	19,059
Net OPEB liability	<u>25,909</u>	<u>45,742</u>
	<u><u>\$ 401,834</u></u>	<u><u>\$ 442,403</u></u>

Additional information on the District's long-term liabilities can be found in note 6 of the notes to the financial statements.

Major Initiatives

The District continued its partnership with San Jacinto College and the La Porte San Jacinto College Center where students may receive dual enrollment credit while attending La Porte High School. The goal of the college center is to provide opportunities for students to earn college credit and/or industry certification. New in the 2015-2016 school year, the District and San Jacinto College instituted the Accelerated College Education (ACE) dual credit program where eligible students can graduate with an Associate's degree in addition to a high school diploma. In 2017, the inaugural class had 31 ACE students graduate with both an Associate's degree and a high school diploma, in 2018 14 graduated and there are currently 97 students enrolled in the program and of those, 39 are anticipated to graduate in 2019.

The District provided purposeful professional development prior to the beginning of the school year for teachers, administrators, counselors, other professional staff, and paraprofessional staff. Instructional workshop topics included: growth mindset, gifted and talented; student engagement and motivation; Sean Cain's Fundamental Five focusing on quality instruction and high volume classroom walkthroughs; student behavior; dyslexia and dysgraphia; writing across the curriculum; and restorative practices. Special emphasis was given to social studies teachers whereby ongoing opportunities were provided to analyze and identify academic power standards, analyze student data, and build collaborative lessons. In addition, District level classroom walkthrough occurred to support the improvement efforts.

Pursuant to House Bill (HB) 5, the District increased the number of industrial or business license/certification programs available for our students. The District now offers the following license/certification programs that align with the career pathways embedded in the HB5 endorsement graduation plans:

Business and Industry Endorsement

- Agricultural Science Animal Pathway (Hunter Education, Veterinarian Technician);
- Agricultural Science Mechanical Pathway (Occupational Safety and Health);
- Administration (OSHA), National Center for Construction Education and Research (NCCER);
- Architecture and Construction (OSHA, NCCER);
- Arts, Audio/Visual and Communications Animation/Graphic Design (Adobe);
- Arts, Audio/Visual and Communications Audio Video Production (Adobe);
- Business Management and Finance (Microsoft Office);
- Hospitality Culinary Arts (ServSafe);
- Manufacturing Welding (OSHA, NCCER);
- Marketing (OSHA);
- Transportation Automotive Collision (ASE);
- Transportation Automotive Technology (ASE);
- Transportation Maritime (NCCER, Coast Guard)

Public Services Endorsement

- Education and Training Child Development (OSHA);
- Health Science (Red Cross CPR, Phlebotomy, Pharmacy Technician, First Aid, EKG);

Science, Technology, Engineering and Mathematics (STEM) Endorsement

- Engineering (Project Lead the Way)

The District has successfully sustained a district-wide Student Technology Initiative (STI), in which notebook devices are actively used by students, grades K -12. Each year additional devices are purchased as needs arise. Student access to STI devices has supported the District's transition to digital instructional materials in mathematics, science, and social studies. The STI implementation model varies depending on the grade levels served at each campus. At the elementary level, a distributive lab model has been implemented. Also, on the elementary campuses, fifth grade classes have access to two computer carts with 25 notebooks for instructional use. The District's secondary campuses have implemented an immersion model. This model provides a computer for each student in grades 6 through 12 for use in instructional settings.

The District maintains 12 campuses for instruction. Under the state accountability system, the District and each campus "met standard" for all accountability domains (1-3). Leo A. Rizzuto Elementary School earned distinctions in six areas: Student Achievement; Math; Science; Academic Growth; Closing the Gaps; and Postsecondary Readiness. La Porte Elementary School earned distinctions in four areas: Math; Science; Closing the Gaps; and Postsecondary Readiness. Lomax Elementary School also earned distinctions in four areas: Science; Academic Growth; Closing the Gaps; and Postsecondary Readiness. Heritage Elementary School's distinctions include Science and Academic Growth, while Bayshore Elementary received recognition for Postsecondary Readiness.

The District increased course offerings that support students' attainment of endorsement and distinguished achievement plans. Construction of the new career and technical education building mentioned previously allowed for this expansion. Within the STEM pathway, Computer Automated Drafting (CAD) was offered and the District initiated the process for implementing Project Lead the Way in 2016-2017. In the Health Science pathway, three new courses were added: Health Science Specialty Hospitals of America for student clinical rotations and Walgreens for student job shadowing. In the Education and Training pathway, the District established a partnership with La Porte Elementary for Principles of Education students to visit the campus weekly to mentor/tutor students and assist teachers. In the Audio/Visual pathway, Sports Broadcasting was offered, and the students are live broadcasting and streaming District athletic events.

Economic Factors and Future Budgets and Tax Rates

Ten years following Hurricane Ike, La Porte ISD continues to feel its impact, which was further exacerbated by the direct hit by Hurricane Harvey in August 2017. Governor Abbott has acknowledged the significance of Hurricane Harvey's influence with the continuance of the disaster declaration for our area as of this writing.

To illustrate this impact, Hurricane Ike barreled onto the Texas coast with a storm surge estimated at 10½ to 11½ feet in La Porte. Over 8,000 homes and 200 businesses sustained damage, primarily due to wind, and La Porte ISD's Bayshore Elementary was damaged beyond repair. Bayshore students attended classes at five other elementary schools while a new school was built a mile further inland, at a level above base elevation, and hardened to withstand a Category 4 hurricane.

In contrast, Hurricane Harvey was a significant rain event, with more than 40 inches falling in the La Porte area over a five-day period. Homes began to flood in the early morning hours of August 26, with approximately 500 homes and a few business sustaining damages, the total of which is estimated at \$24 million. This time, the damages to LPISD facilities were easily repaired, and as a result, the District was able to open its doors to students again just seven days later, allowing a return to routine and sense of normalcy for their students as many of their parents dealt with recovery issues at their homes or workplaces.

The District's own physical recovery from the storm was in large part due to the community's support of the 2014 bond program, which included a major rebuild of the La Porte High School campus, which is located just 500 yards from Galveston Bay. The projects at LPHS included areas that previously flooded during Hurricane Ike as well as during the heavy rains of the 2017 Tax Day and Memorial Day. All new facilities at LPHS also were elevated and hardened to withstand Category 4 hurricanes. This major rebuild of LPHS, coupled with \$3 million in mitigation that also benefitted the neighborhood, prevented flooding of the school during Harvey, even though the water surrounding the campus prompted the social media rumor exclaiming, "Rest in Peace, LPHS." In fact, following the storm, FEMA recognized LPISD for its mitigation efforts, including an article about the District on its website and an interview with Superintendent Lloyd W. Graham on its Facebook page.

As noted earlier, even though LPISD facilities were spared, many district homes were not, and LPISD has seen a decrease in enrollment of approximately 250 added to the 500-student loss from Hurricane Ike. Today, declining enrollment continues to be the district's existential threat. The District currently is conducting a demographic study and is hopeful that the addition of two apartment complexes (Legacy at La Porte Apartments, with an expected 294 units, and Domain at La Porte, with an expected 350 units) and three residential subdivisions (Fairmont Lakes North, with 84 lots; Lakes at Fairmont Greens, with 85 lots in Phase 2; and Morgan's Landing, with 642 lots) will provide some relief.

For FY 2019 the District anticipates a peak enrollment of 7,400 students, which is down from FY 2018. The District's pre-Hurricane Ike ADA was 7,670, while FY 2018 ADA was 7,003 and is anticipated to be close 6,900 for FY 2019.

Decreased enrollment equates to decreased revenue, and La Porte ISD was able to increase the Maintenance and Operations tax rate by 13 cents for this year only to help meet the needs of students. A section in the Tax Code provides that a district may increase its tax rate to the maximum allowed by law without a tax ratification election when a disaster declaration is issued. The property tax rate for 2018-19 will be \$1.38 per \$100 of assessed value with \$1.17 for maintenance and operations and \$0.21 for debt service; the 2017-18 rate was \$1.38 per \$100 of assessed value with \$1.04 for maintenance and operations and \$0.34 for debt service.

La Porte ISD remains a Chapter 41 district and subject to state recapture of local maintenance and operation tax dollars. The District sent 40.24% of our tax dollars to the state in fiscal year 2018 and estimates 46.63% in fiscal year 2019. During the special session of the 2011 Texas Legislative Session, Senate Bill 1 (SB 1) was enacted and made substantial changes in the manner the state school finance system is funded. SB 1 became effective for the 2011-2012 and 2012-2013 fiscal years. This change substantially reduced funding for the District. In the 2013 Texas Legislative Session, approximately 52.4% of those cuts were restored. Since that time there has not been any relief in the legislature for funding as mandates have increased.

The District currently has eight Chapter 313 agreements, as well as one under consideration. Under a Chapter 313 agreement for the purpose of maintenance and operations taxes, the taxable value of the property is limited, but for the purpose of bond repayment, the taxable value of the property cannot be limited. Chapter 313 also limits the reduction of maintenance and operating (M&O) taxable value to a floor that generates \$100 per student in average daily attendance (ADA). The agreement, a negotiable payment in lieu of taxes, as well as negotiable support for supplemental school district endeavors such as a foundation perhaps, are made directly to the taxing entity. In our case, the payment would come directly to us and be outside of the current school funding system and not subject to recapture or equalization payments to the state. The 313 agreements are not factored into the District budget until they are approved, constructed and assessed. These agreements are a major contributing factor to the District's increased base.

The District continues to incur a significant cost in property and casualty insurance due to the location of the District on Galveston Bay. The District has \$200 million of property in AE Zones close to the bay and \$100 million in coverage. This coverage costs the District \$1.8 million annually, with recapture, representing 3.1 pennies (2.98% of net maintenance and operation tax revenue after recapture) of the maintenance and operations tax collections which are then recaptured because the district is a chapter 41 district. The District also has costs to maintain two recovery storm shelters, and has routine shelter in place drills. Between summer 2008 and summer 2017, the District spent \$348 million for replacement and renovation of educational facilities with storm mitigation at the forefront of design and investment. The local economy is subject to volatility in the price of hydrocarbons.

The District has 1,184 faculty and staff comprised of the following: 42 employees in central administration departments; 538 teachers, librarians, counselors, and nurses; 268 other school leadership and support staff; 113 maintenance employees; 105 cafeteria workers; and 118 employees in transportation for the 2018-2019 budget. The District's Board of Trustees approved a 3% general pay increase for all employees, as well as increased the starting teacher salary to \$54,000. The minimum hourly rate for paraprofessionals is \$11.20 and the minimum hourly rate for manual trades is \$9.75.

The 2018 preliminary certified taxable property value as reported by the Harris and Chambers County Appraisal Districts totaled \$9,943,667,442 which is approximately 0.5 percent higher than the 2017 preliminary certified taxable values. The certified values which the District receives after the budget is adopted for both Harris and Chambers County Appraisal Districts totaled \$9,943,667,442.

Supplemental funding sources that support student programs include: Title I, Title II Part A, Title III, Carl Perkins Grant, State Compensatory Education, School Health Advisory Competitive Grant, and a Governor's Grant for Communities in Schools (CIS) services for both junior high school campuses and high school campus. The Communities in Schools ACE Grant provides for afterschool programs at Bayshore Elementary and La Porte Elementary. In addition, the La Porte Education Foundation supports teachers through grants that fund innovative instructional projects and programs.

House Bill 2610 passed by the 84th Texas Legislature changes the school year from 180 days to 75,600 minutes. This provides more flexibility for the District when constructing the educational calendars. The District adopted a calendar based on instructional minutes instead of instructional days. This calendar allows for the District better operational and instructional efficiency.

La Porte ISD became a District of Innovation which provides flexibility for the District to: develop an instructional calendar that supports the continuous improvement of student learning; ensure a safe and secure learning environment for students and staff; increase opportunities for the retention and recruitment of professional staff; attract and hire hard-to-fill Career and Technical Education (CTE) and Science, Technology, Engineering, Art, and Math (STEAM) staff positions, and develop a teacher appraisal cycle whereby teachers may be appraised less than annually.

The STI continues for the 2018-19 year by providing all students in grades 6 - 12 a laptop for classroom instruction. These devices also may be taken home.

In partnership with San Jacinto College, La Porte High School's Accelerated College Education (ACE) program continues. There are currently 97 students enrolled in the program for 2018-2019. The District provides transportation, tuition, fees and textbooks to all dual enrollment students. ACE is the next step in the District's continuing journey to increase our students' career and college readiness opportunities.

These factors were considered in preparing the District's FY 2019 budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, La Porte Independent School District.

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Basic Financial Statements

La Porte Independent School District
Statement of Net Position
June 30, 2018

Exhibit A-1

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 87,973,270
1220	Property taxes receivable	3,806,318
1230	Allowance for uncollectible property taxes	(1,183,066)
1240	Due from other governments	5,605,338
1290	Other receivables	102,113
1300	Inventories	80,159
1410	Prepaid items	1,352,096
	Capital assets not being depreciated:	
1510	Land	10,520,373
1580	Construction in progress	18,190,975
	Capital assets, net of accumulated depreciation	
1520	Buildings and improvements	328,313,897
1530	Furniture and equipment	9,638,300
1000	Total assets	464,399,773
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	5,244,305
1706	Deferred outflows - other postemployment benefits	363,027
1710	Deferred loss on issuance of refunding bonds	8,118,998
1700	Total deferred outflows of resources	13,726,330
LIABILITIES		
2110	Accounts payable	7,676,904
2140	Interest payable	5,198,327
2150	Payroll deductions and withholdings	584,331
2160	Accrued wages payable	1,598,737
2180	Due to other governments	10,200,471
2200	Accrued liabilities	554,473
2300	Unearned revenue	148,647
	Noncurrent liabilities	
2501	Due within one year	17,917,500
2502	Due in more than one year	341,766,811
2540	Net pension liability	16,241,030
2545	Net other postemployment benefits liability	25,909,434
2000	Total liabilities	427,796,665
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows - pension	2,484,214
2606	Deferred inflows - other postemployment benefits	10,837,965
2600	Total deferred inflows of resources	13,322,179
NET POSITION		
3200	Net investment in capital assets	30,910,969
3820	Restricted for grants	1,103,082
3850	Restricted for debt service	13,707,580
3900	Unrestricted	(8,714,372)
3000	TOTAL NET POSITION	\$ 37,007,259

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

La Porte Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Exhibit B-1

Data Control Codes	Functions/Programs	1	3	4	6
		Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
					Governmental Activities
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	\$ 38,856,109	\$ 91,553	\$ (4,568,648)	\$ (43,333,204)
0012	Instructional resources and media services	348,770	-	(47,667)	(396,437)
0013	Curriculum and staff development	693,000	-	117,938	(575,062)
0021	Instructional leadership	615,858	-	(48,435)	(664,293)
0023	School leadership	2,853,808	-	(793,544)	(3,647,352)
0031	Guidance, counseling, and evaluation services	1,824,276	-	(340,388)	(2,164,664)
0032	Social work services	228,045	-	(9,555)	(237,600)
0033	Health services	591,858	-	(146,304)	(738,162)
0034	Student transportation	2,383,859	-	(250,727)	(2,634,586)
0035	Food service	3,250,726	1,113,247	2,194,997	57,518
0036	Extracurricular activities	2,122,573	102,690	(232,410)	(2,252,293)
0041	General administration	2,707,853	-	(319,022)	(3,026,875)
0051	Plant maintenance and operations	10,070,631	74,181	(158,048)	(10,154,498)
0052	Security and monitoring services	1,243,185	-	(79,810)	(1,322,995)
0053	Data processing services	2,435,287	-	(168,528)	(2,603,815)
0061	Community services	20,614	-	10,743	(9,871)
0072	Interest on long-term debt	13,000,225	-	290,309	(12,709,916)
0073	Issuance costs and fees	8,000	-	-	(8,000)
0091	Contracted instructional services between schools	33,224,648	-	-	(33,224,648)
0093	Payments related to shared services arrangement	111,516	-	-	(111,516)
0095	Payments to juvenile justice alternative education programs	19,800	-	-	(19,800)
0097	Payments to tax increment fund	1,141,045	-	-	(1,141,045)
0099	Other intergovernmental charges	993,774	-	-	(993,774)
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 118,745,460</u>	<u>\$ 1,381,671</u>	<u>\$ (4,549,099)</u>	(121,912,888)
	General revenues:				
MT	Property taxes, levied for general purposes				96,468,292
DT	Property taxes, levied for debt services				32,937,911
GC	Grants and contributions not restricted to specific programs				5,701,540
IE	Investment earnings				1,238,456
MI	Miscellaneous				1,066,686
TR	Total general revenues				<u>137,412,885</u>
CN	Change in net position				15,499,997
NB	Net position - beginning				66,991,217
PA	Prior period adjustment - implementation of change in accounting principle (see Note 1)				<u>(45,483,955)</u>
	Net position - beginning, as restated				<u>21,507,262</u>
NE	NET POSITION - ENDING				<u>\$ 37,007,259</u>

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

La Porte Independent School District
Balance Sheet
Governmental Funds
June 30, 2018

