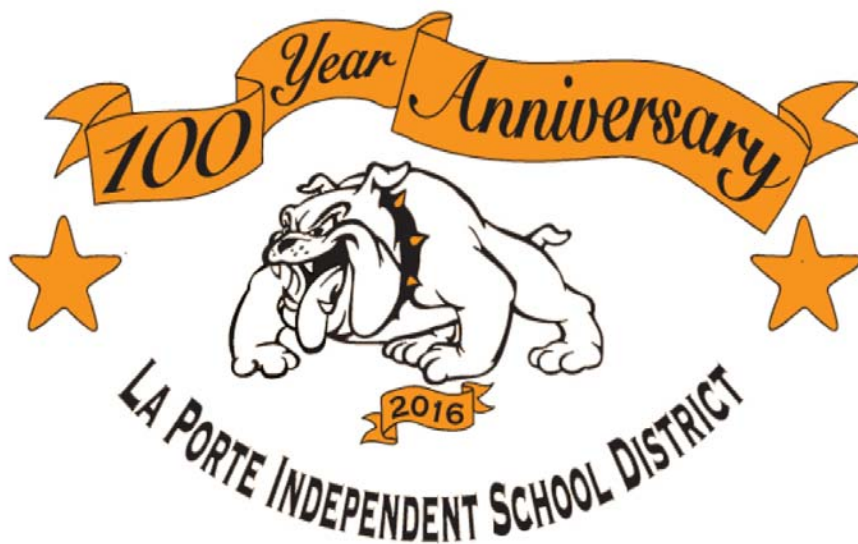


# La Porte

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Independent School District

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**



*Every Student's Success is our #1 Priority!*

1002 San Jacinto Street, La Porte, TX 77571  
Harris County | [www.lpsid.org](http://www.lpsid.org)

**Comprehensive  
Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2016**

**LA PORTE INDEPENDENT SCHOOL  
DISTRICT**

1002 San Jacinto Street, La Porte, Texas 77571

---

**Prepared By The LPISD Business Office:**

**Rhonda Cumbie, CPA, RTSBA  
Chief Financial Officer**

**Vicki Garcia, RTSBA  
Director of Finance**

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## **INTRODUCTORY SECTION**

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# La Porte

## Independent School District

1002 San Jacinto Street  
La Porte, Texas 77571

[www.lpisd.org](http://www.lpisd.org)

(281) 604-7001  
Fax (281) 604-7010

*Lloyd W. Graham*  
Superintendent

### BOARD OF TRUSTEES

*Lee Wallace*  
President  
*Dee Anne Thomson*  
Vice President  
*Charlcya Wheeler*  
Secretary

*Kathy Green*  
*Phillip Hoot*  
*David Janda*  
*Lois Rogerson*  
Trustees

November 15, 2016

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, 2016. 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, 2016, 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, 2016, 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, 2016, 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 2015-2016 fiscal year, the District operated one senior high school, one alternative secondary campus, two junior high schools, one 6<sup>th</sup> 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. With strong collaborative ties with the chamber of commerce, the business community, other local governmental entities in the area, and San Jacinto College, LPISD is making 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, or other sources and uses require Board approval.

**Significant Financial Activities** –The District's total tax base in 2015-16 was over \$8.11 billion, an increase of 15.2% from the previous year. The tax rates per \$100 of assessed value for the past five years are shown on the following table.

