

La Porte

Independent School District

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017



James H. Baker
Sixth Grade
Campus



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, 2017
Table of Contents

	<u>Page</u>	<u>Exhibit</u>
Introductory Section		
Transmittal Letter.....	iv	
Certificate of the Board.....	x	
Principal Officials and Advisors.....	xi	
Organizational Chart	xiii	
Certificate of Excellence in Financial Reporting – ASBO	xiv	
Certificate of Achievement for Excellence in Financial Reporting – GFOA	xv	
Financial Section		
Independent Auditor’s Report	2	
Management’s Discussion and Analysis.....	5	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	17	A-1
Statement of Activities	18	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds.....	19	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21	C-2
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	22	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.....	24	C-4
Statement of Net Position – Proprietary Fund.....	25	D-1
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	26	D-2
Statement of Cash Flows – Proprietary Fund	27	D-3
Statement of Fiduciary Net Position	28	E-1
Statement of Changes in Fiduciary Net Position	29	E-2
Notes to the Basic Financial Statements.....	30	
Required Supplementary Information		
Budgetary Comparison Schedule – General Fund.....	55	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 (TRS).....	56	G-2
Schedule of the District’s Contributions to the Teacher Retirement System Pension Plan (TRS)	57	G-3
Notes to the Required Supplementary Information.....	58	
Supplementary Information – Combining Statements and Schedules		
Non-Major Governmental Funds:		
Combining Balance Sheet	61	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	67	H-2
Agency Funds:		
Statement of Changes in Fiduciary Assets – Student Activity Fund.....	73	H-3

La Porte Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017
Table of Contents – Continued

	<u>Page</u>	<u>Exhibit</u>
Required Tea Schedules		
Schedule of Delinquent Taxes Receivable.....	75	J-1
Budgetary Comparison Schedule – Child Nutrition Program	77	J-2
Budgetary Comparison Schedule – Debt Service Fund.....	78	J-3
Statistical Section (Unaudited)		
Financial Trends Information:		
Net Position by Component.....	81	
Changes in Net Position.....	82	
Fund Balances of Governmental Funds.....	84	
Changes in Fund Balances of Governmental Funds	85	
General Fund Balances	86	
Revenue Capacity Information:		
Property Tax Rates - Direct and all Overlapping Governments	88	
Assessed and Estimated Actual Value of Taxable Property	89	
Principal Property Tax Payers	90	
Property Tax Levies and Collections	91	
Debt Capacity Information:		
Ratios of Net General Obligation Bonded Debt Outstanding	94	
Outstanding Bonds	95	
Legal Debt Margin Information	96	
Computation of Direct and Overlapping Debt.....	97	
Demographic and Economic Information:		
Demographic Statistics	99	
Principal Employers.....	101	
Operating Information		
Full Time Equivalent District Employees by Function.....	103	
Full Time Equivalent Staff Information	104	
Teacher Base Salaries.....	105	
Attendance Data	106	
Average Daily Attendance and Enrollment.....	107	
School Building Information.....	108	
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.....	110	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	112	
Schedule of Findings and Questioned Costs	115	
Schedule of Expenditures of Federal Awards	118	K-1
Notes to the Schedule of Expenditures of Federal Awards	119	

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 14, 2017

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, 2017. 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, 2017, 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, 2017, 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, 2017, 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 2016-2017 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 7700 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 2016-17 was over \$9.43 billion, an increase of 16.2 % from the previous year. The tax rates per \$100 of assessed value for the past five years are shown on the following table.

Year	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
M&O	1.04	1.04	1.04	1.04	1.04
I&S	0.29	0.29	0.41	0.41	0.38

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 2016-2017 school year. This is the fifth 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. Seven La Porte ISD campuses were recognized with distinctions in one or more areas. Lomax Elementary earned six distinctions, followed by La Porte Elementary with five distinctions. Earning three distinctions each were College Park Elementary and Jennie Reid Elementary schools. Bayshore Elementary school earned two distinctions while La Porte Junior High and Lomax Junior High schools each earned one distinction.

Attendance Rate - Despite the lack of growth in the District and the problems facing families today, the attendance rate in the District remains high at 95.16%.

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 2016-17 school year, all construction projects were 100% complete except for La Porte High School which is at 97% 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, 2016. This is the fifteenth 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 fifteen years. The rating is based upon an analysis of staff and student data reported for the 2015-2016 school year and budgetary and actual financial data for the fiscal year ended June 30, 2016. 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 finances 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, 2016. 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, 2016. 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, 2017 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. Each year two districts are singled out for the highest honor and awarded the Elite Award for either Large District or Small District. La Porte ISD received the prestigious Elite Award for Small District for the year ended June 30, 2017.

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

Rhonda Cumbie
Chief Financial Officer



Vicki Garcia

Vicki Garcia
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 year ended June 30, 2017 at a meeting of the Board of Trustees of such school district on the 14th day of November, 2017.

Lois Rogerson
Signature of Board Secretary

DeAnn Thomson
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	7	2019	Customer Service Supervisor
David Janda	Vice President	5	2018	Teacher
Lois Rogerson	Secretary	4	2020	Retired Teacher
Kathy Green	Trustee	13	2020	Training Coordinator
Dennis Slate	Trustee	0	2020	Retired Police Officer
Lee Wallace	Trustee	7	2018	HSSE Technician
Charlcya Wheeler	Trustee	13	2019	Retired

Administrative Officials

Official	Position	Years of Service	
		Total	District
Lloyd W. Graham	Superintendent	28	9
Rhonda Cumbie	Chief Financial Officer	20	9
Dr. Linda Wadleigh	Deputy Superintendent	32	17
Mike Clausen	Deputy Superintendent	48	48
Dannette Tilley	Executive Director, Secondary Education	28	13
Jewel Whitfield	Executive Director, Elementary Education	20	17
Angela Garza-Viator	Executive Director, Human Resources	19	19
Vicki Garcia	Director of Finance	15	4
Terri Cook	Public Information Officer, Director-Public Relations	17	9

Consultants and Advisors

Weaver and Tidwell, L.L.P.

Independent Auditors

24 Greenway Plaza, Suite 1800 • Houston, Texas 77046

Andrews Kurth, L.L.P.

Bond Counsel

600 Travis, Suite 4200 • Houston, Texas 77010

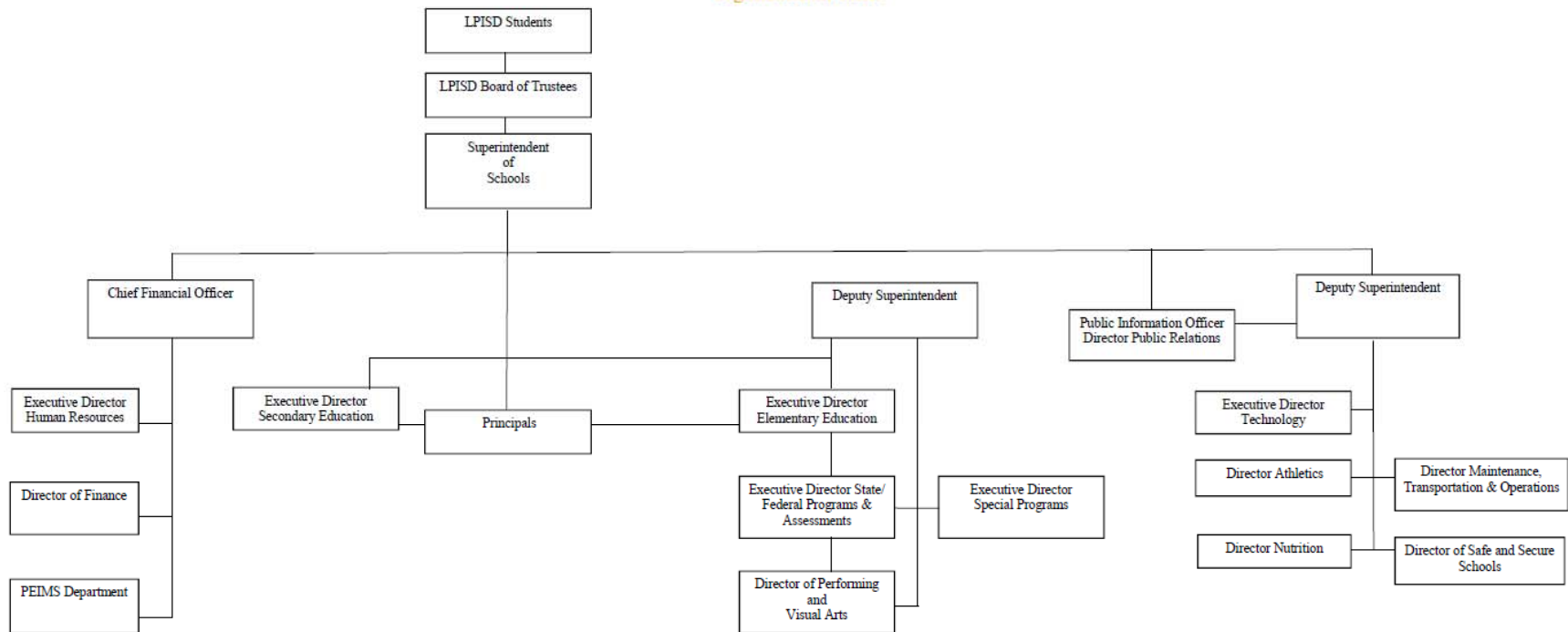
SAMCO Capital Markets, Inc.

Financial Advisor

11111 Katy Freeway #820 • Houston, Texas 77079

La Porte Independent School District Organizational Chart

2016-2017





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, 2016.**

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



A handwritten signature in black ink, reading 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
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, 2016

Executive Director/CEO

Financial Section

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Independent Auditor's Report

Board of Trustees
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 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, 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 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), 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Board of Trustees
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 14, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
November 14, 2017

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La Porte Independent School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

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, 2017. 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 \$66,991,217 (*net position*). Of this amount, \$22,128,205 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$2,806,891.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$85,975,366, a decrease of \$61,203,081 in comparison with the prior year. The decrease in governmental fund balances was primarily due to a decrease of \$65,628,084 and \$390,552 in the capital projects fund and non-major governmental funds respectively and an increase of \$4,141,544 and \$674,011 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 \$30,245,650, or 29.6 percent of total general fund expenditures.
- The District's total long-term debt decreased by 7.5 percent or \$20,355,000 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 and liabilities, with the difference between the two 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; Cocurricular/Extracurricular Activities; General Administration; Plant Maintenance and Operations; Security and Monitoring Services; Data Processing Services; Community Services; Interest on Long-term Debt; Bond Issuance Costs and Fees; and Facilities payments. The government-wide financial statements can be found on pages 17 and 18 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 19 through 24 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 25 through 27 of this report.

Fiduciary Fund. The fiduciary fund is used to account for resources held for the benefit of students. The fiduciary fund is *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 fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

The basic fiduciary fund financial statements can be found on pages 28 and 29 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 page 30 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 and the Schedule of the District's Teacher Retirement System Contributions. 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 61 through 74 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 \$66,991,217 at the close of the most recent fiscal year.

The largest portion of the District's net position (\$33,311,721) 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)

	2017	2016
Assets:		
Current and other assets	\$ 119,603	\$ 174,728
Capital and non-current assets	364,389	327,134
Total assets	<u>483,992</u>	<u>501,862</u>
Deferred outflows of resources	16,515	18,312
Total assets and deferred outflows of resources	<u>500,507</u>	<u>520,174</u>
Liabilities:		
Current liabilities	53,932	53,145
Long-term liabilities	378,485	395,880
Total liabilities	<u>432,417</u>	<u>449,025</u>
Deferred inflows of resources	1,099	1,351
Total liabilities and deferred inflows of resources	<u>433,516</u>	<u>450,376</u>
Net Position:		
Net investment in capital assets	33,312	40,916
Restricted	11,551	11,272
Unrestricted	22,128	17,609
Total net position	<u><u>\$ 66,991</u></u>	<u><u>\$ 69,797</u></u>

Net position of \$10,114,148 is restricted for debt service activities and net position of \$1,437,143 is restricted for grant activities. The remaining balance of unrestricted net position, \$22,128,205, may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The District's net position decreased \$2,806,891 during the current fiscal year.

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

	2017	2016	Percentage Change
Program revenues:			
Charges for services	\$ 1,787	\$ 1,773	1%
Operating grants	10,010	11,675	-14%
General revenues:			
Property taxes	130,223	119,194	9%
Grants and contributions not restricted	5,962	1,955	205%
Interest earnings	897	488	84%
Other	2,853	3,243	-12%
Special item - loss on disposal of capital assets	(14,514)	-	0%
Total revenues and special item	<u>137,218</u>	<u>138,328</u>	-1%
Expenses:			
Instruction	52,297	49,759	5%
Instruction resources and media services	455	458	-1%
Curriculum and staff development	1,026	1,330	-23%
Instructional leadership	1,026	925	11%
School leadership	4,374	4,303	2%
Guidance, counseling, and evaluation services	2,997	2,887	4%
Social work services	231	207	12%
Health services	875	839	4%
Student transportation	3,024	3,620	-16%
Food service	4,518	4,270	6%
Extracurricular activities	2,320	2,375	-2%
General administration	3,155	3,256	-3%
Plant, maintenance and operations	10,634	11,432	-7%
Security and monitoring services	1,300	551	136%
Data processing services	3,578	3,899	-8%
Community services	38	39	-3%
Interest on long-term debt	13,754	14,074	-2%
Facilities acquisition and construction	9	45	-80%
Incremental costs related to WADA	29	-	0%
Contracted instructional services between schools	31,238	24,532	27%
Payments related to shared services arrangements	108	119	-9%
Payments to JJAEP	20	20	0%
Payments to Tax Increment Fund	2,055	1,671	23%
Other intergovernmental charges	964	887	9%
Total expenses	<u>140,025</u>	<u>131,498</u>	6%
Increase (decrease) in net position	(2,807)	6,830	-141%
Beginning net position	69,798	62,968	11%
Ending net position	<u><u>\$ 66,991</u></u>	<u><u>\$ 69,798</u></u>	-4%

Governmental Activities. Governmental activities decreased the District's net position by \$2,806,891. Key elements of this increase are as follows:

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$15,971,862) represent 11.6 percent of total revenues, and property taxes of \$130,222,587 represent 94.9 percent of total revenues. The remaining \$5,537,490 is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction (\$52,296,542) which represents 48.1 percent of total expenses less contracted instructional services between schools of (\$31,237,688). Plant maintenance and operations (\$10,633,698) represents 7.6 percent and Debt Service (\$13,753,627) represents 9.8 percent of total expenses which are less contracted instructional services between schools. The remaining individual functional categories of expenses are each less than 5.0 percent of total expenses. The overall expenses increased 6.5 percent from the previous year which are less contracted instructional services between schools, and the decrease to net position was 2.3 percent. The decrease in net position was primarily due to a loss on the disposal of capital assets.