		199	599
Data Control Codes		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 43,697,480	\$ 18,242,719
	Receivables:		
1220	Property taxes receivables	2,861,830	944,488
1230	Allowance for uncollectable taxes	(899,458)	(283,608)
1240	Due from other governments	3,365,208	2,308
1250	Accrued interest	5,737	-
1260	Due from other funds	1,369,803	-
1290	Other receivables	1,933	-
1300	Inventories, at cost	24,712	-
1410	Prepaid items	1,285,753	-
1000	TOTAL ASSETS	<u>\$ 51,712,998</u>	<u>\$ 18,905,907</u>
LIABILITIES			
2110	Accounts payable	\$ 2,421,609	\$ -
2150	Payroll deductions and withholdings	584,331	-
2160	Accrued wages payable	1,468,913	-
2170	Due to other funds	94,248	-
2180	Due to other governments	10,200,245	-
2300	Unearned revenue	72,694	-
2000	Total liabilities	14,842,040	-
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	1,962,372	660,880
2600	Total deferred inflows of resources	1,962,372	660,880
FUND BALANCES			
3410	Nonspendable - inventories	24,712	-
3430	Nonspendable - prepaid items	1,285,753	-
3450	Restricted - grants	-	-
3470	Restricted - capital acquisitions and contractual obligations	-	-
3480	Restricted - debt service	-	18,245,027
3540	Committed - self insurance	1,000,000	-
3520	Committed - compensated absences	1,067,367	-
3545	Committed - student achievement and safety	-	-
3590	Assigned - purchases on order	35,828	-
3600	Unassigned	31,494,926	-
3000	Total fund balances	34,908,586	18,245,027
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 51,712,998</u>	<u>\$ 18,905,907</u>

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

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 18,840,405	\$ 5,706,623	\$ 86,487,227
-	-	3,806,318
-	-	(1,183,066)
803,294	1,434,528	5,605,338
12,679	-	18,416
38,922	4,028	1,412,753
80,987	599	83,519
-	14,580	39,292
63,389	-	1,349,142
<u>\$ 19,839,676</u>	<u>\$ 7,160,358</u>	<u>\$ 97,618,939</u>
\$ 5,124,052	\$ 129,851	\$ 7,675,512
-	-	584,331
-	129,824	1,598,737
-	1,341,504	1,435,752
-	179	10,200,424
-	75,953	148,647
<u>5,124,052</u>	<u>1,677,311</u>	<u>21,643,403</u>
-	-	2,623,252
<u>-</u>	<u>-</u>	<u>2,623,252</u>
-	14,580	39,292
63,389	-	1,349,142
-	1,103,082	1,103,082
14,652,235	-	14,652,235
-	-	18,245,027
-	-	1,000,000
-	29,746	1,097,113
-	4,335,639	4,335,639
-	-	35,828
-	-	31,494,926
<u>14,715,624</u>	<u>5,483,047</u>	<u>73,352,284</u>
<u>\$ 19,839,676</u>	<u>\$ 7,160,358</u>	<u>\$ 97,618,939</u>

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La Porte Independent School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Exhibit C-2

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)

\$ 73,352,284

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental activities capital assets, excluding the internal service funds, at year-end consist of:

Governmental capital assets costs	\$ 469,575,645	
Accumulated depreciation of governmental capital assets	<u>(102,912,100)</u>	366,663,545

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	2,623,252
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Long-term liabilities, including bonds payable, compensated absences, net pension and other postemployment benefit liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items, consist of:

Bonds payable, at original par	\$ (335,450,000)	
Premium on bonds payable	(23,137,198)	
Accrued interest on the bonds	(5,198,327)	
Compensated absences	(1,097,113)	
Net pension liability	(16,241,030)	
Net OPEB liability	<u>(25,909,434)</u>	(407,033,102)

An internal service fund is used by the District to charge the costs of various services to the individual funds. The assets and liabilities of the following internal service funds are included with governmental activities:	997,129
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Deferred charge on refunding is reported as a deferred outflow of resources in the statement of net position and it is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.	8,118,998
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Deferred outflows for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	5,244,305
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Deferred inflows for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	(2,484,214)
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Deferred outflows for other postemployment benefits represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	363,027
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Deferred inflows for other postemployment benefits represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	<u>(10,837,965)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)

37,007,259

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

La Porte Independent School District
Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

		199	599
Data Control Codes			
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 98,129,830	\$ 33,163,391
5800	State program revenues	7,034,704	290,309
5900	Federal program revenues	1,431,727	-
5020	Total revenues	106,596,261	33,453,700
EXPENDITURES			
Current:			
0011	Instruction	40,760,467	-
0012	Instructional resources and media services	442,718	-
0013	Curriculum and instructional staff development	666,490	-
0021	Instructional leadership	865,459	-
0023	School leadership	4,433,985	-
0031	Guidance, counseling, and evaluation services	2,840,485	-
0032	Social work services	248,452	-
0033	Health services	888,209	-
0034	Student transportation	2,792,377	-
0035	Food services	-	-
0036	Extracurricular activities	1,737,084	-
0041	General administration	3,227,129	-
0051	Plant maintenance and operations	7,601,475	-
0052	Security and monitoring services	1,423,170	-
0053	Data processing services	1,508,071	-
0061	Community services	9,897	-
Debt service:			
0071	Principal on long-term debt	-	15,530,000
0072	Interest on long-term debt	-	14,554,292
0073	Issuance costs and fees	-	8,000
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0091	Contracted instructional services between schools	33,224,648	-
0093	Payments related to shared service arrangements	111,516	-
0095	Payments to juvenile justice alternative education programs	19,800	-
0097	Payments to tax increment fund	1,141,045	-
0099	Other intergovernmental charges	993,774	-
6030	Total expenditures	104,936,251	30,092,292
1100	Excess (deficiency) of revenues over (under) expenditures	1,660,010	3,361,408
OTHER FINANCING SOURCES (USES)			
7915	Transfers in	8,313	-
8911	Transfers out	(204)	-
7080	Total other financing sources (uses)	8,109	-
1200	Net change in fund balances	1,668,119	3,361,408
0100	Fund balances - beginning	33,240,467	14,883,619
3000	FUND BALANCES - ENDING	\$ 34,908,586	\$ 18,245,027

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

699		98
Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 1,146,881	\$ 1,629,656	\$ 134,069,758
-	996,664	8,321,677
-	5,862,353	7,294,080
1,146,881	8,488,673	149,685,515
305,984	3,364,803	44,431,254
-	9,500	452,218
-	259,954	926,444
-	183,495	1,048,954
-	9,372	4,443,357
-	360,225	3,200,710
-	-	248,452
-	10,388	898,597
-	873	2,793,250
-	4,058,859	4,058,859
-	145,831	1,882,915
78,264	5,315	3,310,708
2,921,479	403,424	10,926,378
-	4,304	1,427,474
857,701	-	2,365,772
-	10,735	20,632
-	-	15,530,000
-	-	14,554,292
-	-	8,000
14,289,548	-	14,289,548
-	-	33,224,648
-	-	111,516
-	-	19,800
-	-	1,141,045
-	-	993,774
18,452,976	8,827,078	162,308,597
(17,306,095)	(338,405)	(12,623,082)
-	204	8,517
-	(8,313)	(8,517)
-	(8,109)	-
(17,306,095)	(346,514)	(12,623,082)
32,021,719	5,829,561	85,975,366
\$ 14,715,624	\$ 5,483,047	\$ 73,352,284

La Porte Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Exhibit C-4

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-3)

\$ (12,623,082)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. Such balances exclude the internal service fund activity.

Capital assets <i>increased</i>	\$ 14,898,205	
Depreciation expense	<u>(12,623,524)</u>	2,274,681

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.

31,780

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

15,530,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase (decrease) in interest reported in the statement of activities consist of the following:

Accrued interest on current interest bonds (increased) decreased	\$ 249,591	
Amortization of bond premium	2,471,911	
Amortization of deferred charge on refunding bonds	<u>(1,167,435)</u>	1,554,067

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

(83,788)

Internal service funds are used by the District to charge the costs of workers' compensation benefits and print shop activity to the individual funds. The net activity of the following internal service funds are reported in the government-wide statements:

268,161

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (1,984,482)	
Deferred inflows (increased) decreased	(1,385,176)	
Net pension liability (increased) decreased	<u>2,818,253</u>	(551,405)

The net change in net other postemployment benefit liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 105,184	
Deferred inflows (increased) decreased	(10,837,965)	
Net other postemployment benefit liability (increased) decreased	<u>19,832,364</u>	9,099,583

CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)

\$ 15,499,997

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

La Porte Independent School District
Statement of Net Position
Proprietary Fund
June 30, 2018

Exhibit D-1

<u>Data Control Codes</u>		<u>Internal Service Fund</u>
ASSETS		
	Current assets:	
1110	Cash and cash equivalents	\$ 1,486,043
1260	Due from other funds	55,351
1290	Other receivables	178
1300	Inventories, at cost	40,867
1410	Prepaid items	<u>2,954</u>
1000	Total assets	1,585,393
LIABILITIES		
	Current liabilities:	
2110	Accounts payable	1,392
2170	Due to other funds	32,352
2180	Due to other governments	47
2200	Accrued liabilities	<u>554,473</u>
	Total current liabilities	588,264
NET POSITION		
3900	Unrestricted	<u>997,129</u>
3000	TOTAL NET POSITION	<u><u>\$ 997,129</u></u>

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

La Porte Independent School District
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

Exhibit D-2

<u>Data Control Codes</u>		<u>Internal Service Fund</u>
OPERATING REVENUES		
5700	Charges for services	<u>\$ 813,980</u>
5020	Total operating revenues	813,980
OPERATING EXPENSES		
6100	Payroll costs	70,532
6200	Professional and contracted services	438,935
6300	Supplies and materials	37,094
6400	Other operating costs	<u>775</u>
6030	Total operating expenses	<u>547,336</u>
	Operating income	266,644
NONOPERATING REVENUES		
7020	Earnings on investments	<u>1,517</u>
8030	Total nonoperating revenues	<u>1,517</u>
1300	Change in net position	268,161
0100	Net position - beginning	<u>728,968</u>
3300	NET POSITION - ENDING	<u><u>\$ 997,129</u></u>

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

La Porte Independent School District
 Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2018

Exhibit D-3

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 812,513
Cash payments for insurance claims	(353,615)
Cash payments for other operating expenses	<u>(156,489)</u>
Net cash provided by operating activities	302,409
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from earnings on investments	<u>1,517</u>
Net cash provided by investing activities	<u>1,517</u>
Net increase in cash and cash equivalents	303,926
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,182,117</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,486,043</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 266,644
Effect of increases and decreases in current assets and liabilities	
Increase in due from other funds	(1,289)
Increase in other receivables	(178)
Increase in inventory	(4,648)
Increase in prepaid items	(24)
Decrease in accounts payable	(4,442)
Increase in due to other funds	25,194
Decrease in due to other governments	(26)
Increase in accrued expenses	<u>21,178</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 302,409</u></u>

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

La Porte Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

Exhibit E-1

Data Control Codes		865	
		Trust Funds	Student Activity Fund
	ASSETS		
1110	Cash and cash equivalents	\$ 248,128	\$ 196,411
1290	Other receivables	601	28,769
1000	TOTAL ASSETS	248,729	\$ 225,180
	LIABILITIES		
2110	Accounts payable	3,772	\$ 28,027
2180	Due to other governments	-	2,577
2190	Due to student groups	24,307	194,576
2000	TOTAL LIABILITIES	28,079	\$ 225,180
	NET POSITION		
3800	Held in trust for private purpose	220,650	
	TOTAL NET POSITION	\$ 220,650	

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

La Porte Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

Exhibit E-2

<u>Data Control Codes</u>		<u>Trust Funds</u>
	ADDITIONS	
5740	Gifts and contributions	<u>\$ 132,878</u>
	Total additions	132,878
	DEDUCTIONS	
6399	Administrative costs	<u>141,439</u>
	Total deductions	<u>141,439</u>
	Change in net position	(8,561)
	Net position - beginning	<u>229,211</u>
	NET POSITION - ENDING	<u><u>\$ 220,650</u></u>

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

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La Porte Independent School District

Notes to the Basic Financial Statements

Note 1. Significant Accounting Policies

The La Porte Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas (the State). It is governed by a seven member Board of Trustees that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the significant accounting policies of the District.

A. Reporting Entity

The Board of Trustees (the Board) is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity* as amended by GASB 39, *Determining Whether Certain Organizations are Component Units* and GASB 61, *The Financial Reporting Entity: Omnibus*. There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the La Porte Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no business-type activities for the fiscal year ended June 30, 2018.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund services provided and used are not eliminated in the process of consolidation.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. 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 non-major funds.

La Porte Independent School District

Notes to the Basic Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. New Accounting Standards Adopted

In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

The requirements of GASB 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions (other postemployment benefits or OPEB). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. The adoption of GASB 75 has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its OPEB plan and the recognition of OPEB expense.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is the accounting convention, which determines which assets, deferred outflows, liabilities and deferred inflows are included on the balance sheet of a fund type and whether a fund type's operating statement presents "financial flow" or capital maintenance information.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements (with the exception of agency funds which are custodial in nature thus do not have a measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows, current liabilities, deferred inflows and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in fund balance (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

La Porte Independent School District

Notes to the Basic Financial Statements

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. Net position is segregated into net investment in capital assets, restricted, and unrestricted.

E. Fund Accounting

The District's accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

The General Fund. The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major program revenues include local property taxes, state funding under the foundation school program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

Debt Service Funds. The debt service fund is utilized to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Funds. The capital project fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of general obligation bonds and interest earned on such monies and local sources designated for such purposes.

Additionally, the District reports the following non-major fund types:

Governmental Funds

Special Revenue Funds – The District accounts for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

La Porte Independent School District

Notes to the Basic Financial Statements

Proprietary Funds

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service funds are a worker's compensation fund and a print shop fund. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. All other revenues and expenses are nonoperating items.

Fiduciary Funds

Trust and Agency Funds – The District accounts for resources held for others in a custodial capacity in trust and agency funds. The District's agency funds are student and teacher activity funds and trust funds include the student scholarship fund.

F. Budgets and Budgetary Accounting

The District facilitates budgeting and budgetary control by preparing annual budgets for the General Fund, National School Breakfast and Lunch Program, and Debt Service Fund and appropriately amending the budgets as circumstances dictate; the annual budgets as amended are an integral part of the accounting system, providing appropriate budgetary control over revenues, expenditures and transfers through comparison of actual data and encumbrances to budgetary data.

The Superintendent of Schools is designated as the budget officer of the District and is responsible for preparing, or causing to be prepared, a budget for the next succeeding fiscal year.

The Board of Trustees may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories as defined by the Texas Education Agency. Such amendments must be reflected in the official minutes of the Board, and may not, by law, occur after June 30. Therefore, the legal level of budgetary control is at the function level within each budgeted fund. Management may transfer appropriations between objects, sub-objects, organizations, programs, and projects without approval from the Board of Trustees, as long as appropriations are not increased or decreased at the function level.

The Texas Education Agency (TEA) requires the budgets to be filed with them through regular submissions to the Public Education Information Management System (PEIMS).

The budget should not be exceeded in any functional expenditure category under TEA requirements. The final amended versions of these budgets are used in this report.

Budgets for the General Fund, National School Breakfast and Lunch Program, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

G. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

La Porte Independent School District

Notes to the Basic Financial Statements

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General fund	\$ -	\$ -	\$ 35,828
Nonmajor fund	-	20,833	-
Capital projects fund	5,201,797	-	-
Total encumbrances	\$ 5,201,797	\$ 20,833	\$ 35,828

H. Cash and Cash Equivalents

The District's cash is comprised of demand accounts and imprest funds. All daily receipts are deposited to the demand accounts until the funds are invested under the terms of the District's depository contract. The District considers cash equivalents to be all highly liquid investments with initial maturities of ninety days or less from the date of purchase.

I. Investments

The District's general policy is to report investments, except for certain investment pools and non-negotiable certificates of deposit, at fair value. Investment pools which elect to measure for financial reporting purposes all of their investments in accordance with GASB Statement No. 79 *Certain External Investment Pools and Pool Participants* (GASB 79), are reported at amortized cost or net asset value. Non-negotiable certificates of deposit are reported at cost.

J. Inventory and Prepaid Items

Inventories on the balance sheet consist of materials and supplies and are recorded at first-in, first-out (FIFO) cost. The District follows the consumption method of accounting whereby supplies and materials are recorded as expenditures when utilized.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Compensated Absences

Twelve-month employees with less than ten years of service accrue .834 days of vacation each month between July 1 and June 30. Twelve-month employees with greater than ten years of service accrue 1.25 days of vacation each month between July 1 and June 30. Employees may accrue up to a maximum of 35 vacation days. Earned vacation time shall be paid to an employee who voluntarily separates from employment.

A permanent employee who was employed by the District prior to September 1, 1994, who contributes to the Teacher Retirement System (TRS) through payroll deductions, who was employed by the District for the past ten consecutive years, and who retires from the District under the provisions of TRS shall be paid for all unused state and local sick leave accrued while employed by the District. The total paid days cannot exceed 90 and will be based on the employee's then current rate during the 2003-2004 year.

La Porte Independent School District

Notes to the Basic Financial Statements

In lieu of benefits provided in the preceding paragraph, an employee eligible for such benefits may opt to receive a lump sum equivalent to seventy percent of the eligible benefits made available by this policy in exchange for waiving all other benefits owned under this policy.

The accrual for accumulated unpaid sick leave and vacation leave benefits has been recorded in the government-wide financial statements.

L. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by the TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

M. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate for the fiscal year ended June 30, 2018 will change and those changes could be material.

N. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District 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 31 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 school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District expects to receive all significant receivables within one year of June 30, 2018.

O. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

La Porte Independent School District

Notes to the Basic Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	20-65
Furniture and equipment	5-30

P. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

La Porte Independent School District

Notes to the Basic Financial Statements

R. 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.

S. 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.

T. Interfund Transactions

During the course of normal operations, it is necessary for the District to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses initially made from it, that are properly applicable to another fund.
- Transfers of equity balances from one fund to another.
- Transfers in and out, as appropriate, which are shown as other financing sources or uses in the fund financial statements.
- All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements.

U. Fund Balances and Net Position

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 is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for grants – the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the providers of the funds.