Year	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
M&O	1.04	1.04	1.04	1.04	1.04
I&S	0.315	0.29	0.29	0.41	0.41

### ***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 2015-2016 school year. This is the fourth 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. Nine La Porte ISD campuses were recognized with distinctions in one or more areas. College Park Elementary earned four distinctions, followed by Bayshore Elementary and Heritage Elementary with three distinctions each. Earning two distinctions each were La Porte Elementary, Jennie Reid Elementary and Leo A. Rizzuto Elementary Schools. Lomax Elementary, James H. Baker Sixth Grade Campus and Lomax Junior High School 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 May 10, 2014, the district sold \$72,545,000 in bonds on August 12, 2015. Additionally, another \$43,385,000 in bonds was sold on June 7, 2016. At the end of the 2015-16 school year, construction of the new Lomax Elementary School and Baker Sixth Grade Campus was close to completion. These two campuses will open for students beginning in August 2016. The major rebuild of La Porte High School had several projects completed at yearend, including the Athletic Fields renovations. Other projects of the La Porte High School rebuild, were at near completion at yearend. The new Career and Technical Education Building and the new Fine Arts Building will be ready for students in August 2016. The significant renovations at College Park Elementary, and Lomax Junior High School were completed at the end of 2015-16. Renovation construction at La Porte Elementary, La Porte Junior High School, Heritage Elementary, Reid Elementary, Bayshore Elementary, and Rizzuto Elementary are still underway with expected completion in the 2016-17 school year. The bond funds also provide funding for additional capital expenditures for fine arts, technology, transportation and maintenance.

### **Awards and Acknowledgments**

#### **Financial Reporting Awards**

The TEA has awarded the District a rating of “Superior” for the year ended June 30, 2015. This is the fourteenth 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 fourteen years. The rating is based upon an analysis of staff and student data reported for the 2014-2015 school year and budgetary and actual financial data for the fiscal year ended June 30, 2015. The primary goal of School FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to La Porte Independent School District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. 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, 2015. 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.

**Acknowledgments** – As we continue construction, we would like to express appreciation to all the stakeholders of the community for voting for the 2014 \$260 million bond referendum. We would also like to express appreciation to the Board of Trustees for its concern for providing fiscal accountability to

patrons of our District and for its leadership in the development of one of the best educational operations within the State of Texas. Countless hours have been devoted to this District by teachers, principals, and supporting staff and thanks is extended to the entire La Porte Independent School District Team that has worked so hard to provide the high-quality, cost-efficient education to the students we serve. Additionally, the preparation of this report was accomplished through much time and effort on the part of the District Finance department, and special appreciation is expressed to them.



Lloyd Graham  
*Superintendent*



Rhonda Cumbie  
*Chief Financial Officer*



Vicki Garcia  
*Director of Finance*

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
CERTIFICATE OF 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  
7      0

for the year ended June 30, 2016 at a meeting of the Board of Trustees of such school district on the 15th day of November, 2016.

  
Signature of Board Secretary

  
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	6	2019	Customer Service Supervisor
David Janda	Vice President	4	2018	Teacher
Lois Rogerson	Secretary	3	2017	Retired Teacher
Kathy Green	Trustee	12	2017	Training Coordinator
Phillip Hoot	Trustee	2	2017	Contractor
Lee Wallace	Trustee	6	2018	HSSE Technician
Charleya Wheeler	Trustee	12	2019	Retired

**Administrative Officials**

Official	Position	Years of Service	
		Total	District
Lloyd W. Graham	Superintendent	27	8
Rhonda Cumbie	Chief Financial Officer	19	8
Dr. Linda Wadleigh	Deputy Superintendent	31	16
Mike Clausen	Deputy Superintendent	47	47
Danette Tilley	Executive Director, Secondary Education	27	12
Jewel Whitfield	Executive Director, Elementary Education	19	16
Isela Montes	Executive Director, Human Resources	39	8
Vicki Garcia	Director of Finance	14	3
Terri Cook	Public Information Officer, Director-Public Relations	16	8