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 \$85,975,366, a decrease of \$61,203,081 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 \$65,628,084, a decrease in the non-major governmental funds balance of \$390,552. The general fund balance increased by \$4,141,544 and the debt service fund balance increased by \$674,011.

At the end of the current fiscal year unassigned fund balance for the general fund was \$30,245,650, or 29.6 percent of total general fund expenditures.

The debt service fund has a total fund balance of \$14,883,619, all of which is reserved for the payment of debt service. The net increase in the debt service fund balance (\$674,011) during the current year was primarily due to increased base even though the District decreased 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 \$32,021,719, all of which is reserved for authorized construction, plant maintenance and technology projects/enhancements. The decrease in fund balance during the current year (\$61,203,081) was due to voter approval of a \$260,000,000 bond authorization in May, 2014 in which \$67,011,753, 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 of \$1,645,180 in revenues. The increased revenue adjustment was primarily due to changes in estimates for state revenue in the per capita rate in the 2nd year of the biennium.

Capital Assets and Long-Term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of June 30, 2017, amounts to \$364,388,864 (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 \$37,254,939. A comparison of capital asset balances at current and prior fiscal year end follows:

Capital Assets (Amounts in 000's)

	Balance June 30, 2017	Balance June 30, 2016
Land	\$ 10,520	\$ 10,520
Buildings and improvements	397,818	307,044
Furniture and equipment	22,274	19,621
Construction in progress	24,065	77,433
	<u>454,677</u>	<u>414,618</u>
Less accumulated depreciation for:		
Buildings and improvements	(76,140)	(74,317)
Furniture and equipment	(14,148)	(13,167)
	<u>(90,288)</u>	<u>(87,484)</u>
Governmental activities capital assets	<u>\$ 364,389</u>	<u>\$ 327,134</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 \$377,602,434 in total debt outstanding, a decrease of \$23,136,784 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 liabilities as of current and prior fiscal year end follows:

Long-term Liabilities (Amounts in 000's)

	Balance June 30, 2017	Balance June 30, 2016
General obligation bonds	\$ 350,980	\$ 371,335
Premium on bonds	25,609	28,159
Accrued compensated absences	1,013	1,245
	<u>\$ 377,602</u>	<u>\$ 400,739</u>

Additional information on the District's long-term liabilities can be found in note 4 of the notes to the financial statements.

Major Initiatives

Pursuant to voter approval of a \$260 million bond authorization on May 10, 2014, construction was completed for a new Lomax Elementary School and James H. Baker Sixth Grade Campus, as well as renovations at Heritage Elementary, Reid Elementary, Bayshore Elementary, and Rizzuto Elementary; construction is almost completed for a major rebuild of La Porte High School and a new district multipurpose center. This also provides funding for capital expenditures for fine arts, technology, transportation and maintenance.

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.

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 "met standard" for all accountability indexes (1-4). Lomax Elementary School earned distinction in six areas: English Language Arts/Reading; Math; Science; Top 25 Percent Student Progress; Top 25 Percent Closing Performance Gaps; and Postsecondary Readiness. La Porte Elementary School earned distinctions in five areas: English Language Arts/Reading; Math; Top 25 Percent Student Progress; Top 25 Percent Closing Performance Gaps; and Postsecondary Readiness. College Park Elementary School and Jennie Reid Elementary School earned distinctions in three areas. College Park's distinctions include: English Language Arts/Reading; Top 25 Percent Closing Performance Gaps; and Postsecondary Readiness. Jennie Reid's distinctions include: Math; Top 25 Percent Student Progress; and Top 25 Percent Closing Performance Gaps. Bayshore Elementary School received two distinctions for Top 25 Percent Closing Performance Gaps and Postsecondary Readiness. La Porte Junior High received recognition for Top 25 Percent Student Progress, while Lomax Junior High received recognition for Top 25 Percent Closing Performance Gaps.

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

- The District remains a Chapter 41 district and subject to state capture of local maintenance and operation tax dollars. The District sent 37.25% in fiscal year 2017 and estimates 38% in fiscal year 2018 of our tax dollars to the state. 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 nine 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 districts increased base.
- The District is one of several hundred Texas public school districts that sued the State claiming that the current school funding system established by the Texas Legislature violates various provisions of the Texas Constitution. The Texas Supreme Court unanimously upheld the state's school finance system as constitutional, even though it's flawed. "Despite the imperfections of the current school funding regime, it meets minimum constitutional requirements," reads the court's opinion by Justice Don Willett. All eight other justices joined him; four joined two concurring opinions, but there were no dissents. The court has left it up to lawmakers to reform school finances. The District budgets per the current school finance system.
- 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 \$1.5 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's enrollment and Average Daily Attendance (ADA) have not rebounded from the impact of Hurricane Ike. For FY 2018 the District anticipates a peak enrollment of 7,701 students, which is flat from FY 2017. The District's pre-Hurricane Ike ADA was 7,670, while FY 2017 ADA was 7,180 and is anticipated to be close to the same for FY 2018.

- The District has 1,180 faculty and staff comprised of the following: 42 employees in central administration departments; 537 teachers, librarians, counselors, and nurses; 267 other school leadership and support staff; 113 maintenance employees; 105 cafeteria workers; and 116 employees in transportation for the 2017-2018 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 \$53,100. The minimum hourly rate for paraprofessionals is \$11.20 and the minimum hourly rate for manual trades is \$9.75.
- The 2017 preliminary certified taxable property value as reported by the Harris and Chambers County Appraisal Districts totaled \$9,938,147,531 which is approximately 5.2 percent higher than the 2016 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 \$9,848,710,689.
- The property tax rate for 2017-18 will be \$1.38 per \$100 of assessed value; the 2016-17 rate was \$1.42 per \$100 of assessed value.
- 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 High-Quality Prekindergarten Grant Program that supports the District's comprehensive, full-day prekindergarten program that continues for the 2017-18 budget year. 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 2017-18 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 graduated 31 seniors from the class of 2017 with both a high school diploma and an Associate of Arts or Applied Science degree from San Jacinto College. Nineteen rising seniors will graduate with the class of 2018 with both a high school diploma and an associate's degree. Beginning in the 2017-2018 school year, 43 juniors are participating in the District's third ACE cohort. 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.
- The District increased course offerings through the implementation of Project Lead the Way. These courses include Civil Engineering and Aerospace Engineering. In 2018-2019, the District will add Engineering Design Development.
- In an effort to support student achievement in 8th grade social studies at La Porte Junior High, the District has entered into a contract with Lead4ward for ongoing social studies curriculum and instruction support. The social studies academy includes detailed curriculum and lesson planning, data analysis, classroom observations and instructional modeling.

These factors were considered in preparing the District's FY 2018 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

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La Porte Independent School District

Statement of Net Position

June 30, 2017

Exhibit A-1

Data Control Codes		Governmental Activities
ASSETS		
Current assets:		
1110	Cash and cash equivalents	\$ 111,311,449
1220	Property taxes receivable	3,646,972
1230	Allowance for uncollectible property taxes	(1,055,500)
1240	Due from other governments	4,365,541
1290	Other receivables	168,115
1300	Inventories	90,914
1410	Prepaid items	1,075,946
	Total current assets	119,603,437
Capital assets:		
1510	Land	10,520,373
1520	Buildings and improvements	397,817,790
1530	Furniture and equipment	22,274,063
1580	Construction in progress	24,065,214
1560	Less accumulated depreciation	(90,288,576)
	Total capital assets (net)	364,388,864
1000	Total assets	483,992,301
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	7,228,787
1710	Deferred loss on issuance of refunding bonds	9,286,433
1700	Total deferred outflows of resources	16,515,220
	Total assets and deferred outflows of resources	500,507,521
LIABILITIES		
Current liabilities:		
2110	Accounts payable	18,063,074
2140	Interest payable	5,447,918
2150	Payroll deductions and withholdings	543,955
2160	Accrued wages payable	1,586,704
2180	Due to other governments	9,434,823
2200	Accrued expenses	533,295
2300	Unearned revenue	145,780
2501	Noncurrent liabilities due within one year	18,176,622
	Total current liabilities	53,932,171
Noncurrent liabilities:		
2502	Noncurrent liabilities due in more than one year	359,425,812
2540	Net pension liability	19,059,283
	Total noncurrent liabilities	378,485,095
2000	Total liabilities	432,417,266
DEFERRED INFLOWS OF RESOURCES		
2602	Deferred inflows - pension	1,099,038
	Total deferred inflows of resources	1,099,038
	Total liabilities deferred inflows of resources	433,516,304
NET POSITION		
3200	Net investment in capital assets	33,311,721
3820	Restricted for grants	1,437,143
3850	Restricted for debt service	10,114,148
3900	Unrestricted	22,128,205
	Total net position	\$ 66,991,217

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

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La Porte Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Exhibit B-1

Data Control Codes		Expenses	Program Revenues		Net (Expense)
			Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
0011	Instruction	\$ 52,296,542	\$ 100,103	\$ 4,853,075	\$ (47,343,364)
0012	Instructional resources and media services	454,722	-	17,825	(436,897)
0013	Curriculum and staff development	1,025,854	-	290,350	(735,504)
0021	Instructional leadership	1,025,658	-	242,734	(782,924)
0023	School leadership	4,374,173	-	285,657	(4,088,516)
0031	Guidance, counseling, and evaluation services	2,997,386	-	537,025	(2,460,361)
0032	Social work services	231,094	-	4,034	(227,060)
0033	Health services	875,217	-	52,083	(823,134)
0034	Student transportation	3,024,166	-	170,820	(2,853,346)
0035	Food service	4,517,973	1,467,338	2,740,823	(309,812)
0036	Extracurricular activities	2,320,363	146,275	70,499	(2,103,589)
0041	General administration	3,155,391	-	108,484	(3,046,907)
0051	Plant maintenance and operations	10,633,698	72,836	164,238	(10,396,624)
0052	Security and monitoring services	1,300,140	-	37,316	(1,262,824)
0053	Data processing services	3,577,687	-	61,863	(3,515,824)
0061	Community services	38,258	-	12,440	(25,818)
0072	Interest on long-term debt	13,753,627	-	360,386	(13,393,241)
0073	Issuance costs and fees	8,750	-	-	(8,750)
0081	Facilities acquisition and construction	29,396	-	-	(29,396)
0091	Contracted instructional services between schools	31,237,688	-	-	(31,237,688)
0093	Payments related to shared services arrangement	108,101	-	-	(108,101)
0095	Payments to juvenile justice alternative education programs	19,800	-	-	(19,800)
0097	Payments to tax increment fund	2,054,938	-	-	(2,054,938)
0099	Other intergovernmental charges	964,114	-	-	(964,114)
TOTAL PRIMARY GOVERNMENT		\$ 140,024,736	\$ 1,786,552	\$ 10,009,652	\$ (128,228,532)

Data Control Codes		
General revenues:		
MT	Property taxes, levied for general purposes	\$ 94,533,779
DT	Property taxes, levied for debt services	35,688,808
GC	Grants and contributions not restricted to specific programs	5,962,210
IE	Investment earnings	897,470
MI	Miscellaneous	2,853,468
S1	Special item - loss on disposal of capital assets	(14,514,094)
TR	Total general revenues and special item	125,421,641
CN	Change in net position	(2,806,891)
NB	Beginning net position	69,798,108
NE	Net position - ending	\$ 66,991,217

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

La Porte Independent School District
Balance Sheet
Governmental Funds
June 30, 2017

Data Control Codes		General Fund	Debt Service Fund
	ASSETS		
1110	Cash and cash equivalents	\$ 42,516,448	\$ 14,853,363
	Receivables:		
1220	Property taxes - delinquent	2,713,325	933,647
1230	Allowance for uncollectible taxes	(800,300)	(255,200)
1240	Due from other governments	2,797,701	28,031
1250	Accrued interest	1,588	-
1260	Due from other funds	818,672	2,225
1290	Other receivables	28,829	-
1310	Inventories, at cost	31,696	-
1410	Prepaid items	976,616	-
1000	TOTAL ASSETS	\$ 49,084,575	\$ 15,562,066
	LIABILITIES		
2110	Accounts payable	\$ 2,372,742	\$ -
2150	Payroll deductions and withholdings payable	543,955	-
2160	Accrued wages payable	1,450,850	-
2170	Due to other funds	56,287	-
2180	Due to other governments	9,434,555	-
2300	Unearned revenue	72,694	-
2000	Total liabilities	13,931,083	-
	DEFERRED INFLOWS OF RESOURCES		
2601	Deferred property taxes	1,913,025	678,447
2600	Total deferred inflows of resources	1,913,025	678,447
	FUND BALANCES		
	Non-spendable:		
3410	Inventories	31,696	-
3430	Deferred expenditures	976,616	-
	Restricted for:		
3450	Grant funds	-	-
3470	Capital acquisitions	-	-
3480	Retirement of long-term debt	-	14,883,619
	Committed for:		
3520	Compensated absences	986,505	-
3540	Self insurance	1,000,000	-
3545	Student achievement and safety	-	-
	Unassigned:		
3600	General fund	30,245,650	-
3000	Total fund balances	33,240,467	14,883,619
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 49,084,575	\$ 15,562,066

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

Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
\$ 46,683,448	\$ 6,076,073	\$ 110,129,332
-	-	3,646,972
-	-	(1,055,500)
836,147	703,662	4,365,541
19,888	-	21,476
-	60,518	881,415
117,810	-	146,639
-	22,999	54,695
96,400	-	1,073,016
<u>\$ 47,753,693</u>	<u>\$ 6,863,252</u>	<u>\$ 119,263,586</u>
\$ 15,606,166	\$ 78,332	\$ 18,057,240
-	-	543,955
-	135,854	1,586,704
125,808	746,224	928,319
-	195	9,434,750
-	73,086	145,780
15,731,974	1,033,691	30,696,748
-	-	2,591,472
-	-	2,591,472
-	22,999	54,695
96,400	-	1,073,016
-	1,437,143	1,437,143
31,925,319	-	31,925,319
-	-	14,883,619
-	26,820	1,013,325
-	-	1,000,000
-	4,342,599	4,342,599
-	-	30,245,650
<u>32,021,719</u>	<u>5,829,561</u>	<u>85,975,366</u>
<u>\$ 47,753,693</u>	<u>\$ 6,863,252</u>	<u>\$ 119,263,586</u>

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La Porte Independent School District**Exhibit C-2**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances - Governmental funds (Exhibit C-1)

\$ 85,975,366

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
capital assets at year-end consist of:

Historical cost	454,677,440	
Accumulated depreciation	(90,288,576)	
	<hr/>	
Change due to capital assets	364,388,864	364,388,864

Property taxes receivable have been levied and are due this year, but are not
available soon enough to pay for the current period's expenditures and, therefore,
are recorded as deferred inflows in the funds.