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.

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

La Porte Independent School District

Notes to the Basic Financial Statements

Governmental Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54). 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 non-spendable, 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:

Non-spendable – 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, prepaid items and long term receivables.

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 the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action in an open meeting of the highest level of decision making authority. Formal action of the highest level of decision making is also required to modify or rescind a fund balance commitment. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees.

Assigned – includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Chief Financial Officer pursuant to the District's fund balance policy.

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.

When restricted, committed, assigned, and unassigned fund balances are available for use, it is the District's policy to use restricted fund balance first. Then committed fund balances are reduced, followed by assigned amounts and unassigned amounts when expenditures are incurred for purposes for which amounts in any of those fund balance classifications can be used.

Note 2. Deposits and Investments

Cash 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 which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be 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 (FDIC) insurance.

La Porte Independent School District

Notes to the Basic Financial Statements

Investments

The District's investment policy is in accordance with the Public Funds Investment Act (PFIA), the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Public funds investment pools which meets the requirements of the Public Funds Investment Act.

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 86,487,227
Proprietary funds	1,486,043
Fiduciary funds	<u>444,539</u>
	<u>\$ 88,417,809</u>

Cash and investments as of June 30, 2018 consist of the following:

Deposits with financial institutions	\$ 5,070,357
Investments	<u>83,347,452</u>
	<u>\$ 88,417,809</u>

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 a 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.

La Porte Independent School District

Notes to the Basic Financial Statements

The District's investment measurements and balances, weighted average maturity, and credit risks of such investments are as follows:

	<u>June 30, 2018</u>	<u>Percent of Total Investments</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>
Investments measured at amortized cost:				
Investment pools:				
LoneStar Corporate Overnight Fund	\$ 19,641,701	24%	44	AAAm
LoneStar Government Overnight Fund	2,352,985	3%	25	AAAm
TexPool	6,201,096	7%	24	AAAm
TexPool PRIME	23,815,285	28%	35	AAAm
Texas DAILY	2,523,311	3%	38	AAAm
Investments measured at NAV:				
Texas CLASS	19,180,951	23%	50	AAAm
Texas CLASS Government	2,382,123	3%	49	AAAm
Investments measured at cost:				
Certificate of Deposits	<u>7,250,000</u>	9%	225	Not Rated
Total value	<u>\$ 83,347,452</u>			

Certain investment types are not required to be measured at fair value, those include certain investment pools measured at amortized cost, other investment pools which are measured at net asset value, and non-negotiable certificates of deposit which are measured at amortized cost. These investments are exempt from categorization within the fair value hierarchy.

The TexPool, TexPool PRIME, LoneStar Corporate Overnight Fund, LoneStar Government Overnight Fund and Texas DAILY investment pools are external investment pools 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, Lone Star, 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.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool PRIME. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and TexPool PRIME and other persons who do not have a business relationship with TexPool and TexPool PRIME.

LoneStar Corporate Overnight Fund and LoneStar Government Overnight investment pools are governed by an 11-member board and are investment programs tailored to the investment needs of local governments within the state of Texas. Additionally, LoneStar has established an advisory board composed of pool participants and other independent persons.

La Porte Independent School District

Notes to the Basic Financial Statements

Texas DAILY is directed by an advisory board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors.

Texas CLASS and Texas CLASS Government investment pools are governed by a board of investment participants and measured at their net asset value. Texas CLASS and Texas CLASS Government's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pool. Texas CLASS and Texas CLASS Government have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of general suspension of trading on major securities market, general banking moratorium or national or state emergency that affect the pool's liquidity.

Credit Risk

At year end, the District's investments were rated as noted in the preceding table. All credit ratings met acceptable levels required by legal guidelines prescribed by both the PFIA and the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the maturity of any individual investment from the time of purchase not to exceed one year.

Concentration of Credit Risk

The District's investment policy dictates that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2018, District's banks' balances of \$5,470,943 were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

Note 3. Receivables

Tax revenues of the general and debt service fund are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ (99,158)
Change in uncollectibles related to debt service property taxes	<u>(28,408)</u>
Total change in uncollectibles of the current fiscal year	<u>\$ (127,566)</u>

La Porte Independent School District

Notes to the Basic Financial Statements

Note 4. Interfund Balances and Activities

Receivables/Payables

The composition of interfund receivable/payable balances as of June 30, 2018, is as follows:

Due to Fund	Due from Fund	Amount	Purpose
Internal service	General fund	55,326	Interfund services provided
Capital projects	General fund	38,922	Transfer to cover expenditures
General fund	Nonmajor	1,337,451	Transfer to cover expenditures
Internal service	Nonmajor	25	Interfund services provided
Nonmajor	Nonmajor	4,028	Transfer to cover expenditures
General fund	Internal service	32,352	Transfer to cover expenditures
		<u>\$ 1,468,104</u>	

All amounts due are scheduled to be repaid within one year.

Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's interfund transfers for the fiscal year ended June 30, 2018.

Transfer Out	Transfer In	Amount
General fund	Nonmajor	\$ 204
Nonmajor	General fund	<u>8,313</u>
Total		<u><u>\$ 8,517</u></u>

La Porte Independent School District
Notes to the Basic Financial Statements

Note 5. Capital Asset Activity

Capital asset activity for the District for the fiscal year ended June 30, 2018 was as follows:

Governmental activities:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 10,520,373	\$ -	\$ -	\$ 10,520,373
Construction in progress	24,065,214	12,554,042	(18,428,281)	18,190,975
Total capital assets, not being depreciated	34,585,587	12,554,042	(18,428,281)	28,711,348
Capital assets, being depreciated				
Buildings and improvements	397,817,790	-	17,781,746	415,599,536
Furniture and equipment	22,274,063	2,344,163	646,535	25,264,761
Total capital assets, being depreciated	420,091,853	2,344,163	18,428,281	440,864,297
Less accumulated depreciation on:				
Buildings and improvements	76,139,831	11,145,808	-	87,285,639
Furniture and equipment	14,148,745	1,477,716	-	15,626,461
Total accumulated depreciation	90,288,576	12,623,524	-	102,912,100
Total capital assets, being depreciated, net	329,803,277	(10,279,361)	18,428,281	337,952,197
Governmental activities capital assets, net	\$ 364,388,864	\$ 2,274,681	\$ -	\$ 366,663,545

Depreciation expense of the governmental activities was charged to functions/programs as follows:

11 Instruction	\$ 10,431,554
12 Instructional resources and media services	1,424
21 Instructional administration	17,905
23 School administration	1,050
33 Health services	760
34 Student (pupil) transportation	165,410
35 Food services	111,581
36 Co-curricular/extracurricular activities	696,256
41 General administration	88,696
51 Plant maintenance and operations	672,210
53 Data processing services	436,678
Total depreciation expense	\$ 12,623,524

La Porte Independent School District
Notes to the Basic Financial Statements

Construction in progress and remaining commitment, as of June 30, 2018, were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
La Porte High School/Multi-Purpose Maintenance building	\$ 111,415,000 634,800	\$ 110,289,970 48,110	\$ 1,125,030 586,690
	<u>\$ 112,049,800</u>	110,338,080	<u>\$ 1,711,720</u>
Less: transfers out for completed items		<u>(92,147,105)</u>	
TOTAL CIP		<u>\$ 18,190,975</u>	

Note 6. Changes in Long-Term Liabilities

Long-term activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 350,980,000	\$ -	\$ 15,530,000	\$ 335,450,000	\$ 15,465,000
Premium on bonds	25,609,109	-	2,471,911	23,137,198	2,342,173
Total bonds payable, net	376,589,109	-	18,001,911	358,587,198	17,807,173
Compensated absences	1,013,325	234,725	150,937	1,097,113	110,327
Net pension liability	19,059,283	1,910,675	4,728,928	16,241,030	-
Net other postemployment benefit liability*	45,741,798	4,384	19,836,748	25,909,434	-
Total governmental activities long-term liabilities	<u>\$ 442,403,515</u>	<u>\$ 2,149,784</u>	<u>\$ 42,718,524</u>	<u>\$ 401,834,775</u>	<u>\$ 17,917,500</u>

*Per GASB 75, beginning balance for net other postemployment benefit liability includes the restatement of net other postemployment benefit liability at July 1, 2017.

Pension and other postemployment benefits have generally been liquidated through the general fund in prior years.

La Porte Independent School District
Notes to the Basic Financial Statements

Note 7. Bonded Debt Payable

Bonded debt payable as of June 30, 2018 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2017	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2018
Unlimited Tax School Building Bonds Series 2016	2.00-5.00	\$ 43,385,000	\$ 37,780,000	\$ -	\$ 1,015,000	\$ 36,765,000
Unlimited Tax Refunding Bonds Series 2016	2.50-5.00	21,370,000	21,370,000	-	-	21,370,000
Unlimited Tax School Building Bonds Series 2015	2.00-5.00	72,545,000	63,040,000	-	3,275,000	59,765,000
Unlimited Tax Refunding Bonds Series 2015	3.00-5.00	67,760,000	67,760,000	-	2,890,000	64,870,000
Unlimited Tax Refunding Bonds Series 2014	2.00-4.00	6,090,000	2,860,000	-	90,000	2,770,000
Unlimited Tax School Building Bonds Series 2014	1.50-5.00	99,675,000	88,180,000	-	2,770,000	85,410,000
Unlimited Tax Refunding Bonds Series 2012	2.00-5.00	40,685,000	40,475,000	-	1,085,000	39,390,000
Unlimited Tax School House Bonds Series 2010B	3.52-4.64	18,880,000	18,880,000	-	-	18,880,000
Unlimited Tax School House Bonds Series 2010A	2.00-4.00	7,780,000	3,745,000	-	715,000	3,030,000
Unlimited Tax Refunding Bonds Series 2010	2.25-5.00	19,500,000	5,675,000	-	2,475,000	3,200,000
Unlimited Tax School House Bonds Series 2009	3.00-5.00	29,480,000	1,215,000	-	1,215,000	-
Total bonded debt payable			<u>\$ 350,980,000</u>	<u>\$ -</u>	<u>\$ 15,530,000</u>	<u>\$ 335,450,000</u>

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 account assets and liabilities for the defeased bonds are not included in the District's financial statements. There were no defeased bonds outstanding at June 30, 2018.

La Porte Independent School District

Notes to the Basic Financial Statements

The debt service requirements on the District's bonds are as follows:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 15,465,000	\$ 13,862,199	\$ 29,327,199
2020	15,385,000	13,187,399	28,572,399
2021	15,340,000	12,466,599	27,806,599
2022	15,315,000	11,747,020	27,062,020
2023	15,825,000	11,017,726	26,842,726
2024-2028	87,495,000	44,269,982	131,764,982
2029-2033	83,715,000	27,049,369	110,764,369
2034-2038	70,815,000	12,959,112	83,774,112
2039	16,095,000	707,400	16,802,400
Totals	\$ 335,450,000	\$ 147,266,806	\$ 482,716,806

Bonded debt payable is collateralized by revenue from the District's tax collections.

As of June 30, 2018, the District has \$30,000,000 of authorized but unissued bonds from the May 2014 election.

Note 8. Accumulated Unpaid Leave Benefits

A summary of changes in accumulated unpaid leave benefits are as follows:

Balance, July 1, 2017:	\$ 1,013,325
New entrants and salary increments	234,725
Payments to participants	<u>(150,937)</u>
Balance, June 30, 2018	<u>\$ 1,097,113</u>

Unpaid leave benefits are liquidated by the funds based on the department personnel to whom the claims relate. In prior years, this has typically been the General Fund.

Note 9. Defined Benefit Pension Plans

A. 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.

La Porte Independent School District

Notes to the Basic Financial Statements

B. Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) 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.

C. Benefits Provided

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

D. 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.

Member 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 member contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017 and the 85th Texas Legislature GAA established contribution rates for 2018 and 2019. Rates for such plan fiscal years are as follows:

	2018	2017	2016
Member	7.7%	7.7%	7.2%
Non-employer contributing entity (state)	6.8%	6.8%	6.8%
Employers/District	6.8%	6.8%	6.8%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$	1,739,592
Member contributions		4,119,754
NECE on-behalf contributions		2,485,171

La Porte Independent School District

Notes to the Basic Financial Statements

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 GAA.

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, 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 or charter school 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.

E. 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 rate	8.00%
Municipal bond rate	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Ad hoc post-employment benefit changes	None

*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017, (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

La Porte Independent School District

Notes to the Basic Financial Statements

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

F. Discount Rates

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 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Return*
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	(0.2%)	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

La Porte Independent School District

Notes to the Basic Financial Statements

G. Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	\$ 27,379,167	\$ 16,241,030	\$ 6,966,722

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

At June 30, 2018, the District reported a liability of \$16,241,030 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	\$ 16,241,030
State's proportionate share that is associated with the District	23,985,725
Total	\$ 40,226,755

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 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0507935% which was an increase of 0.0003568% from its proportion measured as of August 31, 2016.

Changes since the Prior Actuarial Valuation

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

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

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$4,120,533 and revenue of \$1,829,536 for support provided by the State.

La Porte Independent School District

Notes to the Basic Financial Statements

At June 30, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions and the deferred outflows of resources for contributions made after the measurement date from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 237,614	\$ 875,857
Changes in assumptions	739,805	423,521
Difference between projected and actual investment earnings	-	1,183,611
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,803,031	1,225
Contributions paid to TRS subsequent to the measurement date	1,463,855	-
Total	\$ 5,244,305	\$ 2,484,214

\$1,463,855 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2019	\$ 165,714
2020	1,202,421
2021	86,059
2022	(220,324)
2023	64,519
Thereafter	(2,153)
Total	\$ 1,296,236

Note 10. Defined Other Post-Employment Benefit Plan

A. 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 benefit 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.

B. 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.

La Porte Independent School District

Notes to the Basic Financial Statements

C. 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 September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
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

* or surviving spouse

D. Contributions

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.

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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% 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.

La Porte Independent School District

Notes to the Basic Financial Statements

The following table shows contributions to the TRS-Care plan by type of contributor.

	2018	2017
Active Employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$	411,241
Member contributions		347,771
NECE on-behalf contributions (state)		744,692

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. 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 \$212 million in fiscal year 2018.

The Medicare Prescription Drug, Improvement, and Modernization act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2018, 2017, and 2016, the subsidy payments received by TRS-Care on behalf of the District were \$208,880, 240,612, and \$147,904, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

La Porte Independent School District

Notes to the Basic Financial Statements

E. Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the plan's Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry 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%**
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 retiree; 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.

F. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% 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.

La Porte Independent School District

Notes to the Basic Financial Statements

G. 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 (3.42%) in measuring the Net OPEB Liability.

	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
TRS-CARE	\$ 30,579,565	\$ 25,909,434	\$ 22,155,703

The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used in measuring the Net OPEB Liability.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
TRS-CARE	\$ 19,188,962	\$ 25,909,434	\$ 31,600,442

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2018, the District reported a liability of \$25,909,434 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 net OPEB liability	\$ 25,909,434
State's proportionate share of the net OPEB liability associated with the District	<u>41,428,528</u>
Total	<u>\$ 67,337,962</u>

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 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0595808% which was the same proportion measured as of August 31, 2016.

La Porte Independent School District

Notes to the Basic Financial Statements

Changes Since the Prior Actuarial Valuation

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

1. Significant plan changes were adopted during the 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% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

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

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of the collective OPEB expense that is allocated to the District, and record revenue in the same amount for the support provided by the State. For the measurement period ended August 31, 2017, the State's proportionate share of the collective OPEB expense was a negative expense of \$8,504,163,580 and the District's proportionate share is a negative expense of \$13,863,087. This amount is recorded as negative revenue and negative expense for the District's fiscal year ended June 30, 2018.

For the fiscal year ended June 30, 2018 the District recognized total negative OPEB expense of \$22,551,429 which includes both the District's proportionate share of the collective OPEB expense and the State's proportionate share of the collective OPEB expense that is allocated to the District as described above.

At June 30, 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 economic experience	\$ -	\$ 540,879
Changes of assumptions	-	10,297,086
Net difference between projected and actual earnings on OPEB investments	3,936	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	119	-
District contributions after measurement date	358,972	-
Totals	\$ 363,027	\$ 10,837,965

La Porte Independent School District

Notes to the Basic Financial Statements

\$358,972 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2019	\$	(1,429,547)
2020		(1,429,547)
2021		(1,429,547)
2022		(1,429,547)
2023		(1,430,531)
Thereafter		<u>(3,685,191)</u>
Total	\$	<u>(10,833,910)</u>

Note 11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

In addition, the District is a member of the Texas Association of School Boards Joint Account Self-Insurance Fund (Fund). The Fund was created to formulate, develop and administer a program of modified self-funding for unemployment compensation coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the Fund for its unemployment compensation coverage. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

Effective in fiscal year 2008, the District established a self-insurance plan for workers' compensation benefits for employees. The Districts' retention of risk is \$1,000,000 per occurrence with an aggregate stop-loss limit of \$5,000,000. Claims incurred by the employees of the District are handled by a third party administrator who is responsible for estimating losses to be incurred by the District and ultimately paid to the claimant.

Settled claims have not exceeded the aggregate coverage in any year the plan has been in effect. Insurance coverage has not been reduced for the year from the prior year. Accrued claims payable of \$554,473 as of June 30, 2018, includes provisions for claims reported but not paid and claims incurred but not reported. The provision for reported claims and claims incurred but not yet reported is determined by estimating the amount that will ultimately be paid each claimant and is calculated and provided by the District's third party administrator. Accrued claims payable have not been discounted to their present value as the District expects such claims to be paid within the following fiscal year. The District believes that any discount of the claims payable would not be material to the overall financial statements.