**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.**

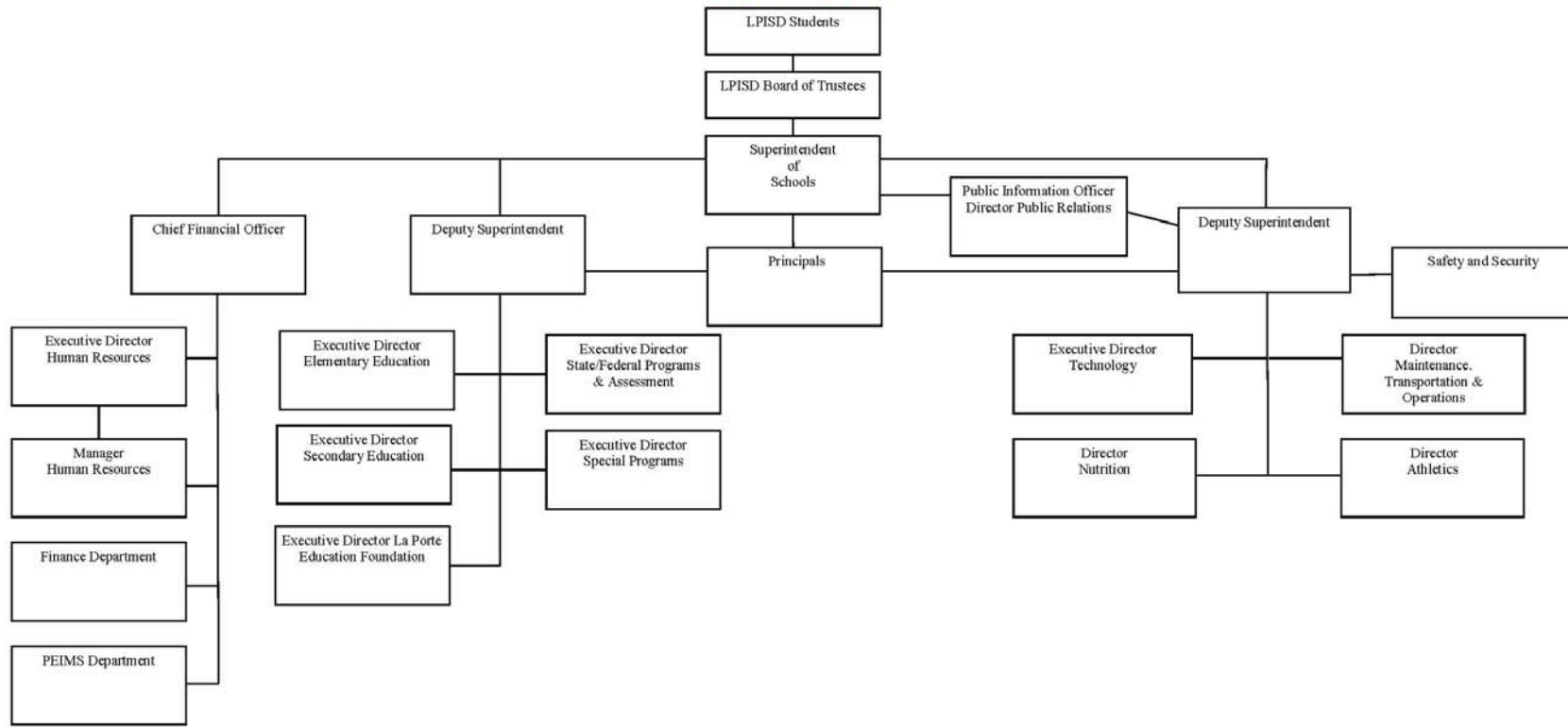
Financial Advisor

11111 Katy Freeway #820 • Houston, Texas 77079



La Porte Independent School District  
Organizational Chart

2015-2016





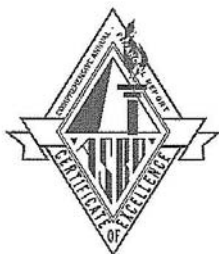
ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**La Porte Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015**

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

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, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

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## **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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District contributions on pages 4-14 and page 61-65 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other Texas Education Agency (TEA) required schedules and statistical section 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other TEA required schedules 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.