2,591,472

Long-term liabilities, including bonds payable and net pension 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:

Long-term liabilities at year end consist of:

Net pension liability	(19,059,283)	
Bonds payable, at original par	(350,980,000)	
Premiums on bonds payable	(25,609,109)	
Compensated absences	(1,013,325)	
Accrued interest on the bonds	(5,447,918)	
	<hr/>	
Change due to long-term liabilities	(402,109,635)	(402,109,635)

Internal service funds are used by the District's management to charge the costs
of the workers' compensation insurance program and print shop to the individual
funds. The assets and liabilities of the internal service fund are included in the
government wide statement of net position.

728,968

Deferred charge on refunding is reported as deferred outflow in the statement
of net position and is not reported in the funds due to it is not a current financial
resource available to pay for current expenditures.

9,286,433

Deferred outflows for pension are included in the statement of net position and
are not reported in the funds due to they are not current financial resources
available to pay for current expenditures

7,228,787

Deferred inflows for pension are included in the statement of net position and are
not reported in the funds due to they are not current financial resources available
to pay for current expenditures

(1,099,038)

Total net position - Governmental activities (Exhibit A-1)

\$ 66,991,217

La Porte Independent School District
Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2017

Data Control Codes		General Fund	Debt Service Fund
REVENUES			
5700	Total local and intermediate sources	\$ 97,623,840	\$ 35,473,392
5800	State program revenues	7,097,589	360,386
5900	Federal program revenues	1,515,693	-
5020	Total revenues	106,237,122	35,833,778
EXPENDITURES			
Current:			
0011	Instruction	39,852,562	-
0012	Instructional resources and media services	450,127	-
0013	Curriculum and instructional staff development	763,128	-
0021	Instructional leadership	842,818	-
0023	School leadership	4,291,710	-
0031	Guidance and counseling	2,535,301	-
0032	Social work services	231,422	-
0033	Health services	857,062	-
0034	Student transportation	2,807,383	-
0035	Food services	-	-
0036	Extracurricular activities	1,458,870	-
0041	General administration	2,978,760	-
0051	Plant maintenance and operations	7,765,509	-
0052	Security and monitoring services	1,276,459	-
0053	Data processing services	1,580,842	-
0061	Community services	25,284	-
0070	Debt service:		
0071	Principal	-	20,355,000
0072	Interest	-	14,796,017
0073	Bond issuance cost and fees	-	8,750
0081	Facilities acquisition and construction	-	-
0090	Intergovernmental:		
0091	Contracted instructional services	31,237,688	-
0093	Payments to fiscal agent	108,101	-
0095	Payments to juvenile justice alternative ed program	19,800	-
0097	Payments to tax increment fund	2,054,938	-
0099	Other intergovernmental charges	964,114	-
6030	Total expenditures	102,101,878	35,159,767
1100	Excess of revenues over (under) expenditures	4,135,244	674,011
OTHER FINANCING SOURCES AND (USES)			
7915	Transfers in	6,300	-
8911	Transfers out	-	-
7080	Total other financing sources and (uses)	6,300	-
1200	Net change in fund balances	4,141,544	674,011
0100	Fund balances - beginning	29,098,923	14,209,608
3000	FUND BALANCES - ENDING	\$ 33,240,467	\$ 14,883,619

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

Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
\$ 1,383,669	\$ 1,933,786	\$ 136,414,687
-	374,386	7,832,361
-	5,017,436	6,533,129
1,383,669	7,325,608	150,780,177
388,442	2,408,197	42,649,201
-	4,968	455,095
-	255,432	1,018,560
-	172,441	1,015,259
-	39,692	4,331,402
-	356,929	2,892,230
-	-	231,422
-	6,667	863,729
-	73,429	2,880,812
59,714	4,205,501	4,265,215
-	107,970	1,566,840
94,590	3,402	3,076,752
2,279,236	40,956	10,085,701
-	19,672	1,296,131
1,593,242	1,704	3,175,788
-	12,900	38,184
-	-	20,355,000
-	-	14,796,017
-	-	8,750
62,596,529	-	62,596,529
-	-	31,237,688
-	-	108,101
-	-	19,800
-	-	2,054,938
-	-	964,114
67,011,753	7,709,860	211,983,258
(65,628,084)	(384,252)	(61,203,081)
-	-	6,300
-	(6,300)	(6,300)
-	(6,300)	-
(65,628,084)	(390,552)	(61,203,081)
97,649,803	6,220,113	147,178,447
\$ 32,021,719	\$ 5,829,561	\$ 85,975,366

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

Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balance to
the Statement of Activities

For the Fiscal Year Ended June 30, 2017

Total net changes in fund balances - Total governmental funds (Exhibit C-3) \$ (61,203,081)

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 allocated over their
estimated useful lives as depreciation expense.

Capital assets increased	62,789,620	
Depreciation expense	(10,996,466)	51,793,154

The net effect of miscellaneous transactions involving capital assets (transfers,
adjustments and dispositions) is an increase (decrease) to net position. (14,538,215)

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. 410,164

Repayment of bond principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net position. 20,355,000

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 payable (increased) decreased	(358,512)	
Amortization of bond premium and discount	2,549,907	
Amortization of defeasance costs	(1,149,005)	1,042,390

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. 231,877

An internal service fund is used by the District to charge the costs of workers'
compensation benefits to the individual funds. The net activity of the internal
service fund was reported in the government-wide statements. 405,707

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)	(647,511)	
Deferred inflows (increased) decreased	251,825	
Net pension liability (increased) decreased	(908,201)	(1,303,887)

Change in net position for governmental activities (Exhibit B-1) \$ (2,806,891)

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, 2017

Exhibit D-1

Data Control Codes		Internal Service Fund
ASSETS		
	Current assets:	
1110	Cash and cash equivalents	\$ 1,182,117
1260	Due from other funds	54,062
1310	Inventory, at cost	36,219
1410	Prepaid items	2,930
	Total current assets	1,275,328
1000	Total assets	1,275,328
LIABILITIES		
	Current liabilities:	
2110	Accounts payable	5,834
2200	Accrued expenses	533,295
2170	Due to other funds	7,158
2180	Due to other governments	73
	Total current liabilities	546,360
2000	Total liabilities	546,360
NET POSITION		
3900	Unrestricted	728,968
3000	TOTAL NET POSITION	\$ 728,968

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
Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2017

Exhibit D-2

Data Control Codes		Internal Service Fund
	OPERATING REVENUES	
5700	Charges for services	\$ 813,775
5020	Total operating revenues	813,775
	OPERATING EXPENSES	
6100	Payroll costs	65,272
6200	Purchased and contracted services	307,264
6300	Supplies and materials	36,778
6400	Other operating costs	191
6030	Total operating expenses	409,505
	Operating income	404,270
	NONOPERATING REVENUES	
7020	Earnings on Investments	1,437
	Total nonoperating revenues	1,437
1300	Change in net position	405,707
0100	Net position - beginning	323,261
3300	NET POSITION - ENDING	<u><u>\$ 728,968</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 Fund
 For the Fiscal Year Ended June 30, 2017

Exhibit D-3

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 763,091
Cash payments for insurance claims	(366,508)
Cash payments for other operating expenses	(197,882)
	<hr/>
Net cash provided by operating activities	198,701
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from earnings on investments	1,437
	<hr/>
Net cash provided by noncapital financing activities	1,437
Net increase in cash and cash equivalents	200,138
CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 981,979
CASH AND CASH EQUIVALENTS, end of year	<hr/> <hr/> \$ 1,182,117
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income:	\$ 404,270
Effect of increases and decreases in current assets and liabilities:	
Increase in due from other funds	(49,173)
Increase in deferred expenses	(1,511)
Increase in inventory	(2,716)
Increase in accounts payable	312
Decrease in due to other funds	(25,592)
Decrease in due to other governments	(92)
Decrease in accrued expenses	(126,797)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr/> <hr/> \$ 198,701

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

La Porte Independent School District
Statement of Fiduciary Net Position
June 30, 2017

Exhibit E-1

Data Control Code		Trust Funds	865 Student Activity Fund
ASSETS			
1110	Cash and cash equivalents	\$ 247,687	\$ 302,432
1290	Other receivables	-	226
	Total assets	247,687	302,658
LIABILITIES			
2110	Accounts payable	6,650	45,972
2160	Accrued wages payable	-	1,545
2180	Due to other governments	-	2,057
2190	Due to student groups	11,826	253,084
	Total liabilities	18,476	302,658
NET POSITION			
	Restricted	\$ 229,211	\$ -

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
For the Fiscal Year Ended June 30, 2017

Exhibit E-2

	<u>Trust Funds</u>
ADDITIONS	
Gifts and contributions	\$ 170,745
Earnings on investments	<u>3</u>
Total additions	170,748
DEDUCTIONS	
Administrative costs	<u>140,366</u>
Total deductions	<u>140,366</u>
Change in net position	30,382
Net position - beginning	<u>198,829</u>
NET POSITION - ENDING	<u><u>\$ 229,211</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 more 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 year ended June 30, 2017.

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 Fund 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. 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.

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.

La Porte Independent School District

Notes to the Basic Financial Statements

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.

D. 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.

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.

La Porte Independent School District

Notes to the Basic Financial Statements

E. Budgets and Budgetary Accounting

The District facilitates budgeting and budgetary control by preparing annual budgets for the General Fund, Food Service Fund, 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, Food Service Fund, and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. 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.

Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:
	<u>Restricted</u>
	<u>Fund Balance</u>
Capital projects fund	<u>\$ 18,902,828</u>
Total encumbrances	<u><u>\$ 18,902,828</u></u>

G. 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.

La Porte Independent School District

Notes to the Basic Financial Statements

H. 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 79 *Certain External Investment Pools and Pool Participants* (GASB 79), are reported at amortized cost or net asset value.

I. Inventory

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.

J. Compensated Absences

A permanent employee who was employed by the District prior to September 1, 1994, contributes to the Teacher Retirement System (TRS) through payroll deductions, 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.

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.

Twelve-month employees with less than ten years of service will accrue .834 days of vacation each month between July 1 and June 30. Twelve-month employees with greater than ten years of service will accrue 1.25 days of vacation each month between July 1 and June 30. Employees may accrue up to a maximum of 25 vacation days. Earned vacation time shall be paid to any terminating staff member.

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

K. 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.

L. 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 year ended June 30, 2017 will change and those changes could be material.

La Porte Independent School District

Notes to the Basic Financial Statements

M. Deferred Expenditures

The District’s deferred expenditures are recorded at cost and reduced as services are consumed.

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, 2017.

O. Capital Assets

Capital assets, which include land, 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.

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

<u>Assets</u>	<u>Years</u>
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.

La Porte Independent School District

Notes to the Basic Financial Statements

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 Inflows of Resources

In addition to liabilities, the Statement of Net Position and/or the Governmental Funds Balance Sheet will possibly report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The District currently has two items, one of which arises only under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, deferred property taxes, is reported only in the governmental funds balance sheet. The governmental funds will recognize deferred property taxes as an inflow of resources in the period in which the amounts become available. The District also has one item arising under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred resource inflow related to net pension liability, is reported only in the Statement of Net Position.

R. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position and/or the Balance Sheet will possibly report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until that time. The District currently has two items, which arise only under the accrual basis of account that qualify for reporting in this category. Accordingly, the deferred loss on issuance of refunding bonds and deferred resource outflow related to net pension liability are reported in the Statement of Net Position.

S. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 7 and the Required Supplementary Information section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

La Porte Independent School District

Notes to the Basic Financial Statements

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 debt service – the component of net position that reports the difference between assets and liabilities with constraints placed on their use by law.

Restricted for grant programs – 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.

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

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.

La Porte Independent School District

Notes to the Basic Financial Statements

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.

La Porte Independent School District
Notes to the Basic Financial Statements

Note 2. Bonded Debt Payable

Bonded debt payable as of June 30, 2017 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2016	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2017
Unlimited Tax School Building Bonds Series 2016	2.00-5.00	\$ 43,385,000	\$ 43,385,000	\$ -	\$ 5,605,000	\$ 37,780,000
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	66,155,000	-	3,115,000	63,040,000
Unlimited Tax Refunding Bonds Series 2015	3.00-5.00	67,760,000	67,760,000	-	-	67,760,000
Unlimited Tax Refunding Bonds Series 2014	2.00-4.00	6,090,000	4,455,000	-	1,595,000	2,860,000
Unlimited Tax School Building Bonds Series 2014	1.50-5.00	99,675,000	90,630,000	-	2,450,000	88,180,000
Unlimited Tax Refunding Bonds Series 2012	2.00-5.00	40,685,000	40,475,000	-	-	40,475,000
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	4,450,000	-	705,000	3,745,000
Unlimited Tax Refunding Bonds Series 2010	2.25-5.00	19,500,000	8,670,000	-	2,995,000	5,675,000
Unlimited Tax School House Bonds Series 2009	3.00-5.00	29,480,000	2,280,000	-	1,065,000	1,215,000
Unlimited Tax School House Bonds Series 2008A	3.00-5.00	20,895,000	1,000,000	-	1,000,000	-
Unlimited Tax School House Bonds Series 2008	3.00-5.00	65,000,000	1,825,000	-	1,825,000	-
Total bonded debt payable			<u>\$ 371,335,000</u>	<u>\$ -</u>	<u>\$ 20,355,000</u>	<u>\$ 350,980,000</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. The total amount of the defeased bonds outstanding at June 30, 2017 is approximately \$143.5 million.