La Porte Independent School District
Notes to the Basic Financial Statements

Changes in the fund's claims liability amount for the fiscal year ended June 30, 2018 are as follows:

	2018	2017
Liability, beginning of year	\$ 533,295	\$ 660,092
Current year claims and changes in estimates	395,971	112,914
Claim payments	(374,793)	(239,711)
Liability, end of year	\$ 554,473	\$ 533,295

Note 12. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Projects	Nonmajor Funds	Totals
Property taxes	\$ 96,418,945	\$ 32,955,478	\$ -	\$ -	\$ 129,374,423
Charges for services	200,245	-	-	1,181,426	1,381,671
Investment income	685,600	207,913	343,587	1,356	1,238,456
Other	825,040	-	803,294	446,874	2,075,208
Totals	\$ 98,129,830	\$ 33,163,391	\$ 1,146,881	\$ 1,629,656	\$ 134,069,758

Note 13. Operating Leases

Commitments under operating leases (non-capitalized) for facilities and equipment are subject to fiscal funding clauses and are cancellable by the District. The District is therefore not obligated for minimum future rental payments as of June 30, 2018.

Rental expenditures for the fiscal year ended June 30, 2018 amounted to \$278,537.

Note 14. Tax Abatements

The District entered into various property tax abatement agreements with local businesses under Texas Tax Code, Title 3. Subtitle B. Chapter 313. Texas Economic Development Act (the Act). Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value. The qualified property is limited only from maintenance and operation (M&O) property tax. The tax abatements, which are approved by the Texas Comptroller's office and the District's board of trustees, are granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing economic development goals.

The agreements are for local businesses to invest a minimum capital investment totaling \$210,000,000 within the District's boundaries during a qualifying period and to create jobs. Each investment would be limited to taxable value of the lesser of the qualified appraised value or \$30,000,000. The District's tax abatements expire in increments beginning in 2024 through 2031.

For the fiscal year ended June 30, 2018, the District has foregone collecting property taxes totaling approximately \$11.1 million resulting from the M&O tax rate of \$1.04 per \$100 of taxable value. The qualified property per the agreements had a taxable value of approximately \$1.3 billion and was limited to a taxable value of \$210,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues.

La Porte Independent School District

Notes to the Basic Financial Statements

Note 15. Litigation

The District is a party to various legal actions, none of which is believed by the administration or its legal counsel to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

Note 16. Nonmonetary Transaction

During 2018, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$474,245. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$474,245 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

Note 17. Prior Period Adjustment

Net position as of July 1, 2017 was decreased by \$45,483,955 to reflect the cumulative effect of adoption. An aggregate net OPEB liability of \$45,741,798 offset by aggregate deferred outflows of resources of \$257,843 at June 30, 2017 were reported as a prior period adjustment to the net position on July 1, 2017. Refer to Note 10 for more information regarding the District's OPEB plan. In transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from the plan reported contributions to the plan subsequent to the respective measurement date of each plan as an increase in deferred outflows of resources and an increase in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through June 30, 2017, totaling \$257,843.

Net position at July 1, 2017 was restated per the following table for the implementation of GASB 75:

	Governmental Activities
Beginning net position, as previously reported	\$ 66,991,217
Implementation of GASB 75 for OPEB	<u>(45,483,955)</u>
Beginning net position, restated	<u>\$ 21,507,262</u>

Required Supplementary Information

La Porte Independent School District
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

Exhibit G-1

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 95,422,404	\$ 97,967,445	\$ 98,129,830	\$ 162,385
5800	State program revenues	5,973,874	6,748,874	7,034,704	285,830
5900	Federal program revenues	1,266,000	1,329,000	1,431,727	102,727
5020	Total revenues	102,662,278	106,045,319	106,596,261	550,942
EXPENDITURES					
Current:					
0011	Instruction	41,231,648	41,087,093	40,760,467	326,626
0012	Instructional resources and media services	452,637	460,555	442,718	17,837
0013	Curriculum and instructional staff development	807,199	728,165	666,490	61,675
0021	Instructional leadership	893,670	933,212	865,459	67,753
0023	School leadership	4,497,228	4,433,985	4,433,985	-
0031	Guidance, counseling, and evaluation services	2,632,633	2,861,484	2,840,485	20,999
0032	Social work services	320,663	305,163	248,452	56,711
0033	Health services	874,769	906,924	888,209	18,715
0034	Student transportation	3,036,164	2,964,617	2,792,377	172,240
0036	Extracurricular activities	1,824,278	1,825,753	1,737,084	88,669
0041	General administration	3,393,412	3,327,045	3,227,129	99,916
0051	Plant maintenance and operations	7,932,048	8,181,316	7,601,475	579,841
0052	Security and monitoring services	1,553,293	1,483,293	1,423,170	60,123
0053	Data processing services	1,747,691	1,550,062	1,508,071	41,991
0061	Community services	58,600	44,600	9,897	34,703
Intergovernmental:					
0091	Contracted instructional services between schools	33,322,809	35,037,809	33,224,648	1,813,161
0093	Payments related to shared service arrangements	105,700	111,516	111,516	-
0095	Payments to juvenile justice alternative education programs	19,800	19,800	19,800	-
0097	Payments to tax increment fund	1,610,000	1,430,000	1,141,045	288,955
0099	Other intergovernmental charges	975,000	994,000	993,774	226
6030	Total expenditures	107,289,242	108,686,392	104,936,251	3,750,141
1100	Excess (deficiency) of revenues over (under) expenditures	(4,626,964)	(2,641,073)	1,660,010	4,301,083
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	8,313	8,313	-
8911	Transfers out	-	(204)	(204)	-
7080	Total other financing sources (uses)	-	8,109	8,109	-
1200	Net change in fund balance	(4,626,964)	(2,632,964)	1,668,119	4,301,083
0100	Fund balance - beginning	33,240,467	33,240,467	33,240,467	-
3000	FUND BALANCE - ENDING	\$ 28,613,503	\$ 30,607,503	\$ 34,908,586	\$ 4,301,083

The Notes to the Required Supplementary Information are an integral part of this schedule.

La Porte Independent School District

Exhibit G-2

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan
Teacher Retirement System of Texas
For the Last Four Fiscal Years*

	2018	2017	2016	2015
District's proportion of the net pension liability	0.05079%	0.05044%	0.05135%	0.03531%
District's proportionate share of the net pension liability	\$ 16,241,030	\$ 19,059,283	\$ 18,151,082	\$ 9,433,339
State's proportionate share of the net pension liability associated with the District	23,985,725	29,292,219	27,003,832	23,350,382
TOTALS	\$ 40,226,755	\$ 48,351,502	\$ 45,154,914	\$ 32,783,721
District's covered payroll	\$ 52,116,034	\$ 50,779,368	\$ 47,658,971	\$ 46,141,521
District's proportionate share of the net pension liability as a percentage of its covered payroll	31.16%	37.53%	38.09%	20.44%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

La Porte Independent School District
Schedule of the Districts Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Four Fiscal Years*

Exhibit G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TRS				
Contractually required contributions	\$ 1,739,592	\$ 1,603,245	\$ 1,520,457	\$ 895,354
Contributions in relation to the contractually required contributions	<u>(1,739,592)</u>	<u>(1,603,245)</u>	<u>(1,520,457)</u>	<u>(895,354)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$ 53,503,293	 \$ 51,900,186	 \$ 50,468,268	 \$ 46,141,521
 Contributions as a percentage of covered payroll	 3.25%	 3.09%	 3.01%	 1.94%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end June 30.
Ten years of data is not available.

La Porte Independent School District**Exhibit G-4**

Schedule of the District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
Last Fiscal Year*

	<u>2018</u>
District's proportion of the net OPEB liability	0.05958%
District's proportionate share of the net OPEB liability	\$ 25,909,434
State's proportionate share of the net OPEB liability associated with the District	<u>41,428,528</u>
TOTAL	<u><u>\$ 67,337,962</u></u>
District's covered payroll	\$ 52,116,034
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	49.71%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

La Porte Independent School District
Schedule of the Districts Contributions to the
Teacher Retirement System of Texas OPEB Plan
Last Fiscal Year*

Exhibit G-5

	<u>2018</u>
TRS	
Contractually required contributions	\$ 411,241
Contributions in relation to the contractually required contributions	<u>(411,241)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>
 District's covered payroll	 \$ 53,503,293
 Contributions as a percentage of covered payroll	 0.77%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end August 31.
Ten years of data is not available.

La Porte Independent School District

Notes to Required Supplementary Information

Note 1. Budget

A. Budgetary Information

The District adopts annual appropriations type budgets for the General Fund, National School Breakfast and Lunch Program Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by July 1, 2017. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end.

B. Variances with Final Budget

There were no significant variances between the original and final budget.

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Combining Statements and Schedules

La Porte Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 June 30, 2018

		211	224
Data Control Codes		ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -
	Receivables:		
1240	Due from other governments	198,330	265,513
1260	Due from other funds	-	-
1290	Other receivables	110	-
1300	Inventories, at cost	-	-
1000	TOTAL ASSETS	\$ 198,440	\$ 265,513
LIABILITIES			
2110	Accounts payable	\$ 7,615	\$ -
2160	Accrued wages payable	17,279	47,961
2170	Due to other funds	173,546	217,552
2180	Due to other governments	-	-
2300	Unearned revenue	-	-
2000	Total liabilities	198,440	265,513
FUND BALANCES			
3410	Nonspendable - inventories	-	-
3450	Restricted - grants	-	-
3520	Committed - compensated absences	-	-
3545	Committed - student achievement and safety	-	-
3000	Total fund balances	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 198,440	\$ 265,513

225	226	240	244	255	263
IDEA - Part B, Preschool	IDEA - Part B, High Cost Risk Pool	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA, Title II, Part A - Teacher and Principal Training and Recruiting	Title III, Part A - English Language Acquisition and Enhancement
\$ -	\$ -	\$ 1,306,655	\$ -	\$ -	\$ -
5,801	60,762	34,566	41,630	38,308	11,121
-	-	4,028	-	-	-
-	-	166	-	-	-
-	-	14,580	-	-	-
<u>\$ 5,801</u>	<u>\$ 60,762</u>	<u>\$ 1,359,995</u>	<u>\$ 41,630</u>	<u>\$ 38,308</u>	<u>\$ 11,121</u>
\$ -	\$ -	\$ 48,535	\$ 5,555	\$ 12,380	\$ -
1,062	-	52,747	-	3,418	-
4,739	60,762	67,497	36,075	22,510	11,121
-	-	-	-	-	-
-	-	67,538	-	-	-
5,801	60,762	236,317	41,630	38,308	11,121
-	-	14,580	-	-	-
-	-	1,079,352	-	-	-
-	-	29,746	-	-	-
-	-	-	-	-	-
-	-	1,123,678	-	-	-
<u>\$ 5,801</u>	<u>\$ 60,762</u>	<u>\$ 1,359,995</u>	<u>\$ 41,630</u>	<u>\$ 38,308</u>	<u>\$ 11,121</u>

La Porte Independent School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds - Continued
 June 30, 2018

		272	289
Data Control Codes		Medicaid Administrative Claiming Program - MAC	Federally Funded Special Revenue Funds
ASSETS			
1110	Cash and cash equivalents	\$ -	\$ 5,088
	Receivables:		
1240	Due from other governments	71,614	683,966
1260	Due from other funds	-	-
1290	Other receivables	-	-
1300	Inventories, at cost	-	-
1000	TOTAL ASSETS	\$ 71,614	\$ 689,054
LIABILITIES			
2110	Accounts payable	\$ -	\$ -
2160	Accrued wages payable	1,971	768
2170	Due to other funds	45,913	679,943
2180	Due to other governments	-	-
2300	Unearned revenue	-	8,343
2000	Total liabilities	47,884	689,054
FUND BALANCES			
3410	Nonspendable - inventories	-	-
3450	Restricted - grants	23,730	-
3520	Committed - compensated absences	-	-
3545	Committed - student achievement and safety	-	-
3000	Total fund balances	23,730	-
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 71,614	\$ 689,054

397	410	429	461	481	483
Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Fund	La Porte Education Foundation	Local Grants and Donations
\$ 4,720	\$ 72	\$ 3,894,599	\$ 448,375	\$ 6,604	\$ 35,109
-	-	22,917	-	-	-
-	-	-	-	-	-
-	-	-	251	2	70
-	-	-	-	-	-
<u>\$ 4,720</u>	<u>\$ 72</u>	<u>\$ 3,917,516</u>	<u>\$ 448,626</u>	<u>\$ 6,606</u>	<u>\$ 35,179</u>
\$ -	\$ -	\$ 6,250	\$ 46,812	\$ 139	\$ 2,565
-	-	-	4,618	-	-
-	-	16,667	1,151	-	4,028
-	-	-	179	-	-
-	72	-	-	-	-
-	72	22,917	52,760	139	6,593
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,720	-	3,894,599	395,866	6,467	28,586
4,720	-	3,894,599	395,866	6,467	28,586
<u>\$ 4,720</u>	<u>\$ 72</u>	<u>\$ 3,917,516</u>	<u>\$ 448,626</u>	<u>\$ 6,606</u>	<u>\$ 35,179</u>

La Porte Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds - Continued
June 30, 2018

Exhibit H-1
(Page 3 of 3)

484

<u>Data Control Codes</u>		<u>SHAC - EKG Grant</u>	<u>Total Nonmajor Funds (See Exhibit C-1)</u>
ASSETS			
1110	Cash and cash equivalents	\$ 5,401	\$ 5,706,623
	Receivables:		
1240	Due from other governments	-	1,434,528
1260	Due from other funds	-	4,028
1290	Other receivables	-	599
1300	Inventories, at cost	-	14,580
		<hr/>	<hr/>
1000	TOTAL ASSETS	<u>\$ 5,401</u>	<u>\$ 7,160,358</u>
LIABILITIES			
2110	Accounts payable	\$ -	\$ 129,851
2160	Accrued wages payable	-	129,824
2170	Due to other funds	-	1,341,504
2180	Due to other governments	-	179
2300	Unearned revenue	-	75,953
		<hr/>	<hr/>
2000	Total liabilities	-	1,677,311
FUND BALANCES			
3410	Nonspendable - inventories	-	14,580
3450	Restricted - grants	-	1,103,082
3520	Committed - compensated absences	-	29,746
3545	Committed - student achievement and safety	5,401	4,335,639
		<hr/>	<hr/>
3000	Total fund balances	<u>5,401</u>	<u>5,483,047</u>
		<hr/>	<hr/>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,401</u>	<u>\$ 7,160,358</u>

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La Porte Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

		211	224
Data Control Codes		ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	825,173	1,258,893
5020	Total revenues	825,173	1,258,893
EXPENDITURES			
Current:			
0011	Instruction	772,539	763,847
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	42,063	-
0021	Instructional leadership	625	154,292
0023	School leadership	1,141	-
0031	Guidance, counseling, and evaluation services	-	340,754
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0061	Community services	8,805	-
6030	Total expenditures	825,173	1,258,893
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
OTHER FINANCING SOURCES AND (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources and (uses)	-	-
1200	Net change in fund balances	-	-
0100	Fund balances - beginning	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ -

225	226	240	244	255	263
IDEA - Part B, Preschool	IDEA - Part B, High Cost Risk Pool	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA, Title II, Part A - Teacher and Principal Training and Recruiting	Title III, Part A - English Language Acquisition and Enhancement
\$ -	\$ -	\$ 1,114,618	\$ -	\$ -	\$ -
-	-	21,335	-	-	-
27,420	60,762	2,604,662	74,660	188,644	51,286
27,420	60,762	3,740,615	74,660	188,644	51,286
27,420	60,762	-	74,660	-	44,399
-	-	-	-	-	-
-	-	-	-	186,559	4,815
-	-	-	-	2,085	-
-	-	-	-	-	866
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,058,859	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	44,698	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,206
27,420	60,762	4,103,557	74,660	188,644	51,286
-	-	(362,942)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(362,942)	-	-	-
-	-	1,486,620	-	-	-
\$ -	\$ -	\$ 1,123,678	\$ -	\$ -	\$ -

La Porte Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds – Continued
For the Fiscal Year Ended June 30, 2018

		272	289
Data Control Codes		Medicaid Administrative Claiming Program - MAC	Federally Funded Special Revenue Funds
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	71,614	699,239
5020	Total revenues	71,614	699,239
EXPENDITURES			
Current:			
0011	Instruction	21,733	321,721
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	-
0021	Instructional leadership	26,493	-
0023	School leadership	-	-
0031	Guidance, counseling, and evaluation services	-	19,296
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food services	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	358,222
0052	Security and monitoring services	-	-
0061	Community services	-	-
6030	Total expenditures	48,226	699,239
1100	Excess (deficiency) of revenues over (under) expenditures	23,388	-
OTHER FINANCING SOURCES AND (USES)			
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources and (uses)	-	-
1200	Net change in fund balances	23,388	-
0100	Fund balances - beginning	342	-
3000	FUND BALANCES - ENDING	\$ 23,730	\$ -

397	410	429	461	481	483
Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Fund	La Porte Education Foundation	Local Grants and Donations
\$ -	\$ -	\$ -	\$ 313,869	\$ 152,925	\$ 39,713
1,995	847,263	126,071	-	-	-
-	-	-	-	-	-
1,995	847,263	126,071	313,869	152,925	39,713
-	845,362	115,850	147,324	146,463	22,723
-	-	-	9,500	-	-
7,660	1,901	6,347	6,232	-	4,377
-	-	-	-	-	-
-	-	-	6,565	-	800
-	-	-	175	-	-
-	-	-	4,006	-	6,382
-	-	-	873	-	-
-	-	-	-	-	-
-	-	-	137,540	-	2,161
-	-	-	1,010	-	4,305
-	-	-	504	-	-
-	-	-	200	-	4,104
-	-	724	-	-	-
7,660	847,263	122,921	313,929	146,463	44,852
(5,665)	-	3,150	(60)	6,462	(5,139)
-	-	-	204	-	-
-	-	(3,150)	(5,163)	-	-
-	-	(3,150)	(4,959)	-	-
(5,665)	-	-	(5,019)	6,462	(5,139)
10,385	-	3,894,599	400,885	5	33,725
\$ 4,720	\$ -	\$ 3,894,599	\$ 395,866	\$ 6,467	\$ 28,586