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
2018	\$ 15,530,000	\$ 14,554,292	\$ 30,084,292
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
2023-2027	84,725,000	47,874,547	132,599,547
2028-2032	89,800,000	30,275,744	120,075,744
2033-2037	67,915,000	15,762,244	83,677,244
2038-2039	31,505,000	2,091,050	33,596,050
	<u>\$ 350,980,000</u>	<u>\$ 161,821,094</u>	<u>\$ 512,801,094</u>

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

As of June 30, 2017, the District has \$30,000,000 of authorized but unissued bonds from the May 2014 election.

Note 3. Accumulated Unpaid Leave Benefits

Permanent employees hired by the District prior to September 1, 1994 and employed for at least 10 consecutive years will be paid for all unused state and local sick leave, up to a maximum of 90 days, at their rate in the 2003-04 school years. In addition, certain District employees will be paid accumulated vacation time upon termination of employment. A summary of changes in these accumulated unpaid leave benefits follows:

Balance, July 1, 2016	\$ 1,245,202
New entrants and salary increments	75,277
Payments to participants	<u>(307,154)</u>
Balance, June 30, 2017	<u>\$ 1,013,325</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 4. Changes in Long-Term Liabilities

Long-term activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 371,335,000	\$ -	\$ 20,355,000	\$ 350,980,000	\$ 15,530,000
Premium on bonds	28,159,016	-	2,549,907	25,609,109	2,504,317
Compensated absences	1,245,202	75,277	307,154	1,013,325	142,305
Total governmental activities long-term liabilities	<u>\$ 400,739,218</u>	<u>\$ 75,277</u>	<u>\$ 23,212,061</u>	<u>\$ 377,602,434</u>	<u>\$ 18,176,622</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 year ended June 30, 2017 was as follows:

Governmental activities:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 10,520,373	\$ -	\$ -	\$ 10,520,373
Construction in progress	77,433,083	61,929,671	(115,297,540)	24,065,214
Total capital assets, not being depreciated	87,953,456	61,929,671	(115,297,540)	34,585,587
Capital assets, being depreciated				
Buildings and improvements	307,044,474	6,835	90,766,481	397,817,790
Furniture and equipment	19,620,509	853,114	1,800,440	22,274,063
Total capital assets, being depreciated	326,664,983	859,949	92,566,921	420,091,853
Less accumulated depreciation on:				
Buildings and improvements	74,317,423	9,721,760	(7,899,352)	76,139,831
Furniture and equipment	13,167,091	1,274,706	(293,052)	14,148,745
Total accumulated depreciation	87,484,514	10,996,466	(8,192,404)	90,288,576
Governmental activities capital assets, net	\$327,133,925	\$ 51,793,154	\$ (14,538,215)	\$364,388,864

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

Instruction	\$ 8,742,149
Instructional resources and media services	1,424
Instructional administration	17,182
School administration	1,050
Health services	760
Student (pupil) transportation	210,678
Food services	117,921
Co-curricular/extracurricular activities	693,182
General administration	93,848
Plant maintenance and operations	667,544
Data processing services	450,728
Total depreciation expense	\$ 10,996,466

During 2017 the District incurred a \$14.5 million loss on the demolition of two school buildings. This loss is recorded in the Statement of Activities as a special item as the transaction is under the control of management and infrequent in nature.

La Porte Independent School District

Notes to the Basic Financial Statements

Construction in progress and remaining commitment, as of June 30, 2017, were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Baker 6th Grade	\$ 30,750,000	\$ 29,131,200	\$ 1,618,800
Lomax Elementary	25,500,000	23,788,522	1,711,478
La Porte High School/Multi-Purpose	108,500,000	98,069,453	10,430,547
College Park Elementary	9,400,000	8,148,863	1,251,137
Lomax Junior High	6,100,000	5,623,850	476,150
La Porte Elementary	2,205,000	2,191,154	13,846
La Porte Junior High	16,695,000	16,620,917	74,083
Reid Elementary	811,634	730,453	81,181
Bayshore Elementary	745,301	651,317	93,984
Rizzuto Elementary	733,482	659,251	74,231
Heritage Elementary	923,312	780,795	142,517
Maintenance building	1,523,127	1,523,127	-
	<u>\$ 203,886,856</u>	<u>\$ 187,918,902</u>	<u>\$ 15,967,954</u>
Less: transfers out for completed items		<u>(163,853,688)</u>	
Total CIP		<u><u>\$ 24,065,214</u></u>	

Note 6. 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.

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) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 7) Commercial paper if it has a stated maturity of 271 days or fewer from the day of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit ratings agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

La Porte Independent School District

Notes to the Basic Financial Statements

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 110,129,332
Proprietary funds	1,182,117
Fiduciary funds	550,119
	<hr/>
	\$ 111,861,568
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Cash and investments as of June 30, 2017 consist of the following:

Deposits with financial institutions	\$ 9,603,461
Investments	102,258,107
	<hr/>
	\$ 111,861,568
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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.

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

	June 30, 2017	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost:				
Investment pools:				
Lone Star	\$ 24,037,988	24%	37	AAAm
TexPool	23,730,718	23%	35	AAAm
Texas DAILY	8,943,362	9%	22	AAAm
Certificates of deposit	15,273,808	15%	224	N/A
Investments measured at NAV:				
Texas CLASS	21,634,262	21%	47	AAAm
Texas CLASS Government	8,637,969	8%	19	AAAm
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	\$ 102,258,107			
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La Porte Independent School District

Notes to the Basic Financial Statements

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, Lone Star, 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. 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 other persons who do not have a business relationship with TexPool.

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.

Lone Star Investment Pool is governed by an 11-member board and is an AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act.

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 rates 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.

La Porte Independent School District

Notes to the Basic Financial Statements

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, 2017, District's banks' balances of \$9,804,466 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 7. 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.

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 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.

La Porte Independent School District

Notes to the Basic Financial Statements

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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2015 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal year 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017. Rates for such plan fiscal years are as follows:

Contribution Rates			
	2017	2016	2015
Member	7.7%	7.2%	6.7%
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 2017 are as follows:

District contributions	\$ 1,603,245
Member contributions	3,952,183
NECE on-behalf contributions	2,498,236

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

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

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

La Porte Independent School District

Notes to the Basic Financial Statements

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.

E. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2016
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Municipal bond rate*	N/A*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2115
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

* if a municipal bond rate was to be used, the rate would be 2.84% as of August 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source of the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

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.

La Porte Independent School District

Notes to the Basic Financial Statements

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%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

Asset Class	Target Allocation	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	\$ 29,497,350	\$ 19,059,283	\$ 10,205,692

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

At June 30, 2017, the District reported a liability of \$19,059,283 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	\$ 19,059,283
State's proportionate share that is associated with the District	29,292,219
Total	\$ 48,351,502

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

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0504367% which was a decrease of 0.00091% from its proportion measured as of August 31, 2015.

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 year ended June 30, 2017, the District recognized pension expense of \$4,343,721 and revenue of \$3,039,834 for support provided by the State.

La Porte Independent School District

Notes to the Basic Financial Statements

At June 30, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 298,846	\$ 569,099
Changes in assumptions	580,893	528,298
Difference between projected and actual investment earnings	1,613,901	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,382,569	1,641
Contributions paid to TRS subsequent to the measurement date	1,352,578	-
Total	\$ 7,228,787	\$ 1,099,038

\$1,352,578 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 year ended June 30, 2018. 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
2018	\$ 828,670
2019	828,670
2020	1,858,095
2021	749,575
2022	444,924
Thereafter	67,237
Total	\$ 4,777,171

Note 8. School District Retiree Health Plan

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

La Porte Independent School District

Notes to the Basic Financial Statements

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2017-2015.

Contribution Rates and Amounts						
Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 337,351	1.00%	\$ 495,831	0.55%	\$ 285,451
2016	0.65%	328,044	1.00%	481,232	0.55%	277,575
2015	0.65%	306,423	1.00%	449,276	0.55%	259,281

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, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$240,612, \$147,904, and \$136,985, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

Note 9. 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 \$500,000 per occurrence with an aggregate stop-loss limit of \$1,000,000. 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 \$533,295 as of June 30, 2017, 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 year ended June 30, 2017 are as follows:

	2017	2016
Liability, beginning of year	\$ 660,092	\$ 716,151
Current year claims and changes in estimates	112,914	207,089
Claim payments	(239,711)	(263,148)
Liability, end of year	\$ 533,295	\$ 660,092

Note 10. 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 11. 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	\$ 85,276,700	\$ 35,387,223	\$ -	\$ -	\$ 120,663,923
Charges for services	236,486	-	-	1,550,066	1,786,552
Investment income	268,724	80,267	546,251	2,228	897,470
Other	11,841,930	5,902	837,418	381,492	13,066,742
Totals	\$ 97,623,840	\$ 35,473,392	\$ 1,383,669	\$ 1,933,786	\$ 136,414,687

Note 12. Interfund Balances and Activities

Receivables/Payables

The composition of interfund receivable/payable balances as of June 30, 2017, is as follows:

Due to Fund	Due from Fund	Amount	Purpose
Nonmajor	General fund	\$ 745,420	Transfer to cover expenditures
Internal service	General fund	7,158	Interfund services provided
Capital projects	General fund	66,094	Transfer to cover expenditures
General fund	Debt service	2,225	Transfer to cover expenditures
Capital projects	Nonmajor	59,714	Interfund services provided
Nonmajor	Nonmajor	804	Interfund services provided
General fund	Internal service	54,062	Transfer to cover expenditures
		\$ 935,477	

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

La Porte Independent School District

Notes to the Basic Financial Statements

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, 2017.

Transfer Out	Transfer In	Amount
Nonmajor	General fund	\$ 6,300
Total		\$ 6,300

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, 2017. The imputed interest on the leases is not readily determinable.

Rental expenditures for the year ended June 30, 2017 amounted to \$234,267.

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 2023 through 2026.

For the fiscal year ended June 30, 2017, the District has foregone collecting property taxes totaling approximately \$12.4 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 \$1.4 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.

Required Supplementary Information

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La Porte Independent School District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2017

Exhibit G-1

Data Control Codes		Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 96,463,074	\$ 96,958,324	\$ 97,623,840	\$ 665,516
5800	State program revenues	6,062,734	7,016,781	7,097,589	80,808
5900	Federal program revenues	1,005,000	1,200,883	1,515,693	314,810
	Total revenues	103,530,808	105,175,988	106,237,122	1,061,134
EXPENDITURES					
	Current:				
0011	Instruction	40,026,896	39,845,887	39,852,562	(6,675)
0012	Instruction resources and media services	446,983	450,536	450,127	409
0013	Curriculum and instructional staff development	830,128	789,569	763,128	26,441
0021	Instructional administration	915,770	858,374	842,818	15,556
0023	School administration	4,227,640	4,291,016	4,291,710	(694)
0031	Guidance and counseling services	2,393,036	2,528,294	2,535,301	(7,007)
0032	Social work service	229,588	232,363	231,422	941
0033	Health services	829,611	864,285	857,062	7,223
0034	Student (pupil) transportation	3,596,483	3,087,517	2,807,383	280,134
0036	Extracurricular activities	1,576,357	1,460,421	1,458,870	1,551
0041	General administration	3,237,359	3,016,655	2,978,760	37,895
0051	Plant maintenance and operations	7,657,969	8,063,819	7,765,509	298,310
0052	Security and monitoring services	574,313	1,277,355	1,276,459	896
0053	Data processing services	1,673,059	1,585,549	1,580,842	4,707
0061	Community services	59,601	57,497	25,284	32,213
	Intergovernmental:				
0091	Contracted instructional services	32,523,784	31,950,000	31,237,688	712,312
0093	Payments to fiscal agent	109,712	108,102	108,101	1
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	19,800	19,800	19,800	-
0097	Payments to tax incremental fund	1,500,000	1,610,000	2,054,938	(444,938)
0099	Other intergovernmental charges	900,000	975,000	964,114	10,886
6030	Total expenditures	103,328,089	103,072,039	102,101,878	970,161
1100	Excess of revenues over (under) expenditures	202,719	2,103,949	4,135,244	2,031,295
OTHER FINANCING SOURCES AND (USES)					
7915	Transfer in	-	6,300	6,300	-
7080	Total other financing sources and (uses)	-	6,300	6,300	-
1200	Net change in fund balances	202,719	2,110,249	4,141,544	2,031,295
0100	Fund balances - beginning	29,098,923	29,098,923	29,098,923	-
3000	FUND BALANCES - ENDING	\$ 29,301,642	\$ 31,209,172	\$ 33,240,467	\$ 2,031,295

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

La Porte Independent School District

Exhibit G-2

Required Supplementary Information 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 (TRS) For the Last Three Fiscal Years*

	2017	2016	2015
District's proportion of the net pension liability	0.05044%	0.05135%	0.03531%
District's proportionate share of net pension liability	\$ 19,059,283	\$ 18,151,082	\$ 9,433,339
State's proportionate share of the net pension liability associated with the District	29,292,219	27,003,832	23,350,382
TOTALS	\$ 48,351,502	\$ 45,154,914	\$ 32,783,721
District's covered payroll	\$ 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	37.53%	38.09%	20.44%
Plan fiduciary net position as a percentage of the total pension liability	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
Required Supplementary Information
Schedule of the Districts Contributions to the
Teacher Retirement System Pension Plan (TRS)
For the Last Three Fiscal Years*

Exhibit G-3

	2017	2016	2015
TRS			
Contractually required contribution	\$ 1,603,245	\$ 1,520,457	\$ 895,354
Contribution in relation to the contractually required contribution	(1,603,245)	(1,520,457)	(895,354)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -
District's covered payroll	\$ 51,900,186	\$ 50,468,268	\$ 46,141,521
Contributions as a percentage of covered-payroll	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.

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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, Food Service 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, 2016. 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.

C. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2017, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
General fund	11	\$ 39,845,887	\$ 39,852,562	\$ (6,675)
General fund	23	4,291,016	4,291,710	(694)
General fund	31	2,528,294	2,535,301	(7,007)
General fund	97	1,610,000	2,054,938	(444,938)

La Porte Independent School District
Notes to Required Supplementary Information

Note 2. Pension

TRS – Actuarial Assumptions for Contribution Rate

The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation date	August 31, 2016
Actuarial cost method	Ultimate entry age normal
Amortization method	Level percentage of payroll, floating
Remaining amortization period	33 Years
Asset valuation method	5 Year smoothed market
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Investment rate of return	8.00%
Ad hoc post-employment benefit changes	None
Benefit changes during the year	None

Combining Statements and Schedules

La Porte Independent School District

Combining Balance Sheet

Total Non-Major Governmental Funds

June 30, 2017

		211	224
Data Control Codes		ESEA Title I Part A	IDEA Part B Formula
	ASSETS		
1110	Cash and cash equivalents	\$ -	\$ -
	Receivables:		
1240	Due from other governments	196,797	254,700
1260	Due from other funds	-	-
1300	Inventories, at cost	-	-
1000	TOTAL ASSETS	\$ 196,797	\$ 254,700
	LIABILITIES		
2110	Accounts payable	\$ 20,855	\$ -
2160	Accrued wages payable	17,393	49,002
2170	Due to other funds	158,549	205,698
2180	Due to other governments	-	-
2300	Unearned revenues	-	-
2000	Total liabilities	196,797	254,700
	FUND BALANCES		
3410	Non-spendable - inventories	-	-
3450	Restricted for grant funds	-	-
3520	Committed - compensated absences	-	-
3545	Committed - student achievement and safety	-	-
3000	Total fund balances	-	-
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 196,797	\$ 254,700

225	226	240	244	255 ESEA, Title II, Part A - Teacher and Principal Training and Recruiting
IDEA Part B Preschool	IDEA Part B Discretionary	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	
\$ -	\$ -	\$ 1,699,872	\$ -	\$ -
5,471	113,517	-	8,577	25,954
-	-	60,518	-	-
-	-	22,999	-	-
<u>\$ 5,471</u>	<u>\$ 113,517</u>	<u>\$ 1,783,389</u>	<u>\$ 8,577</u>	<u>\$ 25,954</u>
\$ -	\$ -	\$ 10,425	\$ 3,035	\$ -
1,033	-	54,713	-	3,657
4,438	113,517	166,598	5,542	22,297
-	-	-	-	-
-	-	65,033	-	-
5,471	113,517	296,769	8,577	25,954
-	-	22,999	-	-
-	-	1,436,801	-	-
-	-	26,820	-	-
-	-	-	-	-
-	-	1,486,620	-	-
<u>\$ 5,471</u>	<u>\$ 113,517</u>	<u>\$ 1,783,389</u>	<u>\$ 8,577</u>	<u>\$ 25,954</u>

La Porte Independent School District
Combining Balance Sheet
Total Non-Major Governmental Funds – Continued
June 30, 2017

Data Control Codes		263	272
		Title III, Part A - English Language Acquisition and Language Enhancement	Medicaid Administrative Claiming Program - MAC
	ASSETS		
1110	Cash and cash equivalents	\$ -	\$ -
	Receivables:		
1240	Due from other governments	14,839	20,621
1260	Due from other funds	-	-
1300	Inventories, at cost	-	-
1000	TOTAL ASSETS	<u>\$ 14,839</u>	<u>\$ 20,621</u>
	LIABILITIES		
2110	Accounts payable	\$ 286	\$ -
2160	Accrued wages payable	-	2,040
2170	Due to other funds	14,553	18,239
2180	Due to other governments	-	-
2300	Unearned revenues	-	-
2000	Total liabilities	14,839	20,279
	FUND BALANCES		
3410	Non-spendable - inventories	-	-
3450	Restricted for grant funds	-	342
3520	Committed - compensated absences	-	-
3545	Committed - student achievement and safety	-	-
3000	Total fund balances	<u>-</u>	<u>342</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,839</u>	<u>\$ 20,621</u>

289	397	410	429	461
Federally Funded Special Revenue Funds	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds
\$ 5,969	\$ 10,385	\$ 2,062	\$ 3,894,598	\$ 425,692
-	-	22	63,164	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,969</u>	<u>\$ 10,385</u>	<u>\$ 2,084</u>	<u>\$ 3,957,762</u>	<u>\$ 425,692</u>
\$ -	\$ -	\$ -	\$ 27,174	\$ 15,792
-	-	-	-	8,016
-	-	-	35,989	804
-	-	-	-	195
5,969	-	2,084	-	-
5,969	-	2,084	63,163	24,807
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	10,385	-	3,894,599	400,885
-	10,385	-	3,894,599	400,885
<u>\$ 5,969</u>	<u>\$ 10,385</u>	<u>\$ 2,084</u>	<u>\$ 3,957,762</u>	<u>\$ 425,692</u>

La Porte Independent School District
Combining Balance Sheet
Total Non-Major Governmental Funds – Continued
June 30, 2017

		481	483
<u>Data Control Codes</u>		<u>La Porte Education Foundation</u>	<u>Local Grants & Donations</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 99	\$ 33,786
	Receivables:		
1240	Due from other governments	-	-
1260	Due from other funds	-	-
1300	Inventories, at cost	-	-
		<hr/>	<hr/>
1000	TOTAL ASSETS	<hr/> \$ 99 <hr/>	<hr/> \$ 33,786 <hr/>
	LIABILITIES		
2110	Accounts payable	\$ 94	\$ 61
2160	Accrued wages payable	-	-
2170	Due to other funds	-	-
2180	Due to other governments	-	-
2300	Unearned revenues	-	-
2000	Total liabilities	94	61
	FUND BALANCES		
3410	Non-spendable - inventories	-	-
3450	Restricted for grant funds	-	-
3520	Committed - compensated absences	-	-
3545	Committed - student achievement and safety	5	33,725
3000	Total fund balances	<hr/> 5 <hr/>	<hr/> 33,725 <hr/>
4000	TOTAL LIABILITIES AND FUND BALANCES	<hr/> \$ 99 <hr/>	<hr/> \$ 33,786 <hr/>

484

SHAC - EKG Grant	Total June 30, 2017
\$ 3,610	\$ 6,076,073
-	703,662
-	60,518
-	22,999
<u>\$ 3,610</u>	<u>\$ 6,863,252</u>
\$ 610	\$ 78,332
-	135,854
-	746,224
-	195
-	73,086
610	1,033,691
-	22,999
-	1,437,143
-	26,820
3,000	4,342,599
3,000	5,829,561
<u>\$ 3,610</u>	<u>\$ 6,863,252</u>

La Porte Independent School District

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2017

		211	224
Data Control Codes		ESEA Title I Part A	IDEA Part B Formula
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	788,026	1,256,832
5020	Total revenues	788,026	1,256,832
EXPENDITURES			
Current:			
0011	Instruction	742,526	775,713
0012	Instructional resources and media services	251	-
0013	Curriculum and instructional staff development	33,024	-
0021	Instructional administration	1,263	144,698
0023	School administration	-	-
0031	Guidance and counseling services	-	336,421
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food service	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	10,962	-
6030	Total expenditures	788,026	1,256,832
1100	Excess (deficiency) revenues over (under) expenditures	-	-
OTHER FINANCING SOURCES AND (USES)			
8911	Transfers out	-	-
	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 ESEA, Title II, Part A - Teacher and Principal Training and Recruiting
IDEA Part B Preschool	IDEA Part B Discretionary	National School Breakfast and Lunch Program	Career and Technical - Basic Grant	
\$ -	\$ -	\$ 1,469,566	\$ -	\$ -
-	-	21,793	-	-
26,384	116,882	2,411,201	88,373	213,640
26,384	116,882	3,902,560	88,373	213,640
26,384	27,231	-	88,373	-
-	-	-	-	-
-	-	-	-	181,663
-	-	-	-	1,085
-	-	-	-	30,892
-	-	-	-	-
-	-	-	-	-
-	69,979	-	-	-
-	-	4,205,501	-	-
-	-	-	-	-
-	-	-	-	-
-	-	40,500	-	-
-	19,672	-	-	-
-	-	-	-	-
-	-	-	-	-
26,384	116,882	4,246,001	88,373	213,640
-	-	(343,441)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(343,441)	-	-
-	-	1,830,061	-	-
\$ -	\$ -	\$ 1,486,620	\$ -	\$ -

La Porte Independent School District

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Non-Major Governmental Funds – Continued
For the Fiscal Year Ended June 30, 2017

Data Control Codes		263	272
		Title III, Part A - English Language Acquisition and Language Enhancement	Medicaid Administrative Claiming Program - MAC
REVENUES			
5700	Local and intermediate sources	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	68,616	46,831
5020	Total revenues	68,616	46,831
EXPENDITURES			
	Current:		
0011	Instruction	56,430	21,502
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	7,805	-
0021	Instructional administration	426	24,969
0023	School administration	2,870	-
0031	Guidance and counseling services	-	18
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food service	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	1,085	-
6030	Total expenditures	68,616	46,489
1100	Excess (deficiency) revenues over (under) expenditures	-	342
OTHER FINANCING SOURCES AND (USES)			
8911	Transfers out	-	-
	Total other financing sources and (uses)	-	-
1200	Net change in fund balances	-	342
0100	Fund balances - beginning	-	-
3000	FUND BALANCES - ENDING	\$ -	\$ 342

289	397	410	429	461
Federally Funded Special Revenue Funds	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ 261,162
-	4,050	149,844	198,699	-
651	-	-	-	-
651	4,050	149,844	198,699	261,162
651	-	138,007	188,801	155,424
-	-	-	-	4,717
-	5,217	11,837	3,527	7,250
-	-	-	-	-
-	-	-	-	5,730
-	-	-	-	20,490
-	-	-	-	1,049
-	-	-	-	-
-	-	-	-	-
-	-	-	-	106,275
-	-	-	-	3,402
-	-	-	-	456
-	-	-	-	-
-	-	-	-	1,704
-	-	-	71	484
651	5,217	149,844	192,399	306,981
-	(1,167)	-	6,300	(45,819)
-	-	-	(6,300)	-
-	-	-	(6,300)	-
-	(1,167)	-	-	(45,819)
-	11,552	-	3,894,599	446,704
\$ -	\$ 10,385	\$ -	\$ 3,894,599	\$ 400,885

La Porte Independent School District

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Non-Major Governmental Funds – Continued
For the Fiscal Year Ended June 30, 2017

		481	483
Data Control Codes		La Porte Education Foundation	Local Grants and Donations
REVENUES			
5700	Local and intermediate sources	\$ 161,777	\$ 39,796
5800	State program revenues	-	-
5900	Federal program revenues	-	-
5020	Total revenues	161,777	39,796
EXPENDITURES			
Current:			
0011	Instruction	162,686	24,469
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	-	5,109
0021	Instructional administration	-	-
0023	School administration	-	200
0031	Guidance and counseling services	-	-
0033	Health services	-	5,618
0034	Student transportation	3,450	-
0035	Food service	-	-
0036	Extracurricular activities	1,085	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	-	298
6030	Total expenditures	167,221	35,694
1100	Excess (deficiency) revenues over (under) expenditures	(5,444)	4,102
OTHER FINANCING SOURCES AND (USES)			
8911	Transfers out	-	-
	Total other financing sources and (uses)	-	-
1200	Net change in fund balances	(5,444)	4,102
0100	Fund balances - beginning	5,449	29,623
3000	FUND BALANCES - ENDING	\$ 5	\$ 33,725

484

SHAC - EKG Grant	Total June 30, 2017
\$ 1,485	\$ 1,933,786
-	374,386
-	5,017,436
1,485	7,325,608
-	2,408,197
-	4,968
-	255,432
-	172,441
-	39,692
-	356,929
-	6,667
-	73,429
-	4,205,501
610	107,970
-	3,402
-	40,956
-	19,672
-	1,704
-	12,900
610	7,709,860
875	(384,252)
-	(6,300)
-	(6,300)
875	(390,552)
2,125	6,220,113
\$ 3,000	\$ 5,829,561

La Porte Independent School District
Statement of Changes in Fiduciary Assets
Student Activity Fund
For the Fiscal Year Ended June 30, 2017

Exhibit H-3

Data Control Codes		Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS					
1110	Cash and cash equivalents	\$ 271,018	\$ 798,419	\$ (767,005)	\$ 302,432
1260	Due from other funds	32	8,647	(8,679)	-
1290	Other receivables	-	226	-	226
	TOTAL ASSETS	\$ 271,050	\$ 807,292	\$ (775,684)	\$ 302,658
LIABILITIES					
2110	Accounts payable	\$ 14,806	\$ 777,901	\$ (746,735)	\$ 45,972
2160	Accrued wages payable	2,538	4,080	(5,073)	1,545
2180	Due to other governments	87	3,960	(1,990)	2,057
2190	Due to student groups	253,619	797,483	(798,018)	253,084
	TOTAL LIABILITIES	\$ 271,050	\$ 1,583,424	\$ (1,551,816)	\$ 302,658

Required TEA Schedules

La Porte Independent School District
Schedule of Delinquent Taxes Receivable
For the Fiscal Year Ended June 30, 2017

Year Ended June 30,	1	2	3
	Tax Rates		Assessed/Appraised
	Maintenance	Debt Service	Value for School Tax Purposes
2008 and prior	Various	\$ Various	\$ Various
2009	1.0400	0.2850	6,015,684,028
2010	1.0400	0.2850	5,966,362,279
2011	1.0400	0.2850	5,789,629,020
2012	1.0400	0.3150	6,004,563,235
2013	1.0400	0.2900	6,208,701,705
2014	1.0400	0.2900	6,601,456,565
2015	1.0400	0.4100	7,047,165,791
2016	1.0400	0.4100	8,118,723,905
2017	1.0400	0.3800	8,499,793,211
1000 TOTALS		Totals	