La Porte Independent School District
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds – Continued
For the Fiscal Year Ended June 30, 2018

Exhibit H-2
(Page 3 of 3)

484

Data Control Codes		SHAC - EKG Grant	Total Nonmajor Funds (See Exhibit C-2)
REVENUES			
5700	Local and intermediate sources	\$ 8,531	\$ 1,629,656
5800	State program revenues	-	996,664
5900	Federal program revenues	-	5,862,353
5020	Total revenues	8,531	8,488,673
EXPENDITURES			
Current:			
0011	Instruction	-	3,364,803
0012	Instructional resources and media services	-	9,500
0013	Curriculum and instructional staff development	-	259,954
0021	Instructional leadership	-	183,495
0023	School leadership	-	9,372
0031	Guidance, counseling, and evaluation services	-	360,225
0033	Health services	-	10,388
0034	Student transportation	-	873
0035	Food services	-	4,058,859
0036	Extracurricular activities	6,130	145,831
0041	General administration	-	5,315
0051	Plant maintenance and operations	-	403,424
0052	Security and monitoring services	-	4,304
0061	Community services	-	10,735
6030	Total expenditures	6,130	8,827,078
1100	Excess (deficiency) of revenues over (under) expenditures	2,401	(338,405)
OTHER FINANCING SOURCES AND (USES)			
7915	Transfers in	-	204
8911	Transfers out	-	(8,313)
7080	Total other financing sources and (uses)	-	(8,109)
1200	Net change in fund balances	2,401	(346,514)
0100	Fund balances - beginning	3,000	5,829,561
3000	FUND BALANCES - ENDING	\$ 5,401	\$ 5,483,047

La Porte Independent School District
Statement of Changes in Fiduciary Assets
Student Activity Fund
June 30, 2018

Exhibit H-3

<u>Data Control Codes</u>		<u>Beginning Balance 7/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/2018</u>
ASSETS					
1110	Cash and cash equivalents	\$ 302,432	\$ 691,340	\$ 797,361	\$ 196,411
1290	Other receivables	226	28,769	226	28,769
1000	TOTAL ASSETS	<u>\$ 302,658</u>	<u>\$ 720,109</u>	<u>\$ 797,587</u>	<u>\$ 225,180</u>
LIABILITIES					
2110	Accounts payable	\$ 45,972	\$ 689,800	\$ 707,745	\$ 28,027
2160	Accrued wages payable	1,545	-	1,545	-
2180	Due to other governments	2,057	6,190	5,670	2,577
2190	Due to student groups	253,084	739,083	797,591	194,576
2000	TOTAL LIABILITIES	<u>\$ 302,658</u>	<u>\$ 1,435,073</u>	<u>\$ 1,512,551</u>	<u>\$ 225,180</u>

La Porte Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

Exhibit I-1

		752	753	
Data Control Codes		Print Shop	Workers' Compensation	Total Internal Service Funds
ASSETS				
Current Assets:				
1110	Cash and cash equivalents	\$ -	\$ 1,486,043	\$ 1,486,043
1260	Due from other funds	25	55,326	55,351
1290	Other receivables	178	-	178
1300	Inventories, at cost	40,867	-	40,867
1410	Prepaid items	2,954	-	2,954
	Total current assets	44,024	1,541,369	1,585,393
1000	Total assets	44,024	1,541,369	1,585,393
LIABILITIES				
Current liabilities:				
2110	Accounts payable	1,392	-	1,392
2170	Due to other funds	32,352	-	32,352
2180	Due to other governments	47	-	47
2200	Accrued liabilities	-	554,473	554,473
	Total current liabilities	33,791	554,473	588,264
2000	Total liabilities	33,791	554,473	588,264
NET POSITION				
3900	Unrestricted	10,233	986,896	997,129
3000	TOTAL NET POSITION	\$ 10,233	\$ 986,896	\$ 997,129

La Porte Independent School District

Exhibit I-2

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2018

		752	753	
Data Control Codes			Workers'	Total Internal Service Funds
		Print Shop	Compensation	
OPERATING REVENUES				
5700	Charges for services	\$ 156,691	\$ 657,289	\$ 813,980
5020	Total operating revenues	156,691	657,289	813,980
OPERATING EXPENSES				
6100	Payroll costs	70,532	-	70,532
6200	Professional and contracted services	64,142	374,793	438,935
6300	Supplies and materials	37,094	-	37,094
6400	Other operating costs	775	-	775
6030	Total operating expenses	172,543	374,793	547,336
	Operating income (loss)	(15,852)	282,496	266,644
NONOPERATING REVENUES				
7020	Earnings on investments	-	1,517	1,517
8030	Total nonoperating revenues	-	1,517	1,517
1300	Change in net position	(15,852)	284,013	268,161
0100	Net position - beginning	26,085	702,883	728,968
3300	NET POSITION - ENDING	\$ 10,233	\$ 986,896	\$ 997,129

La Porte Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

Exhibit I-3

	752	753	Total Internal Service Funds
	<u>Print Shop</u>	<u>Workers' Compensation</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from user charges	\$ 156,488	\$ 656,025	\$ 812,513
Cash payments for insurance claims	-	(353,615)	(353,615)
Cash payments for other operating expenses	<u>(156,489)</u>	<u>-</u>	<u>(156,489)</u>
Net cash provided by (used in) operating activities	(1)	302,410	302,409
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from earnings on investments	<u>-</u>	<u>1,517</u>	<u>1,517</u>
Net cash provided by investing activities	<u>-</u>	<u>1,517</u>	<u>1,517</u>
Net increase (decrease) in cash and cash equivalents	(1)	303,927	303,926
CASH AND CASH EQUIVALENTS, beginning of year	<u>1</u>	<u>1,182,116</u>	<u>1,182,117</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,486,043</u></u>	<u><u>\$ 1,486,043</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (15,852)	\$ 282,496	\$ 266,644
Effect of increases and decreases in current assets and liabilities			
Increase in due from other funds	(25)	(1,264)	(1,289)
Increase in other receivables	(178)	-	(178)
Increase in inventory	(4,648)	-	(4,648)
Increase in prepaid items	(24)	-	(24)
Decrease in accounts payable	(4,442)	-	(4,442)
Increase in due to other funds	25,194	-	25,194
Decrease in due to other governments	(26)	-	(26)
Increase in accrued liabilities	<u>-</u>	<u>21,178</u>	<u>21,178</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ (1)</u></u>	<u><u>\$ 302,410</u></u>	<u><u>\$ 302,409</u></u>

Required TEA Schedules

La Porte Independent School District
Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended June 30, 2018

Year Ended June 30,	1		2		3	
	Tax Rates				Net Assessed/Appraised	
	Maintenance		Debt Service		Value For School Tax Purposes	
2009 and prior years	\$	Various	\$	Various	\$	Various
2010		1.040000		0.285000		5,966,362,279
2011		1.040000		0.285000		5,789,629,020
2012		1.040000		0.315000		6,004,563,235
2013		1.040000		0.290000		6,208,701,705
2014		1.040000		0.290000		6,601,456,565
2015		1.040000		0.410000		7,047,165,791
2016		1.040000		0.410000		8,118,723,905
2017		1.040000		0.380000		8,499,793,211
2018		1.040000		0.340000		8,941,740,507
1000 TOTALS						

9000 - Portion of row 1000 for taxes paid into tax increment zone under Chapter 311, Tax Code (Function 97)

Exhibit J-1

10 Beginning Balance 7/1/2017	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2018
\$ 286,189	\$ -	\$ 5,397	\$ 1,479	\$ (44,828)	\$ 234,485
181,981	-	1,629	446	1	179,907
107,746	-	597	163	1,155	108,141
79,176	-	3,954	1,197	2,714	76,739
93,800	-	6,676	1,862	9,482	94,744
107,322	-	10,775	3,004	99,928	193,471
189,409	-	25,596	10,091	171,013	324,735
578,125	-	61,130	24,100	(54,529)	438,366
2,023,224	-	91,747	33,523	(1,431,783)	466,171
-	123,396,019	88,997,031	32,709,429	-	1,689,559
<u>\$ 3,646,972</u>	<u>\$ 123,396,019</u>	<u>\$ 89,204,532</u>	<u>\$ 32,785,294</u>	<u>\$ (1,246,847)</u>	<u>\$ 3,806,318</u>
Property taxes receivable per exhibit C-1					<u>\$ 3,806,318</u>
		<u>\$ 1,141,045</u>	<u>\$ -</u>		

La Porte Independent School District
 Budgetary Comparison Schedule
 Child Nutrition Program
 For the Fiscal Year Ended June 30, 2018

Exhibit J-2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 1,609,500	\$ 1,609,500	\$ 1,114,618	\$ (494,882)
5800	State program revenues	23,000	23,000	21,335	(1,665)
5900	Federal program revenues	2,574,413	2,574,413	2,604,662	30,249
5020	Total revenues	4,206,913	4,206,913	3,740,615	(466,298)
EXPENDITURES					
Current:					
0035	Food services	4,412,695	4,462,057	4,058,859	403,198
0051	Plant maintenance and operations	57,800	57,800	44,698	13,102
6030	Total expenditures	4,470,495	4,519,857	4,103,557	416,300
1200	Net change in fund balance	(263,582)	(312,944)	(362,942)	(49,998)
0100	Fund balance - beginning	1,486,620	1,486,620	1,486,620	-
3000	FUND BALANCE - ENDING	\$ 1,223,038	\$ 1,173,676	\$ 1,123,678	\$ (49,998)

La Porte Independent School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2018

Exhibit J-3

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive
		Original	Final		(Negative)
REVENUES					
5700	Local and intermediate sources	\$ 34,011,943	\$ 34,011,943	\$ 33,163,391	\$ (848,552)
5800	State program revenues	-	-	290,309	290,309
5020	Total revenues	34,011,943	34,011,943	33,453,700	(558,243)
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	15,530,000	15,530,000	15,530,000	-
0072	Interest on long-term debt	14,554,292	14,554,292	14,554,292	-
0073	Issuance costs and fees	20,000	20,000	8,000	12,000
6030	Total expenditures	30,104,292	30,104,292	30,092,292	12,000
1200	Net change in fund balance	3,907,651	3,907,651	3,361,408	(546,243)
0100	Fund balance - beginning	14,883,619	14,883,619	14,883,619	-
3000	FUND BALANCE - ENDING	\$ 18,791,270	\$ 18,791,270	\$ 18,245,027	\$ (546,243)

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Statistical Section

Financial Trends Information

These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.

La Porte Independent School District
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

Schedule 1

Fiscal Year	30-Jun 2018	30-Jun 2017	30-Jun 2016	30-Jun 2015	30-Jun 2014	30-Jun 2013	30-Jun 2012	30-Jun 2011	30-Jun 2010	30-Jun 2009
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 30,910,969	\$ 33,311,721	\$ 35,725,150	\$ 44,176,078	\$ 49,715,550	\$ 61,780,754	\$ 59,397,384	\$ 50,203,269	\$ 47,802,639	\$ 42,870,280
Restricted	14,810,662	11,551,291	11,272,475	8,586,196	7,899,261	5,177,592	4,044,889	8,856,190	9,331,393	9,291,435
Unrestricted	<u>(8,714,372)</u>	<u>22,128,205</u>	<u>22,800,483</u>	<u>10,206,293</u>	<u>13,511,147</u>	<u>7,598,907</u>	<u>14,213,315</u>	<u>7,787,870</u>	<u>15,439,706</u>	<u>19,073,416</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>37,007,259</u>	<u>66,991,217</u>	<u>69,798,108</u>	<u>62,968,567</u>	<u>71,125,958</u>	<u>74,557,253</u>	<u>77,655,588</u>	<u>66,847,329</u>	<u>72,573,738</u>	<u>71,235,131</u>
PRIMARY GOVERNMENT										
Net investment in capital assets	30,910,969	33,311,721	35,725,150	44,176,078	49,715,550	61,780,754	59,397,384	50,203,269	47,802,639	42,870,280
Restricted	14,810,662	11,551,291	11,272,475	8,586,196	7,899,261	5,177,592	4,044,889	8,856,190	9,331,393	9,291,435
Unrestricted	<u>(8,714,372)</u>	<u>22,128,205</u>	<u>22,800,483</u>	<u>10,206,293</u>	<u>13,511,147</u>	<u>7,598,907</u>	<u>14,213,315</u>	<u>7,787,870</u>	<u>15,439,706</u>	<u>19,073,416</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 37,007,259</u>	<u>\$ 66,991,217</u>	<u>\$ 69,798,108</u>	<u>\$ 62,968,567</u>	<u>\$ 71,125,958</u>	<u>\$ 74,557,253</u>	<u>\$ 77,655,588</u>	<u>\$ 66,847,329</u>	<u>\$ 72,573,738</u>	<u>\$ 71,235,131</u>

Source: La Porte Independent School District's Audit Reports

La Porte Independent School District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)
Unaudited

Schedule 2

Fiscal Year	30-Jun 2018	30-Jun 2017	30-Jun 2016	30-Jun 2015	30-Jun 2014	30-Jun 2013	30-Jun 2012	30-Jun 2011	30-Jun 2010	30-Jun 2009
EXPENSES										
Governmental activities:										
Instruction	\$ 38,856,109	\$ 52,296,542	\$ 49,759,289	\$ 44,530,011	\$ 42,995,224	\$ 41,356,893	\$ 41,910,445	\$ 43,789,099	\$ 30,595,268	\$ 43,878,909
Instructional resources and media services	348,770	454,722	458,306	484,361	482,710	501,443	727,755	825,891	1,188,805	1,018,526
Curriculum and staff development	693,000	1,025,854	1,329,946	1,282,550	734,170	641,689	585,541	671,220	659,289	582,394
Instructional leadership	615,858	1,025,658	925,493	839,282	1,170,527	1,142,625	994,257	1,026,317	1,128,163	1,123,646
School leadership	2,853,808	4,374,173	4,302,695	3,991,291	3,913,052	3,681,792	3,625,048	3,752,183	4,095,558	3,583,093
Guidance, counseling, and evaluation services	1,824,276	2,997,386	2,887,377	2,574,355	2,456,356	2,253,409	2,130,352	2,432,240	2,711,579	2,472,916
Social work services	228,045	231,094	207,172	204,158	195,190	165,195	162,220	181,588	161,929	145,073
Health services	591,858	875,217	839,418	813,607	736,101	691,172	745,019	815,913	820,900	773,131
Student transportation	2,383,859	3,024,166	3,619,700	3,422,132	3,109,273	3,078,612	2,855,000	3,151,946	3,245,909	2,921,995
Food services	3,250,726	4,517,973	4,269,781	4,001,664	3,879,868	3,821,034	3,750,711	3,765,475	3,664,602	3,496,932
Extracurricular activities	2,122,573	2,320,363	2,374,697	2,171,413	2,130,598	1,863,511	1,889,910	2,248,364	2,272,727	2,370,621
General administration	2,707,853	3,155,391	3,255,560	2,949,663	3,103,491	2,946,863	3,127,086	3,441,371	3,221,504	2,855,781
Plant maintenance and operations	10,070,631	10,633,698	11,431,976	9,929,472	10,193,730	10,146,172	9,276,851	9,498,226	2,879,643	9,409,774
Security and monitoring services	1,243,185	1,300,140	551,098	524,177	542,011	519,364	548,739	609,179	668,566	543,100
Data processing services	2,435,287	3,577,687	3,899,246	3,736,801	2,518,335	2,584,811	2,614,906	1,757,198	233,706	1,982,639
Community services	20,614	38,258	39,369	75,006	68,500	52,049	60,520	85,274	62,136	53,482
Interest on long-term debt	13,008,225	13,762,377	14,074,233	12,548,106	8,474,442	8,788,707	8,787,513	9,807,789	8,651,042	9,237,907
Facilities repairs and maintenance	-	29,396	44,521	9,506	73,997	232,769	784,746	1,432,410	25,858,090	120,134
Contracted instructional services	33,224,648	31,237,688	24,531,648	20,877,309	17,754,454	16,808,844	17,321,383	15,406,248	15,963,897	20,406,215
Incremental costs related to WADA	-	-	-	-	-	-	-	-	-	238,558
Payments related to shared services arrangement	111,516	108,101	118,619	130,571	120,968	99,000	87,265	89,793	80,739	119,576
Payments to juvenile justice alternative ed. programs	19,800	19,800	19,800	19,800	19,620	19,620	19,620	20,790	18,900	-
Payments to tax increment fund	1,141,045	2,054,938	1,671,451	1,407,985	1,253,630	877,868	934,600	1,110,264	1,088,059	804,807
Other intergovernmental charges	993,774	964,114	886,598	788,330	661,254	660,402	655,091	644,788	651,956	389,793
Total governmental activities expenses	118,745,460	140,024,736	131,497,993	117,311,550	106,587,501	102,933,844	103,594,578	106,563,566	109,922,967	108,529,002
PROGRAM REVENUES:										
Governmental activities:										
Charges for services										
Instruction	91,553	100,103	36,083	31,727	36,253	53,863	20,509	27,886	26,398	51,431
Food service	1,113,247	1,467,338	1,549,946	1,664,582	1,664,048	1,705,036	1,765,220	1,847,263	1,807,115	1,807,115
Curricular/extracurricular activities	102,690	146,275	115,921	119,255	106,928	134,466	155,870	111,767	131,114	130,730
Plant maintenance and operations	74,181	72,836	70,918	73,480	98,187	114,583	58,838	50,931	32,869	34,741
Operating grants and contributions	(4,549,099)	10,009,652	11,674,605	9,702,933	10,043,558	9,441,913	10,022,070	12,287,750	21,772,771	10,262,526
Total governmental activities program revenues	(3,167,428)	11,796,204	13,447,473	11,591,977	11,948,974	11,449,861	12,022,507	14,325,597	23,770,267	12,286,543
NET (EXPENSE)/REVENUES										
Governmental activities	(121,912,888)	(128,228,532)	(118,050,520)	(105,719,573)	(94,638,527)	(91,483,983)	(91,572,071)	(92,237,969)	(86,152,700)	(96,242,459)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE)/REVENUES	\$ (121,912,888)	\$ (128,228,532)	\$ (118,050,520)	\$ (105,719,573)	\$ (94,638,527)	\$ (91,483,983)	\$ (91,572,071)	\$ (92,237,969)	\$ (86,152,700)	\$ (96,242,459)