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

Exhibit J-1

10 Beginning Balance 7/1/2016	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2017
\$ 295,250	\$ -	\$ 27,484	\$ 3,613	\$ (109,636)	\$ 154,517
134,422	-	1,862	510	(378)	131,672
187,014	-	3,349	918	(766)	181,981
113,570	-	5,348	1,465	989	107,746
83,962	-	28,721	8,700	32,635	79,176
117,019	-	(123,662)	(34,473)	(181,354)	93,800
177,948	-	(84,976)	(23,689)	(179,291)	107,322
373,714	-	105,626	41,650	(37,029)	189,409
1,667,809	-	281,507	111,002	(697,175)	578,125
-	120,697,064	83,605,752	35,068,088	-	2,023,224
<u>\$ 3,150,708</u>	<u>\$ 120,697,064</u>	<u>\$ 83,851,011</u>	<u>\$ 35,177,784</u>	<u>\$ (1,172,005)</u>	<u>\$ 3,646,972</u>
				Taxes receivable per exhibit C-1	<u>\$ 3,646,972</u>
		<u>\$ 2,054,938</u>	<u>\$ -</u>		

La Porte Independent School District

Exhibit J-2

Budgetary Comparison Schedule – Child Nutrition Program
For the Fiscal Year Ended June 30, 2017

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 1,612,500	\$ 1,612,500	\$ 1,469,566	\$ (142,934)
5800	State program revenues	23,000	23,000	21,793	(1,207)
5900	Federal program revenues	2,579,325	2,579,325	2,411,201	(168,124)
	Total revenues	4,214,825	4,214,825	3,902,560	(312,265)
EXPENDITURES					
	Current:				
0035	Food service	4,298,093	4,477,085	4,205,501	271,584
0051	Plant maintenance and operations	60,700	60,700	40,500	20,200
6030	Total expenditures	4,358,793	4,537,785	4,246,001	291,784
1200	Net change in fund balance	(143,968)	(322,960)	(343,441)	(20,481)
0100	Fund balance - beginning	1,830,061	1,830,061	1,830,061	-
3000	FUND BALANCE - ENDING	\$ 1,686,093	\$ 1,507,101	\$ 1,486,620	\$ (20,481)

La Porte Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Fiscal Year Ended June 30, 2016

Exhibit J-3

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 35,898,355	\$ 35,898,355	\$ 35,473,392	\$ (424,963)
5800	State program revenues	-	354,421	360,386	5,965
	Total revenues	35,898,355	36,252,776	35,833,778	(418,998)
EXPENDITURES					
0070	Debt service:				
0071	Principal	21,750,000	20,662,072	20,355,000	307,072
0072	Interest	13,708,089	14,796,017	14,796,017	-
0073	Bond issuance cost and fees	20,000	20,000	8,750	11,250
6030	Total debt service	35,478,089	35,478,089	35,159,767	318,322
1200	Net change in fund balance	420,266	774,687	674,011	(100,676)
0100	Fund balance - beginning	14,209,608	14,209,608	14,209,608	-
3000	FUND BALANCE - ENDING	\$ 14,629,874	\$ 14,984,295	\$ 14,883,619	\$ (100,676)

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Statistical Section

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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.

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

Schedule 1

Fiscal Year	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	30-Jun 2008
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 36,871,644
Restricted	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	6,514,721
Unrestricted	22,128,205	22,800,483	10,206,293	13,511,147	7,598,907	14,213,315	7,787,870	15,439,706	19,073,416	30,861,085
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	66,991,217	69,798,108	62,968,567	71,125,958	74,557,253	77,655,588	66,847,329	72,573,738	71,235,131	74,247,450
PRIMARY GOVERNMENT										
Net investment in capital assets	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	36,871,644
Restricted	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	6,514,721
Unrestricted	22,128,205	22,800,483	10,206,293	13,511,147	7,598,907	14,213,315	7,787,870	15,439,706	19,073,416	30,861,085
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 66,991,217	\$ 69,798,108	\$ 62,968,567	\$ 71,125,958	\$ 74,557,253	\$ 77,655,588	\$ 66,847,329	\$ 72,573,738	\$ 71,235,131	\$ 74,247,450

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 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	30-Jun 2008
EXPENSES										
Governmental activities:										
Instruction	\$ 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	\$ 40,071,072
Instructional resources and media services	454,722	458,306	484,361	482,710	501,443	727,755	825,891	1,188,805	1,018,526	1,102,922
Curriculum and staff development	1,025,854	1,329,946	1,282,550	734,170	641,689	585,541	671,220	659,289	582,394	611,718
Instructional leadership	1,025,658	925,493	839,282	1,170,527	1,142,625	994,257	1,026,317	1,128,163	1,123,646	982,524
School leadership	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	3,601,706
Guidance, counseling, and evaluation services	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	2,495,934
Social work services	231,094	207,172	204,158	195,190	165,195	162,220	181,588	161,929	145,073	149,541
Health services	875,217	839,418	813,607	736,101	691,172	745,019	815,913	820,900	773,131	681,841
Student transportation	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	2,950,245
Food services	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	3,204,119
Extracurricular activities	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	2,335,095
General administration	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	2,922,338
Plant maintenance and operations	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	9,439,975
Security and monitoring services	1,300,140	551,098	524,177	542,011	519,364	548,739	609,179	668,566	543,100	505,853
Data processing services	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	1,790,481
Community services	38,258	39,369	75,006	68,500	52,049	60,520	85,274	62,136	53,482	53,768
Interest on long-term debt	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	4,520,153
Facilities repairs and maintenance	29,396	44,521	9,506	73,997	232,769	784,746	1,432,410	25,858,090	120,134	410,598
Contracted instructional services	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	17,682,435
Incremental costs related to WADA	-	-	-	-	-	-	-	-	238,558	199,282
Payments related to shared services arrangement	108,101	118,619	130,571	120,968	99,000	87,265	89,793	80,739	119,576	90,053
Payments to juvenile justice alternative ed. programs	19,800	19,800	19,800	19,620	19,620	19,620	20,790	18,900	-	-
Payments to tax increment fund	2,054,938	1,671,451	1,407,985	1,253,630	877,868	934,600	1,110,264	1,088,059	804,807	55,709
Other intergovernmental charges	964,114	886,598	788,330	661,254	660,402	655,091	644,788	651,956	389,793	497,231
Total governmental activities expenses	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	96,354,593
PROGRAM REVENUES:										
Governmental activities:										
Charges for services										
Instruction	100,103	36,083	31,727	36,253	53,863	20,509	27,886	26,398	51,431	49,889
Food service	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	1,866,204
Curricular/extracurricular activities	146,275	115,921	119,255	106,928	134,466	155,870	111,767	131,114	130,730	790,348
Plant maintenance and operations	72,836	70,918	73,480	98,187	114,583	58,838	50,931	32,869	34,741	26,073
Operating grants and contributions	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	8,077,816
Total governmental activities program revenues	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	10,816,990
NET (EXPENSE)/REVENUES										
Governmental activities:	(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)	(85,537,603)
Business-type activities:	-	-	-	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT NET (EXPENSE)/REVENUES	\$ (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)	\$ (85,537,603)

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

Schedule 2 – Continued

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL REVENUES:										
Governmental activities:										
Property taxes - general	\$ 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	\$ 57,923,992
Property taxes - debt service	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	14,696,223
Investment earnings	897,470	488,351	90,049	96,660	134,986	139,912	148,288	341,475	2,185,309	2,488,848
Grants and contributions not restricted	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	15,434,532
Miscellaneous	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	321,284
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	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	90,864,879
CHANGES IN NET POSITION										
Governmental activities:	(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)	5,327,276
Implementation of GASB 68/71*	-	-	(10,847,082)	(1,782,018)	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ (2,806,891)</u>	<u>\$ 6,829,541</u>	<u>\$ (8,157,391)</u>	<u>\$ (3,431,295)</u>	<u>\$ (3,098,335)</u>	<u>\$ 10,808,259</u>	<u>\$ (5,726,409)</u>	<u>\$ 1,338,607</u>	<u>\$ (3,012,319)</u>	<u>\$ 5,327,276</u>

Source: La Porte Independent School District's Audit Reports

*As a result of implementing GASB 68/71 the District retroactively restated its beginning net position, see Note 1 in Notes to Basic Financial Statements.

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

Schedule 3

	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	30-Jun 2008
GENERAL FUND										
Nonspendable	\$ 1,008,312	\$ 1,055,954	\$ 1,081,967	\$ 1,320,438	\$ 1,612,141	\$ 83,910	\$ 85,551	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,986,505	2,215,787	2,177,197	2,059,320	2,016,430	1,931,661	1,980,372	-	-	-
Assigned	-	-	-	-	-	44,651	-	-	-	-
Unassigned	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	2,902,876
Reserved	-	-	-	-	-	-	-	1,037,264	1,582,656	240,407
Unreserved	-	-	-	-	-	-	-	22,918,219	21,886,293	24,646,178
TOTAL GENERAL FUND	\$ 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	\$ 27,789,461
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Inventories	\$ 22,999	\$ 32,204	\$ 51,812	\$ 25,697	\$ 48,189	\$ 53,679	\$ 54,749	\$ -	\$ -	\$ -
Prepaid items	96,400	291,682	567,936	57,768	56,924	56,751	49,293	-	-	-
Restricted										
Grant funds	1,437,143	1,775,411	2,043,567	1,888,968	1,666,962	1,438,989	1,218,644	-	-	-
Capital acquisitions	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	14,883,619	14,209,608	10,236,018	8,774,566	6,407,019	5,284,442	10,956,433	-	-	-
Committed										
Compensated absences	26,820	29,415	-	-	-	-	-	-	-	-
Self insurance	-	-	-	-	-	-	-	-	-	-
Local special revenue	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	873,185
Capital acquisitions	-	-	-	-	-	-	-	15,540,934	34,809,320	86,816,919
Retirement of long term debt	-	-	-	-	-	-	-	11,314,332	9,860,701	7,708,196
Unreserved	-	-	-	-	-	-	-	-	799,338	771,188
TOTAL OTHER GOVERNMENTAL FUNDS	\$ 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	\$ 96,169,488

Source: La Porte Independent School District's Audit Reports

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

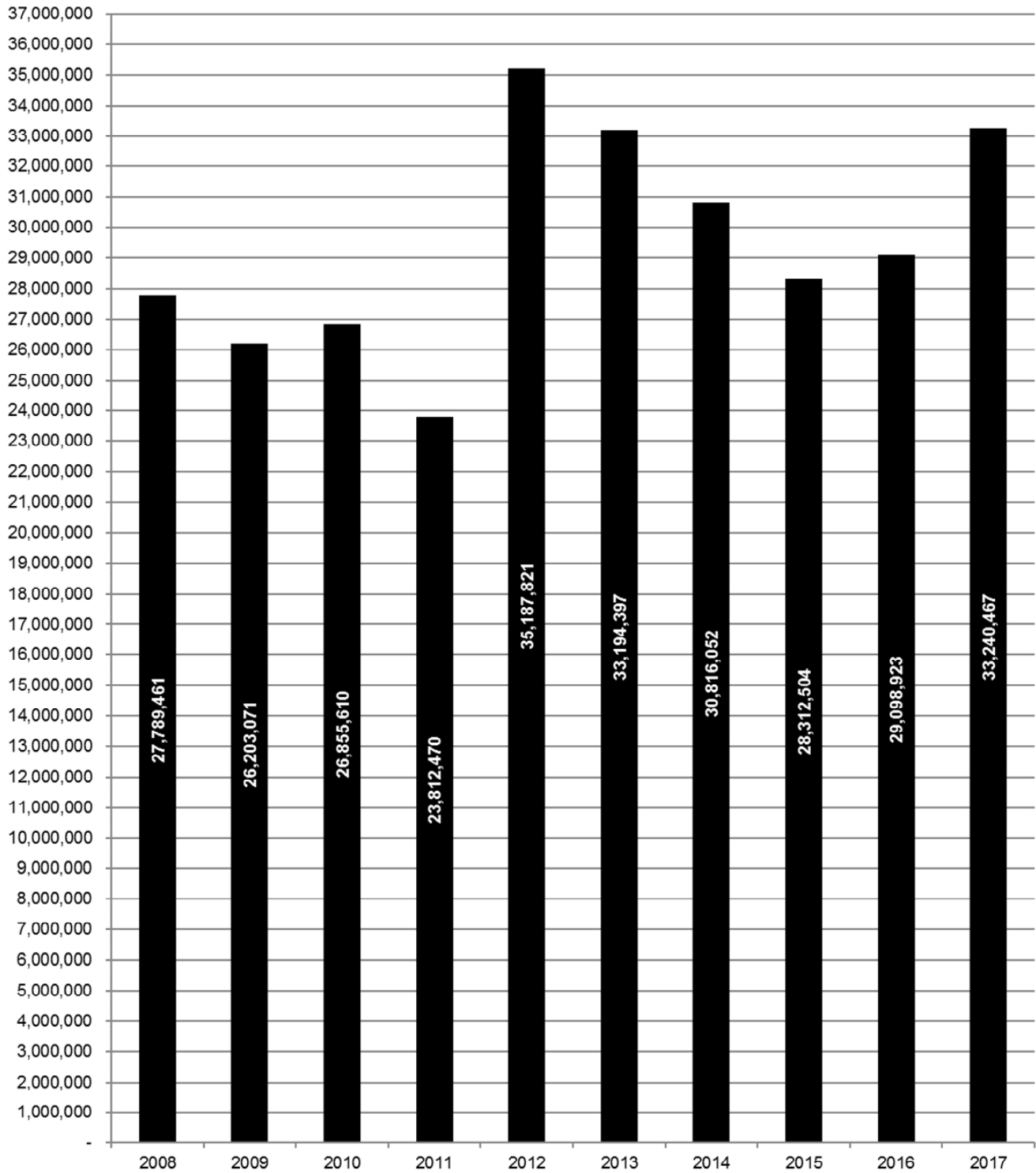
Schedule 4

	30-Jun 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	30-Jun 2008
REVENUES										
Local and intermediate sources	\$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	\$ 77,606,948
State program revenues	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	18,682,735
Federal program revenues	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	4,829,614
Total revenues	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	101,119,297
EXPENDITURES										
Current:										
11 Instruction	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	37,902,243
12 Instructional resources and media services	455,095	449,017	483,055	481,502	499,708	727,947	840,162	1,178,508	1,018,616	1,084,774
13 Curriculum and instructional staff development	1,018,560	1,276,907	1,279,256	730,821	641,380	586,159	680,217	657,914	583,578	612,494
21 Instructional leadership	1,015,259	892,790	811,019	1,164,769	1,134,434	997,049	1,049,824	1,121,204	1,129,045	970,589
23 School leadership	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	3,616,165
31 Guidance and counseling	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	2,502,175
32 Social work services	231,422	207,178	206,208	194,897	164,796	162,440	184,084	161,289	145,915	149,800
33 Health services	863,729	821,738	818,826	736,770	691,033	747,347	835,669	816,045	778,021	684,020
34 Student transportation	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	3,176,052
35 Food services	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	3,213,157
36 Co-curricular/extracurricular activities	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	2,097,642
41 General administration	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	3,164,122
51 Plant maintenance and operations	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	9,537,746
52 Security and monitoring services	1,296,131	550,551	524,607	542,059	519,360	550,351	615,768	670,124	544,731	510,506
53 Data processing services	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	1,733,592
61 Community services	38,184	32,944	69,503	62,092	46,876	55,661	80,101	56,962	67,890	53,768
71 Principal	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	7,010,000
72 Interest	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	4,717,351
73 Bond issuance cost and fees	8,750	1,529,646	1,617,541	4,850	4,850	405,182	291,512	513,883	4,459	993,163
81 Facilities acquisition and construction	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	21,552,994
90 Other intergovernmental charges	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	18,524,710
Total expenditures	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	123,807,063
Excess of revenues over (under) expenditures	(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)	(22,687,766)
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	-	85,895,000
Premium or discount on issuance of bonds	-	8,101,456	18,587,626	-	-	4,008,196	437,855	1,745,271	-	1,116,321
Extraordinary item - insurance recovery	-	-	-	-	-	3,040,289	-	-	-	-
Other resources/(uses)	-	(23,850,707)	(80,390,465)	-	-	(51,297,093)	-	(20,974,388)	-	-
Transfers in	6,300	-	2,623	-	-	-	1,525	336,892	-	-
Transfers out	(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	-	87,011,321
Net change in fund balances	<u>\$ (61,203,081)</u>	<u>\$ 14,000,576</u>	<u>\$ 78,815,753</u>	<u>\$ (4,298,119)</u>	<u>\$ (9,169,784)</u>	<u>\$ (2,465,632)</u>	<u>\$ 7,966,674</u>	<u>\$ (10,322,942)</u>	<u>\$ (51,307,028)</u>	<u>\$ 64,323,555</u>
Debt service as a percentage of noncapital expenditures*	0.24	0.23	0.23	0.16	0.16	0.17	0.16	0.15	0.13	0.12

Source: La Porte Independent School District's Audit Reports

*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.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>School district</u>										
Maintenance & operations	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
Debt service	0.3800	0.4100	0.4100	0.2900	0.2900	0.3150	0.2850	0.2850	0.2850	0.2650
La Porte ISD total	1.4200	1.4500	1.4500	1.3300	1.3300	1.3550	1.3250	1.3250	1.3250	1.3050
<u>County</u>										
Chambers (1)	0.5527	0.5403	0.5327	0.5221	0.4968	0.4968	0.4968	0.4968	0.4968	0.4968
Harris	0.4166	0.4192	0.4173	0.4146	0.4002	0.3912	0.3881	0.3892	0.3924	0.4024
Harris County Department of Education	0.0052	0.0054	0.0060	0.0064	0.0066	0.0066	0.0060	0.0058	0.0059	0.0063
Harris County Flood Control District	0.0283	0.0273	0.0274	0.0283	0.0281	0.0281	0.0292	0.0308	0.0310	0.0324
Port of Houston Authority	0.0133	0.0134	0.0513	0.0172	0.0195	0.0186	0.1640	0.0177	0.0144	0.0130
San Jacinto Jr. College District	0.1824	0.1758	0.1856	0.1856	0.1856	0.1856	0.1708	0.1634	0.1454	0.1454
<u>Cities</u>										
Deer Park	0.7200	0.7144	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050	0.7200	0.7200
La Porte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
Morgan's Point	0.9118	0.8191	0.8191	0.6362	0.6460	0.6460	0.6460	0.6460	0.6410	0.5510
Pasadena	0.5754	0.5754	0.5769	0.5916	0.5916	0.5916	0.5620	0.5620	0.5670	0.5670
<u>Water districts</u>										
Clear Lake City Water Authority	0.2700	0.2700	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800

Rates are per \$100 of assessed valuation

Source: Harris County Truth in Taxation Summary

Harris County Appraisal District - Chambers County Appraisal District

(1) 100% of the property located in Chambers County is submerged.

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

La Porte Independent School District**Schedule 6**

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30	Real Property Assessed Actual Value	Personal Property Assessed Actual Value	Total Assessed Actual Value**	Total Direct Rate*
2008	\$ 4,072,108,292	\$ 1,066,107,021	\$ 5,138,215,313	1.3050
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

*Per \$100 of assessed value

**Assessed Actual Value is Net of Exemptions

Source: Goose Creek ISD Tax Services Tax Roll Summary Report

La Porte Independent School District
Principal Property Tax Payers
Current Year and Ten Years Ago
(Unaudited)

Schedule 7

Taxpayer	Fiscal Year 2017 (Tax Year 2016)			Fiscal Year 2008 (Tax Year 2007)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Equistar Chemicals LP	\$ 750,493,438	1	7.96%	\$ 338,259,217	1	6.13%
Celanese LTD	734,451,493	2	7.79%	108,909,113	9	1.97%
Kuraray America Inc	446,387,523	3	4.73%			
Air Liquide	406,471,914	4	4.31%	202,472,100	2	3.67%
Noltex LLC	185,243,144	5	1.96%			
Albemarle Catalysts Co LP	183,626,453	6	1.95%	123,697,710	7	2.24%
Enterprise Products	177,437,676	7	1.88%			
Linde Gas North American LLC	154,698,521	8	1.64%			
Kaneka Texas Inc.	109,966,912	9	1.17%			
Liberty Property	99,847,306	10	1.06%			
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>\$ 3,248,624,380</u>		<u>34.44%</u>	<u>\$ 1,560,703,635</u>		<u>28.28%</u>
Total taxable assessed value**	\$ 9,431,612,882			\$ 5,518,631,433		

**Taxable assessed value is net exemptions

Source: Municipal Advisory Council of Texas

Note: Due to time constraints, and updated tax rolls being unavailable until late Fall, instead of reporting Tax Year 2017 data on this schedule, the district will be reporting data for the tax year related to the Fiscal Year under audit.

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
2008	\$ 71,798,054	\$ 70,032,113	97.54%	\$ 1,769,693	\$ 71,801,806	100.01%
2009	79,707,814	74,255,050	93.16%	5,264,960	79,520,010	99.76%
2010	78,794,784	77,853,757	98.81%	1,020,479	78,874,236	100.10%
2011	76,443,809	75,804,968	99.16%	918,296	76,723,264	100.37%
2012	81,069,091	80,319,639	99.08%	946,297	81,265,936	100.24%
2013	82,575,734	81,772,811	99.03%	1,122,499	82,895,310	100.39%
2014	87,799,374	86,946,201	99.03%	530,493	87,476,694	99.63%
2015	102,183,911	101,666,537	99.49%	583,110	102,249,647	100.06%
2016	117,721,497	116,785,523	99.20%	393,257	117,178,780	99.54%
2017	120,697,064	118,673,840	98.32%		118,673,840	98.32%

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

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

Schedule 9

Fiscal Year	Year of Collection										Total
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
2008	\$ 31,097	\$ 5,220	\$ 8,663	\$ 17,930	\$ 22,939	\$ 72,071	\$ 66,245	\$ 458,522	\$ 1,116,378	\$ 70,032,113	\$ 71,831,178
2009	2,372	5,928	14,189	35,156	100,379	62,519	178,043	4,866,375	74,255,050		79,520,011
2010	4,267	13,345	18,078	47,993	64,029	104,661	768,105	77,853,757			78,874,235
2011	6,813	(42,020)	41,477	64,415	201,740	645,870	75,804,968				76,723,263
2012	37,421	(92,518)	43,091	191,447	766,856	80,319,639					81,265,936
2013	(158,135)	328,527	171,646	780,461	81,772,811						82,895,310
2014	(108,665)	436,336	202,822	86,946,201							87,476,694
2015	147,276	435,568	101,666,537								102,249,381
2016	392,509	116,785,513									117,178,022
2017	118,673,840										118,673,840

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

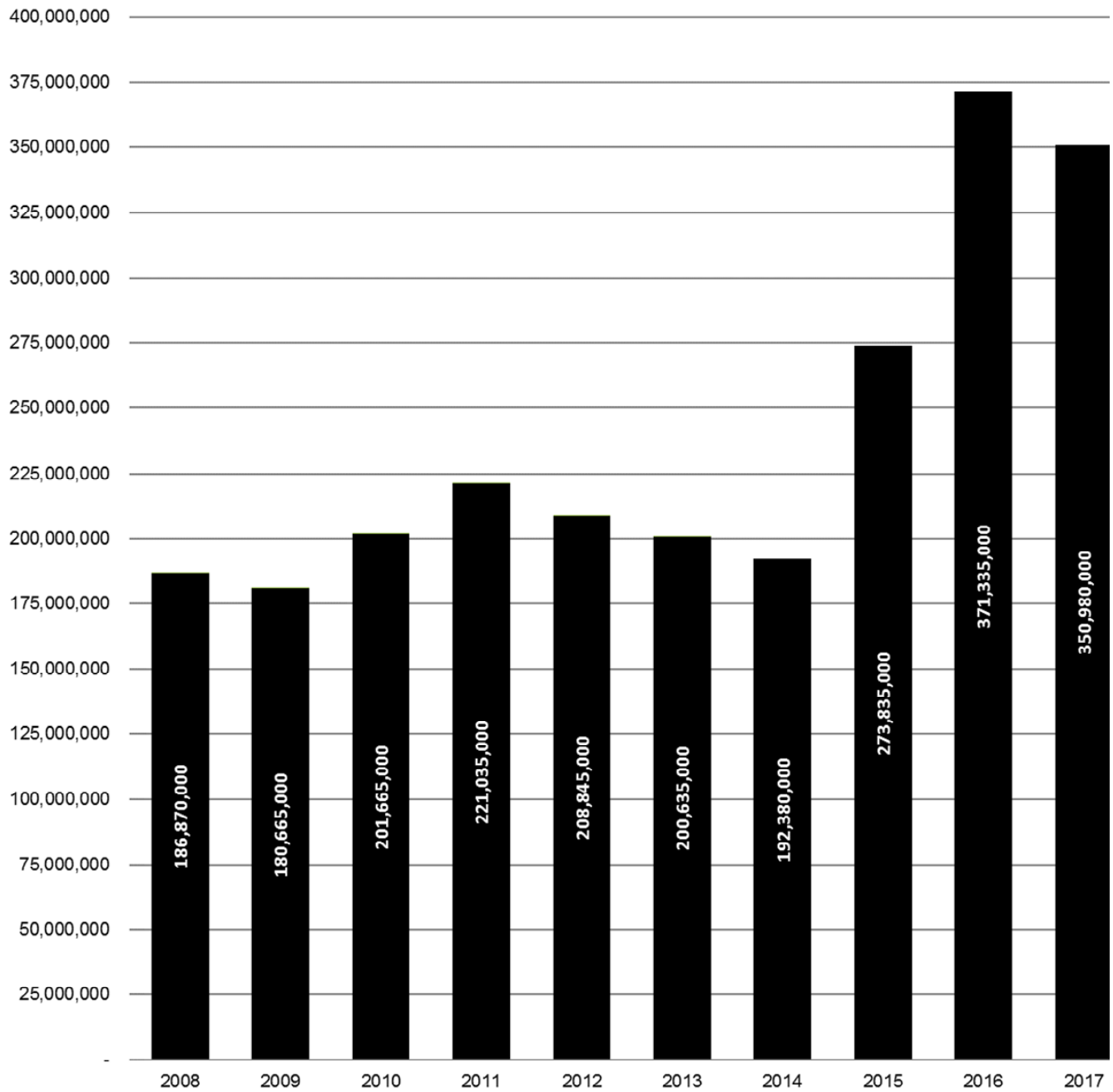
Schedule 10

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
2008	\$ 5,518,631,433	\$ 186,870,000	\$ 7,708,196	\$ 179,161,804	0.97%	\$ 24,078	\$ 5,255
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

* 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 2017

Assessed value	\$ 9,341,612,882
Debt limit (Percent of 2016 - 2017 school year assessed value)*	10.00%
Maximum legal debt	<u>934,161,288</u>
Amount of debt applicable to debt limit**	<u>336,096,381</u>
Legal debt margin	<u>\$ 598,064,907</u>

*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

	<u>Debt Limit</u>	<u>Amount of Debt Applicable to Debt Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2008	\$ 551,863,143	\$ 179,161,804	\$ 372,701,339	32.46%
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%

Source: District's Audit Reports

La Porte Independent School District
 Computation of Direct and Overlapping Debt
 as of June 30, 2017
 (Unaudited)

Schedule 12

	<u>Gross Debt</u>	<u>Overlapping</u>	
		<u>Percent</u>	<u>Amount</u>
<u>County</u>			
Chambers	\$ 52,115,000	*	\$ -
Harris	2,303,812,874	2.23%	51,375,027
Harris County Department of Education	6,780,000	2.23%	151,194
Harris County Flood Control District	83,075,000	2.23%	1,852,573
Harris County Hospital District	61,595,000	2.23%	1,373,569
Port of Houston Authority	657,994,397	2.22%	14,607,476
San Jacinto Jr. College District	394,444,977	18.62%	73,445,655
<u>Cities</u>			
Deer Park	72,970,000	30.13%	21,985,861
La Porte	42,935,000	92.41%	39,676,234
Morgan's Point	5,780,000	100.00%	5,780,000
Pasadena	116,070,000	3.95%	4,584,765
<u>Water districts</u>			
Clear Lake City Water Authority	75,835,000	9.80%	7,431,830
Total estimated overlapping debt			222,264,184
District direct debt	350,980,000	100.00%	350,980,000
Total overlapping and direct debt			<u>\$ 573,244,184</u>