La Porte Independent School District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis)
Unaudited

Schedule 2 – Continued

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL REVENUES:										
Governmental activities:										
Property taxes - general	\$ 96,468,292	\$ 94,533,779	\$ 85,819,764	\$ 79,067,056	\$ 67,863,048	\$ 63,383,117	\$ 62,322,911	\$ 60,018,204	\$ 61,352,576	\$ 62,801,676
Property taxes - debt service	32,937,911	35,688,808	33,374,353	23,617,432	20,270,780	18,932,619	18,615,934	16,423,702	16,874,731	17,195,734
Investment earnings	1,238,456	897,470	488,351	90,049	96,660	134,986	139,912	148,288	341,475	2,185,309
Grants and contributions not restricted	5,701,540	5,962,210	3,046,813	3,286,104	3,182,174	4,772,137	20,407,945	8,084,729	6,930,134	14,984,352
Miscellaneous	1,066,686	2,853,468	2,257,067	2,351,123	1,576,588	1,162,789	1,068,263	2,366,955	2,036,388	2,487,310
Transfers (net)	-	-	-	(2,500)	-	-	(61,182)	-	(43,997)	-
Special item-gain or (loss) on the disposal of capital assets	-	(14,514,094)	(106,287)	-	-	-	(113,453)	(530,318)	-	(6,424,241)
Total general revenues, transfers, and special item	137,412,885	125,421,641	124,880,061	108,409,264	92,989,250	88,385,648	102,380,330	86,511,560	87,491,307	93,230,140
CHANGES IN NET POSITION										
Governmental activities	15,499,997	(2,806,891)	6,829,541	2,689,691	(1,649,277)	(3,098,335)	10,808,259	(5,726,409)	1,338,607	(3,012,319)
Implementation of GASB 68/71/75*	(45,483,955)	-	-	(10,847,082)	(1,782,018)	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ (29,983,958)	\$ (2,806,891)	\$ 6,829,541	\$ (8,157,391)	\$ (3,431,295)	\$ (3,098,335)	\$ 10,808,259	\$ (5,726,409)	\$ 1,338,607	\$ (3,012,319)

* As a result of implementing GASB 68/71/75 the District retroactively restated its beginning net position, see Note 1 in Notes to Basic Financial Statements.
Source: La Porte Independent School District's Audit Reports

La Porte Independent School District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Schedule 3

	30-Jun 2018	30-Jun 2017	30-Jun 2016	30-Jun 2015	30-Jun 2014	30-Jun 2013	30-Jun 2012	30-Jun 2011*	30-Jun 2010	30-Jun 2009
GENERAL FUND										
Nonspendable	\$ 1,310,465	\$ 1,008,312	\$ 1,055,954	\$ 1,081,967	\$ 1,320,438	\$ 1,612,141	\$ 83,910	\$ 85,551	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	2,067,367	1,986,505	2,215,787	2,177,197	2,059,320	2,016,430	1,931,661	1,980,372	-	-
Assigned	35,828	-	-	-	-	-	44,651	-	-	-
Unassigned	31,494,926	30,245,650	25,827,182	25,053,340	27,436,294	29,565,826	33,127,599	21,746,547	-	-
Designated	-	-	-	-	-	-	-	-	2,900,127	2,734,122
Reserved	-	-	-	-	-	-	-	-	1,037,264	1,582,656
Unreserved	-	-	-	-	-	-	-	-	22,918,219	21,886,293
TOTAL GENERAL FUND	\$ 34,908,586	\$ 33,240,467	\$ 29,098,923	\$ 28,312,504	\$ 30,816,052	\$ 33,194,397	\$ 35,187,821	\$ 23,812,470	\$ 26,855,610	\$ 26,203,071
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable:										
Inventories	\$ 14,580	\$ 22,999	\$ 32,204	\$ 51,812	\$ 25,697	\$ 48,189	\$ 53,679	\$ 54,749	\$ -	\$ -
Prepaid items	63,389	96,400	291,682	567,936	57,768	56,924	56,751	49,293	-	-
Restricted:										
Grant funds	1,103,082	1,437,143	1,775,411	2,043,567	1,888,968	1,666,962	1,438,989	1,218,644	-	-
Capital acquisitions	14,652,235	31,925,319	97,351,152	87,578,978	8,195,876	12,691,463	20,684,431	29,148,114	-	-
Retirement of long term debt	18,245,027	14,883,619	14,209,608	10,236,018	8,774,566	6,407,019	5,284,442	10,956,433	-	-
Committed:										
Compensated absences	29,746	26,820	29,415	-	-	-	-	-	-	-
Self insurance	-	-	-	-	-	-	-	-	-	-
Local special revenue	4,335,639	4,342,599	4,390,052	4,387,056	4,603,191	4,595,283	5,123,908	5,055,950	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Reserved:										
Food service	-	-	-	-	-	-	-	-	8,618,103	979,491
Capital acquisitions	-	-	-	-	-	-	-	-	15,540,934	34,809,320
Retirement of long term debt	-	-	-	-	-	-	-	-	11,314,332	9,860,701
Unreserved	-	-	-	-	-	-	-	-	-	799,338
TOTAL OTHER GOVERNMENTAL FUNDS	\$ 38,443,698	\$ 52,734,899	\$ 118,079,524	\$ 104,865,367	\$ 23,546,066	\$ 25,465,840	\$ 32,642,200	\$ 46,483,183	\$ 35,473,369	\$ 46,448,850

Source: La Porte Independent School District's Audit Reports

* The District implemented GASB 54 during fiscal year 2011.

La Porte Independent School District
Changes in Fund Balances of
Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

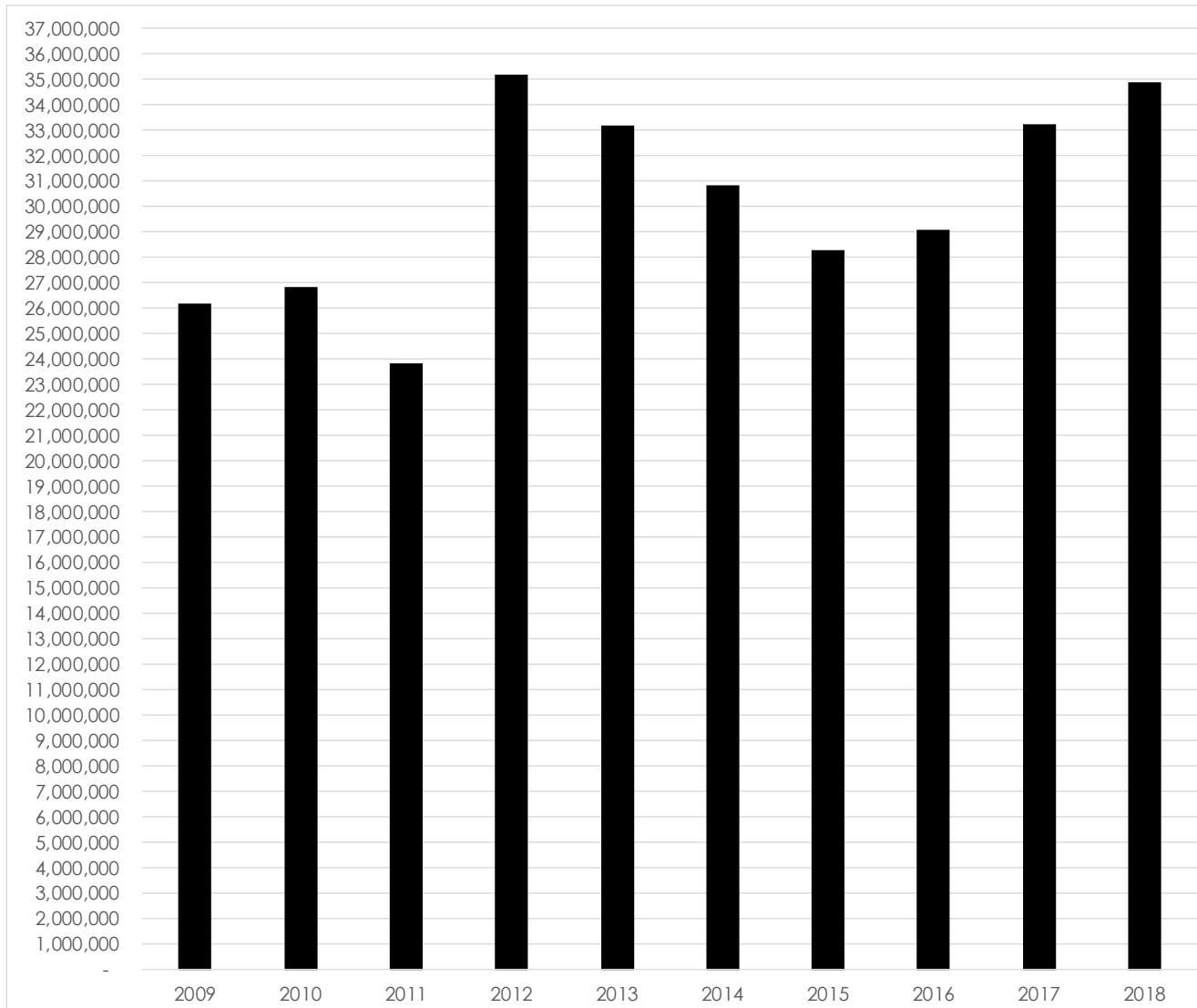
Schedule 4

	30-Jun 2018	30-Jun 2017	30-Jun 2016	30-Jun 2015	30-Jun 2014	30-Jun 2013	30-Jun 2012	30-Jun 2011	30-Jun 2010	30-Jun 2009
REVENUES										
Local and intermediate sources	\$ 134,069,758	\$ 136,414,687	\$ 123,940,130	\$ 106,967,548	\$ 92,060,038	\$ 86,324,262	\$ 84,896,434	\$ 81,473,480	\$ 89,127,430	\$ 82,953,052
State program revenues	8,321,677	7,832,361	6,539,522	6,380,373	6,240,932	6,882,569	19,455,261	11,450,986	19,865,831	19,352,942
Federal program revenues	7,294,080	6,533,129	6,275,753	6,598,936	6,417,978	6,784,709	7,216,160	8,168,383	8,468,030	5,271,260
Total revenues	149,685,515	150,780,177	136,755,405	119,946,857	104,718,948	99,991,540	111,567,855	101,092,849	117,461,291	107,577,254
EXPENDITURES										
Current:										
11 Instruction	44,431,254	42,649,201	42,725,036	39,983,002	37,956,249	36,703,186	38,257,864	41,364,695	42,117,065	41,601,026
12 Instructional resources and media services	452,218	455,095	449,017	483,055	481,502	499,708	727,947	840,162	1,178,508	1,018,616
13 Curriculum and instructional staff development	926,444	1,018,560	1,276,907	1,279,256	730,821	641,380	586,159	680,217	657,914	583,578
21 Instructional leadership	1,048,954	1,015,259	892,790	811,019	1,164,769	1,134,434	997,049	1,049,824	1,121,204	1,129,045
23 School leadership	4,443,357	4,331,402	4,109,820	4,041,551	3,913,097	3,668,061	3,633,863	3,839,423	4,068,569	3,604,716
31 Guidance and counseling	3,200,710	2,892,230	2,770,528	2,592,682	2,447,110	2,249,211	2,137,025	2,487,147	2,697,581	2,487,817
32 Social work services	248,452	231,422	207,178	206,208	194,897	164,796	162,440	184,084	161,289	145,915
33 Health services	898,597	863,729	821,738	818,826	736,770	691,033	747,347	835,669	816,045	778,021
34 Student transportation	2,793,250	2,880,812	3,254,781	4,518,528	2,921,010	2,835,617	3,804,994	2,981,265	2,995,348	2,620,131
35 Food services	4,058,859	4,265,215	4,170,770	3,880,325	4,312,726	3,870,741	3,862,600	3,824,108	3,641,157	3,464,807
36 Co-curricular/extracurricular activities	1,882,915	1,566,840	1,569,493	1,488,549	1,476,177	1,490,065	1,531,135	1,920,415	1,921,559	2,030,409
41 General administration	3,310,708	3,076,752	3,077,179	2,874,950	2,993,062	2,922,056	2,733,142	3,138,540	3,318,237	3,092,872
51 Plant maintenance and operations	10,926,378	10,085,701	11,271,596	9,903,980	9,695,257	9,627,818	8,942,257	9,508,406	10,188,508	9,454,247
52 Security and monitoring services	1,427,474	1,296,131	550,551	524,607	542,059	519,360	550,351	615,768	670,124	544,731
53 Data processing services	2,365,772	3,175,788	4,203,028	3,519,556	2,119,760	2,249,310	2,817,503	1,428,274	2,521,175	2,132,315
61 Community services	20,632	38,184	32,944	69,503	62,092	46,876	55,661	80,101	56,962	67,890
71 Principal	15,530,000	20,355,000	17,365,000	17,570,000	8,255,000	8,210,000	7,725,000	7,290,000	7,430,000	6,205,000
72 Interest	14,554,292	14,796,017	13,248,523	10,378,396	8,748,930	8,653,933	9,787,163	9,565,232	8,772,064	7,965,740
73 Bond issuance cost and fees	8,000	8,750	1,529,646	1,617,541	4,850	4,850	405,182	291,512	513,883	4,459
81 Facilities acquisition and construction	14,289,548	62,596,529	103,801,648	23,065,236	451,003	4,513,155	1,926,056	11,027,305	44,840,376	47,993,998
90 Other intergovernmental charges	35,490,783	34,384,641	27,228,116	23,223,995	19,809,926	18,465,734	19,017,959	17,271,883	17,803,551	21,958,949
Total expenditures	162,308,597	211,983,258	244,556,289	152,850,765	109,017,067	109,161,324	110,408,697	120,224,030	157,491,119	158,884,282
Excess of revenues over (under) expenditures	(12,623,082)	(61,203,081)	(107,800,884)	(32,903,908)	(4,298,119)	(9,169,784)	1,159,158	(19,131,181)	(40,029,828)	(51,307,028)
OTHER FINANCING SOURCES AND (USES)										
Refunding bonds issued	-	-	115,930,000	73,850,000	-	-	-	-	19,500,000	-
Capital-related debt issuance	-	-	21,620,711	99,675,000	-	-	40,685,000	26,660,000	29,480,000	-
Premium or discount on issuance of bonds	-	-	8,101,456	18,587,626	-	-	4,008,196	437,855	1,745,271	-
Extraordinary item - insurance recovery	-	-	-	-	-	-	3,040,289	-	-	-
Other resources/(uses)	-	-	(23,850,707)	(80,390,465)	-	-	(51,297,093)	-	(20,974,388)	-
Transfers in	8,517	6,300	-	2,623	-	-	-	1,525	336,892	-
Transfers out	(8,517)	(6,300)	-	(5,123)	-	-	(61,182)	(1,525)	(380,889)	-
Total other financing sources and (uses)	-	-	121,801,460	111,719,661	-	-	(3,624,790)	27,097,855	29,706,886	-
Net change in fund balances	\$ (12,623,082)	\$ (61,203,081)	\$ 14,000,576	\$ 78,815,753	\$ (4,298,119)	\$ (9,169,784)	\$ (2,465,632)	\$ 7,966,674	\$ (10,322,942)	\$ (51,307,028)
Debt service as a percentage of noncapital expenditures*	0.20	0.24	0.23	0.23	0.16	0.16	0.17	0.16	0.15	0.13

* The ratio of debt service expenditures to noncapital expenditures is calculated using total expenditures from the schedule above less capital outlay from the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

Source: La Porte Independent School District's Audit Reports

General Fund Balances Last Ten Fiscal Years



Unaudited

Source: District's Audit Reports

Revenue Capacity Information

These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.

La Porte Independent School District
Property-Tax Rates – Direct and All Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Schedule 5

	2018	2017	2017	2016	2015	2014	2013	2012	2011	2010	2009
SCHOOL DISTRICT											
Maintenance & operations	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
Debt service	0.3400	0.3800	0.3800	0.4100	0.4100	0.2900	0.2900	0.3150	0.2850	0.2850	0.2850
La Porte ISD total	1.3800	1.4200	1.4200	1.4500	1.4500	1.3300	1.3300	1.3550	1.3250	1.3250	1.3250
COUNTY											
Chambers*	0.5425	0.5527	0.5527	0.5403	0.5327	0.5221	0.4968	0.4968	0.4968	0.4968	0.4968
Harris	0.4180	0.4166	0.4166	0.4192	0.4173	0.4146	0.4002	0.3912	0.3881	0.3892	0.3924
Harris County Department of Education	0.0052	0.0052	0.0052	0.0054	0.0060	0.0064	0.0066	0.0066	0.0060	0.0058	0.0059
Harris County Flood Control District	0.0283	0.0283	0.0283	0.0273	0.0274	0.0283	0.0281	0.0281	0.0292	0.0308	0.0310
Port of Houston Authority	0.0126	0.0133	0.0133	0.0134	0.0513	0.0172	0.0195	0.0186	0.1640	0.0177	0.0144
San Jacinto Jr. College District	0.1833	0.1824	0.1824	0.1758	0.1856	0.1856	0.1856	0.1856	0.1708	0.1634	0.1454
CITIES											
Deer Park	0.7200	0.7200	0.7200	0.7144	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050	0.7200
La Porte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
Morgan's Point	0.8911	0.9118	0.9118	0.8191	0.8191	0.6362	0.6460	0.6460	0.6460	0.6460	0.6410
Pasadena	0.5754	0.5754	0.5754	0.5754	0.5769	0.5916	0.5916	0.5916	0.5620	0.5620	0.5670
WATER DISTRICTS											
Clear Lake City Water Authority	0.2700	0.2700	0.2700	0.2700	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800

* 100% of the property located in Chambers County is submerged.

Rates are per \$100 of assessed valuation

Harris County Appraisal District - Chambers County Appraisal District

The District has no facilities and does not serve any students in Chambers County.

Source: Harris County Truth in Taxation Summary

La Porte Independent School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Schedule 6

Year Ended June 30,	Real Property Assessed Actual Value	Personal Property Assessed Actual Value	Total Assessed Actual Value**	Total Direct Rate*
2009	\$ 4,214,693,845	\$ 1,125,558,721	\$ 5,340,252,566	1.3250
2010	4,320,266,575	1,328,157,500	5,648,424,075	1.3250
2011	4,267,635,156	1,210,543,418	5,478,178,574	1.3250
2012	4,595,325,342	1,168,218,050	5,763,543,392	1.3550
2013	4,519,433,505	1,030,342,901	5,549,776,406	1.3300
2014	4,593,760,958	606,555,209	5,200,316,167	1.3300
2015	5,405,679,716	1,812,869,665	7,218,549,381	1.4500
2016	6,294,906,947	2,019,635,876	8,314,542,823	1.4500
2017	6,409,074,023	3,022,538,859	9,431,612,882	1.4200
2018	7,933,845,192	1,887,084,971	9,820,930,163	1.3800

*Per \$100 of assessed value

**Assessed Actual Value is Net of Exemptions

Estimated actual values are not readily available.

Source: Goose Creek ISD Tax Services Tax Roll Summary Report

La Porte Independent School District

Schedule 7

Principal Property Tax Payers
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	Fiscal Year 2018 (Tax Year 2017)			Fiscal Year 2009 (Tax Year 2008)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Equistar Chemicals LP	\$ 628,004,998	1	6.39%	\$ 338,259,217	1	6.13%
Fairway Methanol LLC	576,639,169	2	5.87%			
Enterprise Products	407,947,605	3	4.15%			
Kuraray America Inc	397,465,169	4	4.05%			
Air Liquide	391,799,334	5	3.99%	202,472,100	2	3.67%
Albemarle Catalysts Co LP	179,658,046	6	1.83%	123,697,710	7	2.24%
Noltex LLC	162,365,659	7	1.65%			
HRUS Underwood LLC	160,217,832	8	1.63%			
Linde Gas North American LLC	139,655,321	9	1.42%			
Celanese LTD	127,741,323	10	1.30%	108,909,113	9	1.97%
Basell USA Inc				157,616,739	3	2.86%
Lyondell Chemical Co				140,543,069	4	2.55%
Evalca				139,052,983	5	2.52%
Conoco Phillips Co				128,015,094	6	2.32%
Dow Chemical				117,268,180	8	2.12%
Turbine Maintenance Group				104,869,430	10	1.90%
	<u>\$ 3,171,494,456</u>		<u>32.29%</u>	<u>\$ 1,560,703,635</u>		<u>28.28%</u>
Total taxable assessed value*	\$ 9,820,930,163			\$ 5,518,631,433		

* Taxable assessed value is net exemptions

Note: Due to time constraints, and updated tax rolls being unavailable until late Fall, instead of reporting Tax Year 2018 data on this schedule, the district will be reporting data for the tax year related to the Fiscal Year under audit.

Source: Municipal Advisory Council of Texas

La Porte Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Schedule 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 79,651,631	\$ 74,255,050	93.22%	\$ 5,266,381	\$ 79,521,431	99.84%
2010	79,056,217	77,853,757	98.48%	1,022,553	78,876,310	99.77%
2011	76,832,164	75,804,968	98.66%	919,055	76,724,023	99.86%
2012	81,347,826	80,319,639	98.74%	951,448	81,271,087	99.91%
2013	82,998,592	81,772,811	98.52%	1,131,037	82,903,848	99.89%
2014	87,683,942	86,946,201	99.16%	544,270	87,490,471	99.78%
2015	102,609,803	101,666,537	99.08%	618,531	102,285,068	99.68%
2016	117,701,618	116,785,513	99.22%	477,739	117,263,252	99.63%
2017	119,265,281	118,673,840	99.50%	125,270	118,799,110	99.61%
2018	123,396,019	121,706,460	98.63%	-	121,706,460	98.63%

Source: Goose Creek ISD Tax Office and City of La Porte Tax Office

La Porte Independent School District
Property Tax Collections
Last Ten Fiscal Years
(Unaudited)

Schedule 9

Fiscal Year	Year of Collection										TOTAL
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
2009	\$ 1,420	\$ 2,372	\$ 5,928	\$ 14,189	\$ 35,156	\$ 100,379	\$ 62,519	\$ 178,043	\$ 4,866,375	\$ 74,255,050	79,521,431
2010	2,075	4,267	13,345	18,078	47,993	64,029	104,661	768,105	77,853,757		78,876,310
2011	760	6,813	(42,020)	41,477	64,415	201,740	645,870	75,804,968			76,724,023
2012	5,151	37,421	(92,518)	43,091	191,447	766,856	80,319,639				81,271,087
2013	8,538	(158,135)	328,527	171,646	780,461	81,772,811					82,903,848
2014	13,777	(108,665)	436,336	202,822	86,946,201						87,490,471
2015	35,687	147,276	435,568	101,666,537							102,285,068
2016	85,230	392,509	116,785,513								117,263,252
2017	125,270	118,673,840									118,799,110
2018	121,706,460										121,706,460

Debt Capacity Information

These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.

La Porte Independent School District

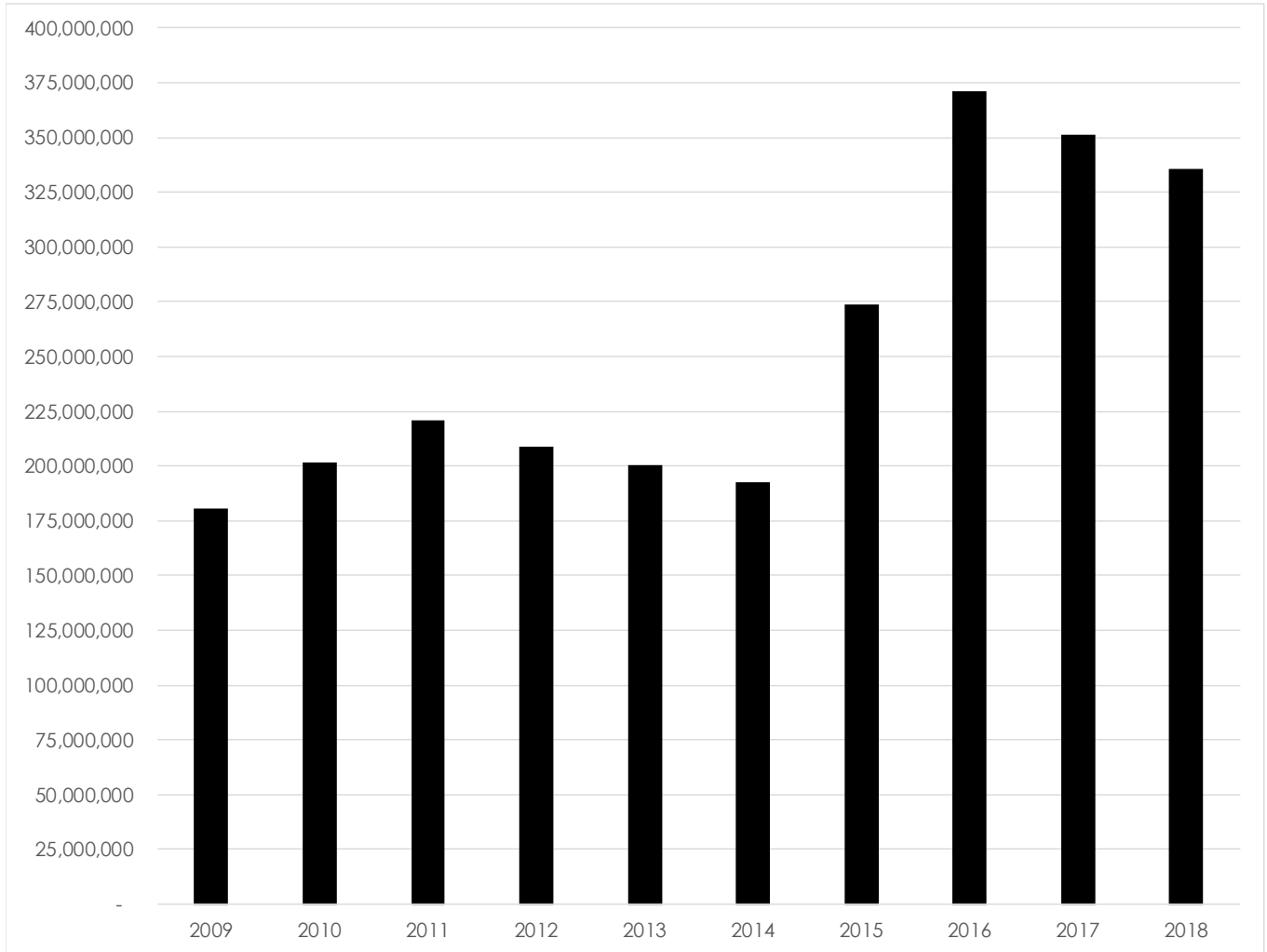
Schedule 10

Ratios of Net General Obligation Bonded Debt Outstanding Last Ten Fiscal Years (Unaudited)

Year Ended June 30,*	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Personal Income*	Ratio of Net Bonded Debt Per ADA	Ratio of Net Bonded Debt Per Capita
2009	\$ 6,015,684,028	\$ 180,665,000	\$ 9,860,701	\$ 170,804,299	0.88%	22,503	4,996
2010	5,966,362,279	201,665,000	11,314,332	190,350,668	0.88%	26,184	5,176
2011	5,789,629,020	221,035,000	10,956,433	210,078,567	0.89%	29,034	5,636
2012	6,004,563,235	208,845,000	5,284,442	203,560,558	0.98%	28,033	5,379
2013	6,208,701,705	200,635,000	6,407,019	194,227,981	0.95%	26,909	5,605
2014	6,601,456,565	192,380,000	8,774,586	183,605,414	1.09%	25,754	5,240
2015	7,047,165,791	273,835,000	10,236,018	263,598,982	0.76%	36,984	7,500
2016	8,118,723,905	371,335,000	14,209,608	357,125,392	0.54%	50,102	10,179
2017	9,341,612,882	350,980,000	14,883,619	336,096,381	0.58%	46,791	9,579
2018	9,820,930,163	335,450,000	18,245,027	317,204,973	0.61%	43,995.14	8,967.94

* Personal & per capita information is only available through 2016 therefore the same data was used through 2017.

Outstanding Bonds Last Ten Fiscal Years



Unaudited
Source: District's Audit Reports

La Porte Independent School District
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Schedule 11

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 9,820,930,163
Debt limit (percent of 2017 - 2018 school year assessed value)*	10.00%
Maximum legal debt	982,093,016
Amount of debt applicable to debt limit**	317,204,973
LEGAL DEBT MARGIN	\$ 664,888,043

* This debt limit is established by law as stated in Vernon's Statutes, Article 835p.

** Does not include capital lease obligations and is net of reserve for retirement of bonded debt

June 30,	Debt Limit	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2009	\$ 601,568,403	\$ 170,804,299	\$ 430,764,104	28.39%
2010	596,636,228	190,350,668	406,285,560	31.90%
2011	578,962,902	210,078,567	368,884,335	36.29%
2012	600,456,324	203,560,558	396,895,766	33.90%
2013	620,870,171	194,227,981	426,642,190	31.28%
2014	660,145,657	183,605,414	476,540,243	27.81%
2015	704,716,579	263,598,982	441,117,597	37.40%
2016	811,872,391	357,125,392	454,746,999	43.99%
2017	934,161,288	336,096,381	598,064,907	35.98%
2018	982,093,016	317,204,973	664,888,043	32.30%

Source: District's Audit Reports

La Porte Independent School District
Computation of Direct and Overlapping Debt
as of June 30, 2018
(Unaudited)

Schedule 12

	Gross Debt	Overlapping	
		Percent ¹	Amount
COUNTY			
Chambers	\$ 48,805,000	*	\$ -
Harris	2,208,674,361	2.23%	49,253,438
Harris County Department of Education	6,555,000	2.23%	146,177
Harris County Flood Control District	83,075,000	2.23%	1,852,573
Harris County Hospital District	59,490,000	2.23%	1,326,627
Port of Houston Authority	638,829,397	2.22%	14,182,013
San Jacinto Jr. College District	381,881,805	18.62%	71,106,392
CITIES			
Deer Park	72,090,000	30.13%	21,720,717
La Porte	39,565,000	92.41%	36,562,017
Morgan's Point	5,510,000	100.00%	5,510,000
Pasadena	142,205,000	5.19%	7,380,440
WATER DISTRICTS			
Clear Lake City Water Authority	76,375,000	9.80%	7,484,750
Total estimated overlapping debt			216,525,144
District direct debt	335,450,000	100.00%	335,450,000
TOTAL OVERLAPPING AND DIRECT DEBT			<u>\$ 551,975,144</u>

Source: Municipal Advisory Council of Texas

* Less than 0.01%

Note¹ Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries, and dividing it by the overlapping taxing authority's total taxable assessed value.

Demographic and Economic Information

These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.

La Porte Independent School District
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Schedule 13

Population Information				
Year	Estimated Population	Land Area	Density Per Square Mile	Population Change
2009	34,191	55	622	0.3%
2010	36,776	55	669	7.0%
2011	37,275	55	678	1.3%
2012	37,845	55	688	1.5%
2013	34,654	55	630	-9.2%
2014	35,039	55	637	1.1%
2015	35,148	55	639	0.3%
2016	35,086	55	638	-0.2%
2017	35,371	55	643	0.8%
2018*	35,371	55	643	0.8%

* Estimated population is only available through 2017 therefore the same data was used for 2018
Source: United States Census Bureau

	Harris County 2010	Texas 2010	U.S. 2010
POPULATION			
Median age	32.2	32.3	35.3
% School age	28%	27.3%	24%
% Working age	55.7%	54.7%	56.5%
% 65 and over	8.1%	10.3%	13%
Persons per household	2.85	2.78	2.59
INCOME			
Median family income	\$ 51,444	\$ 49,646	\$ 51,914
% Below poverty level	16.8%	16.8%	13.8%
Per capita income	\$ 26,788	\$ 24,870	\$ 27,334
HOUSING			
% Owner occupied	64.8%	64.8%	66.6%
% Built before 1939	-	5.6%	16.3%
% Built since last census	-	19.5%	16.5%
Owner occupied median value	\$ 128,642	\$ 105,779	\$ 170,000
Median gross rent	\$ 737	\$ 661	\$ 808
Occupied housing units	1,598,698	9,977,436	131,704,730

Source: United States Census Bureau

La Porte Independent School District
Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Schedule 14

Year Ended June 30,	Harris County				Percent Unemployed County	Percent Unemployed State
	Civilian Labor Force	Total Unemployment	Personal Income* (in Thousands)	Per Capita Personal* Income		
2009	1,971,402	149,175	\$ 177,928,025	\$ 44,098	7.6%	7.6%
2010	2,064,026	171,777	186,858,066	45,487	8.3%	8.1%
2011	2,109,097	165,513	209,326,788	50,154	7.8%	7.8%
2012	2,158,385	143,053	224,617,980	52,805	6.6%	6.7%
2013	2,207,368	132,300	230,462,963	53,141	6.0%	6.2%
2014	2,251,628	110,802	252,694,912	56,896	4.9%	5.1%
2015	2,233,078	103,637	252,694,912	56,896	4.6%	4.4%
2016	2,255,093	119,025	249,989,494	55,088	5.3%	4.6%
2017	2,327,232	108,287	249,989,500	55,088	4.7%	4.2%
2018*	2,327,232	108,287	249,989,500	55,088	4.7%	4.2%

* Personal & per capita information is only available through 2017 therefore the same data was used through 2018

Source: Texas Workforce Commission (TRACER System) & Bureau of Economic Analysis

La Porte Independent School District
Principal Employers
Prior Year and Ten Years Ago
(Unaudited)

Schedule 15

2017			2008		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Mobley Industrial Services Inc	1,400	6.38%	La Porte ISD	1,000	5.29%
La Porte ISD	1,041	4.74%	E.I. Dupont De Nemours & Co.	580	3.07%
Advance Services Inc	829	3.78%	City of La Porte	368	1.95%
City of La Porte	386	1.76%	Fumanite Worldwide	334	1.77%
International Plant Svcs LLC	376	1.71%	A&L Industrial Services Inc	300	1.59%
Sulzer Turbo Svcs Houston Inc	330	1.50%	CCC Group, Inc	300	1.59%
CCC Group Inc	300	1.37%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%
Highway Transport Chemical LLC	293	1.33%	James H. Jackson Industries Inc	250	1.32%
Airgas Inc	281	1.28%	Occidental Chemical Corp.	175	0.93%
Pfeiffer holdings LLC	271	1.23%	Intercontinental Terminal Co.	160	0.85%
TOTAL	5,507		Total	3,717	
TOTAL CITY OF LA PORTE EMPLOYMENT	21,958			18,897	

Current year ended September 30, 2018 is not available & Texas Workforce Commission (TRACER System)
Source: City of La Porte Comprehensive Annual Financial Report for the Year Ended September 30, 2017.