Source: Texas Municipal Reports from Bond Statement

* Less than .01%

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
2008	34,092	55	620	100.0%
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*	35,086	55	638	0.0%

Source: United States Census Bureau

*Estimated population is only available through 2016 therefore the same data was used for 2017

	Harris County 2010	Texas 2010	U.S. 2010
<u>Population:</u>			
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
<u>Income:</u>			
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
<u>Housing:</u>			
% Owner occupied	64.8%	64.8%	66.6%
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		
2008	1,933,140	90,624	\$ 200,623,591	\$ 50,938	4.7%	4.8%
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*	2,255,093	119,025	249,989,494	55,088	5.3%	4.6%

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

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

Schedule 15

Employer	2016			2007	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
JV Industrial Companies Ltd	1,612	9.25%	Furmanite Worldwide	1,494	8.71%
Mobley Industrial Services Inc	1,400	8.03%	E.I. Dupont De Nemours & Co.	1,001	5.83%
La Porte ISD	1,040	5.97%	Rockwood Service Corp.	700	4.08%
City of La Porte	384	2.20%	Longview Inspection	664	3.87%
Sulzer Turbo Svcs Houston Inc	330	1.89%	Quest Tru Tec LP	636	3.71%
CCC Group Inc	300	1.72%	E.I. Dupont De Nemours & Co.	580	3.38%
Highway Transport Chemical LLC	294	1.69%	WalMart	500	2.91%
Airgas Inc	281	1.61%	Aker Kvaerner	400	2.33%
Pfeiffer Holdings LLC	271	1.56%	Oxy Vinyls	400	2.33%
Total Petrochemicals Ref USA Inc	265	1.52%	City of La Porte	368	2.14%
Total	<u>6,177</u>		Total	<u>6,743</u>	
Total City of La Porte employment	<u>17,427</u>			<u>17,157</u>	

Source: City of La Porte Comprehensive Annual Financial Report for the Year Ended September 30, 2016.
Current year ended September 30, 2017 is not available & Texas Workforce Commission (TRACER System)

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>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>	<u>2008</u>
Teachers	495.00	495.46	470.07	464.00	461.80	467.00	495.40	506.40	507.90	501.80
Professional support	101.42	101.45	94.43	90.00	89.10	87.40	107.10	105.60	113.80	110.30
Campus administration (school leadership)	30.00	29.02	30.00	30.00	30.00	29.10	28.80	31.00	30.80	32.00
Central administration	10.89	8.00	10.00	10.00	11.00	11.00	13.00	13.00	12.00	10.00
Educational aides	120.56	117.28	110.23	105.57	103.00	107.90	110.30	106.80	102.60	105.30
Auxiliary staff	283.99	289.03	293.70	291.54	292.80	301.00	318.90	403.20	320.90	383.30
Total employees	<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>	<u>1,142.70</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
2008	7,940	\$ 85,265,801	\$ 10,739	-27.49%	\$ 96,354,593	\$ 12,135	-39.43%	502	16	43%
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%	154,538,830	20,036	18.13%	495	16	49%

* Operating expenditures are total expenditures less debt service and facilities acquisition & 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

Fiscal Year	Minimum Salary*	Maximum Salary*	Region Average Salary	Statewide Average Salary
2008	\$ 42,500	\$ 65,000	\$ 48,053	\$ 46,179
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

Sources:
District Records
Texas Education Agency Website - AEIS report

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

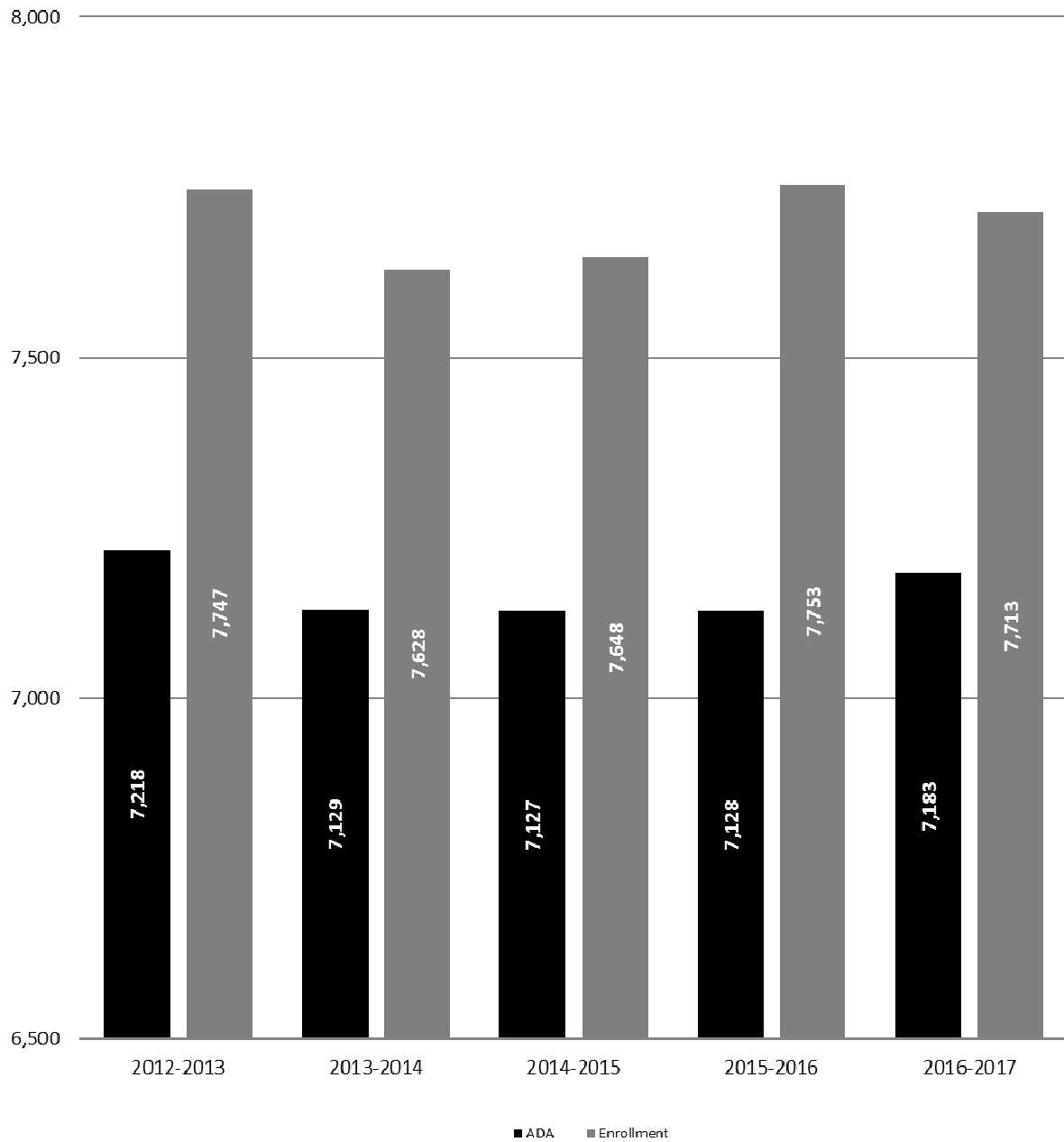
La Porte Independent School District
Attendance Data
Last Ten Fiscal Years
(Unaudited)

Schedule 19

Fiscal Year	Total Enrollment	Average Daily Attendance		
		Amount	Percent Increase (Decrease)	Percent of Membership
2008	7,940	7,441	3.59%	93.71%
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%

Source: Texas Education Agency Website - PEIMS

Average Daily Attendance & 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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools										
Bayshore Elementary										
Square footage	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	8,683	8,683
Capacity	750	750	750	750	750	750	750	750	750	525
Enrollment	557	537	522	530	577	561	532	340	375	450
College Park Elementary										
Square footage	77,910	77,910	75,301	75,301	75,301	75,301	75,301	75,301	74,001	74,001
Capacity	696	696	650	650	650	650	650	650	650	650
Enrollment	470	490	472	461	465	487	474	493	505	480
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	550	560	595	599	610	642	647	701	639	542
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	471	462	492	486	487	494	515	537	537	558
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	554	549	494	491	502	525	523	588	579	554
Lomax Elementary										
Square footage	101,987	101,987	86,795	86,495	86,495	86,495	86,495	86,495	86,495	86,495
Capacity	729	729	700	700	700	700	700	700	700	700
Enrollment	511	542	528	519	523	548	536	591	586	600
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	585	591	595	588	582	584	587	612	641	635
Intermediate Schools										
Baker 6th Grade Campus										
Square footage	125,937	125,937	140,060	140,060	140,060	140,060	140,060	140,060	140,060	140,060
Capacity	925	925	700	700	700	700	700	700	700	700
Enrollment	580	575	550	533	625	551	608	579	559	585
Junior High Schools										
La Porte Junior High School										
Square footage	153,200	153,200	148,044	148,044	148,044	148,044	148,044	148,044	139,004	139,004
Capacity	725	725	725	725	725	725	725	725	600	600
Enrollment	595	549	554	555	536	566	553	540	594	622
Lomax Junior High School										
Square footage	125,645	125,645	125,645	125,645	125,645	125,645	125,645	125,645	125,645	112,995
Capacity	780	780	780	780	780	780	780	780	780	630
Enrollment	597	612	605	608	611	628	581	578	612	573
High Schools										
La Porte High School										
Square footage	633,140	591,126	504,652	504,652	504,652	502,332	502,332	502,332	502,332	484,547
Capacity	3,100	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923
Enrollment	2,176	2,218	2,162	2,190	2,168	2,121	2,188	2,209	2,195	2,267
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	57	54	60	68	61	61	72	79	92	74
Total square footage	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	1,435,658
Total capacity	10,755	10,578	10,278	10,278	10,278	10,278	10,278	10,278	10,153	9,778
Total enrollment	7,703	7,739	7,629	7,628	7,747	7,768	7,816	7,847	7,914	7,940

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
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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

The Board of Trustees
La Porte Independent School District

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District'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 14, 2017

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

To the Board of Trustees 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 U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Board of Trustees
La Porte Independent School District

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 14, 2017

La Porte Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

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 ☐ No

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:

84.010A	ESEA Title I Part A Improving Basic Programs
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	USDA Donated Commodities – non cash assistance

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, 2017

Section 2. Financial Statement Findings

None noted

Section 3. Federal Award Findings and Questioned Costs

2017-001 ESEA Title I Part A Improving Basic Programs (84.010A) – Matching, Level of Effort and Earmarking *Monitoring Level of Effort – Significant Deficiency in Internal Control over Compliance*

Criteria

The U.S. Department of Education requires local education agencies to monitor their own fiscal level of effort.

Condition

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

Questioned Costs

None

Cause

The absence of procedures to monitor local level of effort.

Effect

The District relies on the Texas Education Agency to perform the calculation of level of effort, as part of their oversight requirements, and provide the District with a letter notifying them of compliance or non-compliance. If the District is non-compliant it could lead to decreased state funding if not corrected within an allowable remediation period.

Recommendation

We recommend the District implement policies and procedures to monitor their local level of effort.

Views of Responsible Officials and Planned Corrective Actions:

See corrective action plan.

Section 4. Schedule of Prior Audit Findings and Questioned Costs

N/A



La Porte Independent School District

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La Porte, Texas 77571

Lloyd W. Graham
Superintendent of Schools

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Audit Finding Reference: 2017-001

Planned Corrective Action: The District has implemented a process where the Director of Finance will perform the Maintenance of Effort monitoring not less than three times annually using the template provided by the Texas Education Agency. This monitoring process will take place once during the budget process, again mid-year and a final time near the fiscal year end. This process will allow the District to identify possible decreased local level of effort and make accommodations as necessary.

Estimated Date of Completion: Began implementation during fiscal year 2017-2018

Responsible Person: Director of Finance

La Porte Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Exhibit K-1

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures and Indirect Costs
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
*National School Lunch Program	10.555	71301401	\$ 1,729,938
*School Breakfast Program	10.553	71401401	601,310
Direct Program:			
*USDA Donated Commodities - non cash assistance	10.555	101916	253,199
Total U.S. Department of Agriculture			2,584,447
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A Improving Basic Programs	84.010A	16610101101916	6,701
ESEA Title I Part A Improving Basic Programs	84.010A	17610101101916	781,324
Total CFDA Number 84.010A			788,025
 **IDEA - Part B, Formula	84.027A	166600011019166000	6
**IDEA - Part B, Formula	84.027A	176600011019166000	1,256,826
**IDEA - Part B, Preschool	84.173A	176610011019166000	26,384
**IDEA - Part B, High Risk Pool	84.027A	16660006101916	3,365
**IDEA - Part B, High Risk Pool	84.027A	17660006101916	113,517
Total CFDA Number 84.027A			1,400,098
 ESEA Title II, Part A	84.367A	16694501101916	2,750
ESEA Title II, Part A	84.367A	17694501101916	210,890
Total CFDA Number 84.367A			213,640
 ESEA Title III, LEP	84.365A	17671001101916	68,616
 Career and Technology Education - Carl D. Perkins	84.048A	16420006101916	19,373
Career and Technology Education - Carl D. Perkins	84.048A	17420006101916	68,999
Total CFDA Number 84.048A			88,372
 Title VI - LEP Summer School	84.369A	65991302	651
Total U.S. Department of Education			2,559,402
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medicaid Administrative Claims	93.778	N/A	46,832
Total U.S. Department of Health and Human Services			46,832
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,190,681

* Clustered programs as required by Uniform Guidance (Child Nutrition Cluster)

** Clustered programs as required by Uniform Guidance (Special Education)

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 – 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.

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 Food Services 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 \$253,199 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	\$	5,190,681
School health and related services (SHARS)		1,278,145
Reserve officers' training corps		64,303
		<hr/>
Total federal revenues per Exhibit C-3	\$	<u>6,533,129</u>

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.