Operating Information

These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.

La Porte Independent School District
Full Time Equivalent District Employees by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 16

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Teachers	500.63	495.00	495.46	470.07	464.00	461.80	467.00	495.40	506.40	507.90
Professional support	92.54	101.42	101.45	94.43	90.00	89.10	87.40	107.10	105.60	113.80
Campus administration (school leadership)	31.79	30.00	29.02	30.00	30.00	30.00	29.10	28.80	31.00	30.80
Central administration	11.62	10.89	8.00	10.00	10.00	11.00	11.00	13.00	13.00	12.00
Educational aides	130.56	120.56	117.28	110.23	105.57	103.00	107.90	110.30	106.80	102.60
Auxiliary staff	<u>293.95</u>	<u>283.99</u>	<u>289.03</u>	<u>293.70</u>	<u>291.54</u>	<u>292.80</u>	<u>301.00</u>	<u>318.90</u>	<u>403.20</u>	<u>320.90</u>
TOTAL EMPLOYEES	<u>1,061.09</u>	<u>1,041.86</u>	<u>1,040.24</u>	<u>1,008.43</u>	<u>991.11</u>	<u>987.70</u>	<u>1,003.40</u>	<u>1,073.50</u>	<u>1,166.00</u>	<u>1,088.00</u>

Source: Texas Education Agency Website - PEIMS

La Porte Independent School District
Full Time Equivalent Staff Information
Last Ten Fiscal Years
(Unaudited)

Schedule 17

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Student	Percentage Change	Government Wide Expenses**	Cost Per Student	Percentage Change	Teaching Staff	Student Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2009	7,914	\$ 91,067,652	\$ 11,507	7.16%	\$ 108,529,002	\$ 13,714	13.01%	508	16	40%
2010	7,847	90,225,734	11,498	-0.08%	109,922,967	14,008	2.15%	506	16	45%
2011	7,816	88,981,366	11,385	-0.99%	106,563,566	13,634	-2.67%	495	16	47%
2012	7,768	83,621,658	10,765	-5.44%	103,594,578	13,336	-2.19%	482	16	48%
2013	7,747	83,950,073	10,836	0.66%	102,933,844	13,287	-0.37%	461	16	48%
2014	7,628	91,557,284	12,003	10.76%	106,587,501	13,973	5.16%	464	16	48%
2015	7,648	100,219,592	13,104	9.17%	117,311,550	15,339	9.77%	470	16	47%
2016	7,753	108,611,472	14,009	6.91%	131,497,993	16,961	10.57%	495	16	50%
2017	7,713	114,226,962	14,810	5.72%	140,024,736	18,154	7.04%	495	16	49%
2018	7,588	117,926,757	15,541	4.94%	118,745,460	15,649	-13.80%	501	15	54%

* Operating expenditures are total expenditures less debt service and facilities acquisition and construction from Changes in Fund Balance Schedule

** Government wide expenses are total expenses from Change in Net Position Schedule

Source: Nonfinancial information from District records

La Porte Independent School District
Teacher Base Salaries
Last Ten Fiscal Years
(Unaudited)

Schedule 18

<u>Fiscal Year</u>	<u>Minimum Salary*</u>	<u>Maximum Salary*</u>	<u>Region Average Salary</u>	<u>Statewide Average Salary</u>
2009	\$ 43,700	\$ 73,984	\$ 49,186	\$ 47,159
2010	44,900	68,315	50,129	48,263
2011	44,900	70,606	50,616	48,638
2012	44,900	71,607	50,383	48,375
2013	46,250	70,432	50,968	48,821
2014	48,950	72,795	52,222	49,692
2015	50,400	74,350	54,157	50,715
2016	51,600	76,120	55,580	51,892
2017	52,600	78,842	55,992	52,525
2018	53,100	79,590	57,076	53,334

* Amounts do not include additional salary steps based on experience or academic credentials, nor fringe benefits such as pension, health insurance, disability, etc.

Sources: District Records

Texas Education Agency Website - AEIS report

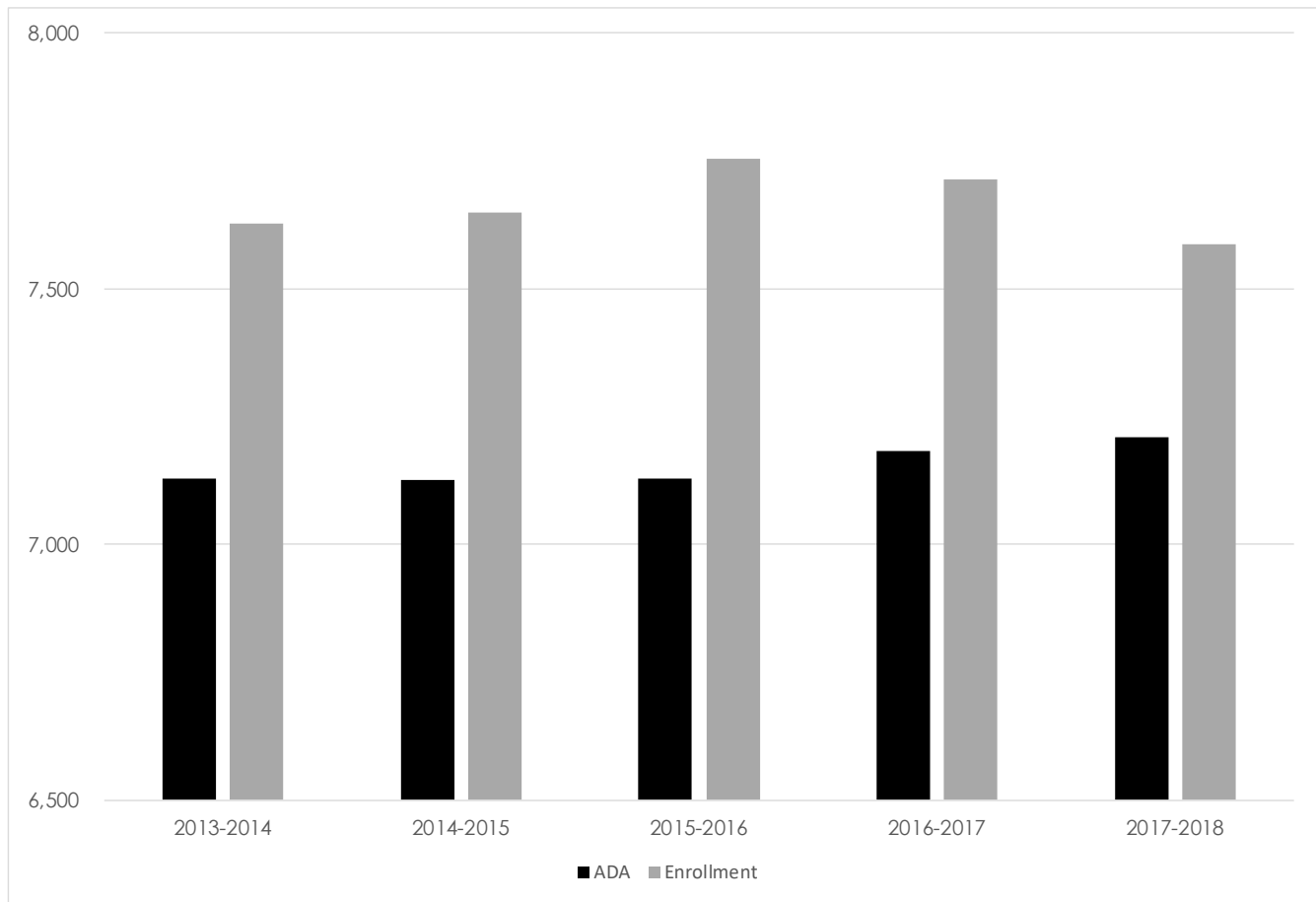
La Porte Independent School District
Attendance Data
Last Ten Fiscal Years
(Unaudited)

Schedule 19

Fiscal Year	Total Enrollment	Average Daily Attendance		
		Amount	Percent Increase (Decrease)	Percent of Membership
2009	7,914	7,590	2.01%	95.91%
2010	7,847	7,270	-4.22%	92.64%
2011	7,816	7,236	-0.47%	92.57%
2012	7,768	7,262	0.36%	93.48%
2013	7,747	7,218	-0.60%	93.17%
2014	7,628	7,129	-1.23%	93.46%
2015	7,648	7,127	-0.02%	93.19%
2016	7,753	7,128	0.01%	91.94%
2017	7,713	7,183	0.77%	93.13%
2018	7,588	7,210	0.38%	95.02%

Source: Texas Education Agency Website - PEIMS

Average Daily Attendance and Enrollment Last Five Fiscal Years



Unaudited
Source: District PEIMS Data

La Porte Independent School District
School Building Information
Last Ten Fiscal Years
(Unaudited)

Schedule 20

Building	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ELEMENTARY SCHOOLS										
Bayshore Elementary										
Square footage	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	8,683
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	579	557	537	522	530	577	561	532	340	375
College Park Elementary										
Square footage	77,910	77,910	77,910	75,301	75,301	75,301	75,301	75,301	75,301	74,001
Capacity	696	696	696	650	650	650	650	650	650	650
Enrollment	453	470	490	472	461	465	487	474	493	505
Heritage Elementary										
Square footage	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	519	550	560	595	599	610	642	647	701	639
Jennie Reid Elementary										
Square footage	72,450	72,450	72,450	72,450	72,450	72,450	72,450	72,450	72,450	72,450
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	456	471	462	492	486	487	494	515	537	537
La Porte Elementary										
Square footage	94,064	94,064	94,064	94,064	94,064	94,064	94,064	94,064	94,064	94,064
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	546	554	549	494	491	502	525	523	588	579
Lomax Elementary										
Square footage	101,987	101,987	101,987	86,795	86,495	86,495	86,495	86,495	86,495	86,495
Capacity	729	729	729	700	700	700	700	700	700	700
Enrollment	487	511	542	528	519	523	548	536	591	586
Rizzuto Elementary										
Square footage	85,563	85,563	85,563	85,563	85,563	85,563	85,563	85,563	85,563	85,563
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	592	585	591	595	588	582	584	587	612	641
INTERMEDIATE SCHOOLS										
Baker 6th Grade Campus										
Square footage	125,937	125,937	125,937	140,060	140,060	140,060	140,060	140,060	140,060	140,060
Capacity	925	925	925	700	700	700	700	700	700	700
Enrollment	547	580	575	550	533	625	551	608	579	559
JUNIOR HIGH SCHOOLS										
La Porte Junior High School										
Square footage	153,200	153,200	153,200	148,044	148,044	148,044	148,044	148,044	148,044	139,004
Capacity	725	725	725	725	725	725	725	725	725	600
Enrollment	568	595	549	554	555	536	566	553	540	594
Lomax Junior High School										
Square footage	125,645	125,645	125,645	125,645	125,645	125,645	125,645	125,645	125,645	125,645
Capacity	780	780	780	780	780	780	780	780	780	780
Enrollment	609	597	612	605	608	611	628	581	578	612
HIGH SCHOOLS										
La Porte High School										
Square footage	633,140	633,140	591,126	504,652	504,652	504,652	502,332	502,332	502,332	502,332
Capacity	3,100	3,100	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923
Enrollment	2,083	2,176	2,218	2,162	2,190	2,168	2,121	2,188	2,209	2,195
ALTERNATIVE SCHOOLS										
DeWalt Alternative School										
Square footage	37,796	37,796	37,796	37,796	37,796	37,796	37,796	37,796	37,796	37,796
Capacity	250	250	250	250	250	250	250	250	250	250
Enrollment	60	57	54	60	68	61	61	72	79	92
TOTAL SQUARE FOOTAGE	1,718,692	1,718,692	1,676,678	1,581,370	1,581,070	1,581,070	1,578,750	1,578,750	1,578,750	1,466,093
TOTAL CAPACITY	10,755	10,755	10,578	10,278	10,278	10,278	10,278	10,278	10,278	10,153
TOTAL ENROLLMENT	7,499	7,703	7,739	7,629	7,628	7,747	7,768	7,816	7,847	7,914

Source: District Records

Federal Awards Section

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

To the Board of Trustees of
La Porte Independent School District
La Porte, Texas

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Porte Independent School District (the District) as of and for the year ended June 30, 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 November 13, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 of
La Porte 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
November 13, 2018

**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
In Accordance with the Uniform Guidance**

To the Board of Trustees of
La Porte Independent School District
La Porte, Texas

Report on Compliance for Each Major Federal Program

We have audited La Porte Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 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 on 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 June 30, 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 to determine the 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.

Houston, Texas
November 13, 2018

La Porte Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1. Summary of Auditors' Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified that are not
considered to be material weakness(es)? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified that are not
considered to be material weakness(es)? ☐ Yes ☒ None reported

An unmodified opinion was issued on compliance for
major programs.

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

Identification of major programs:

Special Education Cluster:

84.027A

84.027A

84.173A

IDEA - Part B, Formula

IDEA- Part B, High Cost Risk Pool

IDEA - Part B, Preschool

Dollar threshold used to distinguish between type A
and type B programs?

\$750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

La Porte Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2. Financial Statement Findings

None noted

Section 3. Federal Award Findings and Questioned Costs

None noted

Section 4. Status of Prior Audit Findings and Questioned Costs

Significant Deficiency in Internal Control over Compliance

Finding: 2017-001 ESEA Title I Part A Improving Basic Programs (84.010A) – Matching, Level of Effort and Earmarking Monitoring Level of Effort

Condition: The District did not have procedures in place to monitor their local level of effort as required by the U.S. Department of Education.

Recommendation: We recommended the District implement policies and procedures to monitor their local level of effort.

Status: The planned corrective action was completed as of June 30, 2018.

La Porte Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Exhibit K-1

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Education (Cash Assistance):			
National School Lunch Program	10.555	71301801	\$ 1,856,026
School Breakfast Program	10.553	71401801	610,947
Passed Through State Department of Education (Non Cash Assistance):			
USDA Donation Commodities	10.555	101916	206,751
Total Child Nutrition Cluster			2,673,724
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,673,724
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A Improving Basic Programs	84.010A	17610101101916	27,264
ESEA Title I Part A Improving Basic Programs	84.010A	18610101101916	797,909
Total CFDA 84.010A			825,173
IDEA - Part B, Formula	84.027A	176600011019166600	4,171
IDEA - Part B, Formula	84.027A	186600011019166600	1,254,722
IDEA - Part B, Preschool	84.173A	176610011019166610	76
IDEA - Part B, Preschool	84.173A	186610011019166610	27,344
IDEA - High Cost Risk Pool	84.027A	18660006101916	60,762
Total Special Education Cluster (IDEA)			1,347,075
Career and Technology Education - Carl D. Perkins	84.048A	17420006101916	8,755
Career and Technology Education - Carl D. Perkins	84.048A	18420006101916	65,905
Total CFDA 84.048A			74,660
Project SERV Hurricane Recovery Grant	84.184S	S184S180001	12,870
ESEA Title II, Part A	84.367A	17694501101916	290
ESEA Title II, Part A	84.367A	18694501101916	188,354
Total CFDA 84.367A			188,644
ESEA Title III, LEP (263)	84.365A	18671001101916	51,286
Title IV, Part A, Subpart 1, LEP Summer School	84.369A	18680101101916	19,296
Restart Hurricane Recovery	84.938A	S938A180003	358,222
EIA Hurricane Recovery	84.938C	S938C180013	308,851
Total Program 84.938A&C			667,073
TOTAL U.S. DEPARTMENT OF EDUCATION			3,186,077
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medicaid Administrative Claims	93.778	N/A	71,614
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			71,614
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,931,415

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

La Porte Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

La Porte Independent School District (the District) utilizes the fund types specified in the Texas Education Agency's Financial Accounting System Resource Guide.

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 must be returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current asset, deferred outflows, current liabilities and deferred inflows generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for governmental funds. This basis of accounting recognizes revenues in the accounting period in which they become measurable and available. Expenditures are recorded in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grants 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.

National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of the donation. The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2. Period of Availability

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project extended 30 days beyond the federal project period ending date, in accordance with the provisions of the Uniform Guidance.

Note 3. Basis of Funding

Federal funding for National School Breakfast and Lunch Program under child nutrition programs is primarily based upon the number and type of meals served and in user charges as reported to the U.S. Department of Agriculture. Federal funding received related to various grant programs is based upon periodic reports detailing reimbursable expenditures made in compliance with the program guidelines to the grantor agencies. Included in the Schedule of Expenditures of Federal Awards is \$206,751 of noncash assistance in the form of USDA Donated Commodities. The programs are governed by various rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's management, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the basic financial statements for such contingences.

La Porte Independent School District

Notes to the Schedule of Expenditures of Federal Awards

Note 4. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Total expenditures of federal awards per exhibit K-1	\$	5,931,415
School health and related services (SHARS)		1,301,829
Reserve officers' training corps		<u>60,836</u>
Total federal revenues per Exhibit C-3	\$	<u><u>7,294,080</u></u>