Board of Trustees  
La Porte Independent School District

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other TEA required schedules 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, 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 15, 2016

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**La Porte Independent School District  
Management's Discussion and Analysis  
Year Ended June 30, 2016**

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, 2016. 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 and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$69,798,108 (*net position*). Of this amount, \$22,800,483 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position increased by \$6,829,541.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$147,178,447, an increase of \$14,000,576 in comparison with the prior year. The increase in governmental fund balances was primarily due to an increase of \$9,489,090, \$3,973,590, and \$786,419 in the capital projects, debt service fund, and general fund balances, respectively, and a decrease of \$248,523 in the non-major governmental funds balance.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$25,827,182, or 27.9 percent of total general fund expenditures.
- The District's total long-term debt increased by 35.6 percent or \$97,500,000 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 deferred outflows and liabilities and deferred inflows, 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 Acquisition and Construction payments. The government-wide financial statements can be found on pages 15 and 16 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-three 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 twenty 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 17 through 20 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 21 through 23 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 24 and 25 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 26 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 66 through 72 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 and deferred outflows exceeded liabilities and deferred inflows by \$69,798,108 at the close of the most recent fiscal year.

The largest portion of the District's net position, \$35,725,150, reflects its net investment in capital assets (e.g., 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)

	2016	2015
<b>Assets:</b>		
Current and other assets	\$ 174,728	\$ 158,704
Capital and non-current assets	327,134	229,338
<b>Total Assets</b>	501,862	388,042
<b>Deferred Outflows of Resources:</b>	18,312	11,928
<b>Total Assets and Deferred Outflows of Resources</b>	520,174	399,970
<b>Liabilities:</b>		
Current Liabilities	53,145	40,275
Long-term Liabilities	395,880	293,841
<b>Total Liabilities</b>	449,025	334,116
<b>Deferred Inflows of Resources:</b>	1,351	2,886
<b>Total Liabilities and Deferred Inflows of Resources</b>	450,376	337,002
<b>Net Position:</b>		
Net investment in capital assets	35,725	50,608
Restricted	11,273	8,587
Unrestricted	22,800	3,773
<b>Total Net Position</b>	<u>\$ 69,798</u>	<u>\$ 62,968</u>

Net position of \$9,497,064 is restricted for debt service activities and net position of \$1,775,411 is restricted for grant activities. The remaining balance of unrestricted net position of \$22,800,483 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 increased by \$6,829,541 during the current fiscal year.

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

	<b>2016</b>	<b>2015</b>	<b>Percentage Change</b>
<b>Program Revenues</b>			
Charges for services	\$ 1,773	\$ 1,889	-6%
Operating grants	11,675	9,703	20%
<b>General Revenues</b>			
Property taxes	119,194	102,684	16%
Grants and contributions not restricted	1,955	2,019	-3%
Interest earnings	488	90	442%
Other	3,243	3,615	-10%
<b>Total Revenues</b>	<u>138,328</u>	<u>120,000</u>	15%
<b>Expenses</b>			
Instruction	49,759	44,530	12%
Instruction resources and media services	458	484	-5%
Curriculum and staff development	1,330	1,282	4%
Instructional leadership	925	839	10%
School leadership	4,303	3,991	8%
Guidance, counseling, and evaluation services	2,887	2,574	12%
Social work services	207	204	1%
Health services	839	814	3%
Student transportation	3,620	3,422	6%
Food service	4,270	4,002	7%
Extracurricular activities	2,375	2,171	9%
General administration	3,256	2,950	10%
Plant, maintenance and operations	11,432	9,929	15%
Security and monitoring services	551	524	5%
Data processing services	3,899	3,737	4%
Community services	39	75	-48%
Interest on long-term debt	14,074	12,548	12%
Facilities acquisition and construction	45	10	350%
Contracted instructional services between schools	24,532	20,877	18%
Payments related to shared services arrangements	119	131	-9%
Payments to JJAEP	20	20	0%
Payments to Tax Increment Fund	1,671	1,408	19%
Other intergovernmental charges	887	788	13%
<b>Total Expenses</b>	<u>131,498</u>	<u>117,310</u>	12%
<b>Increase (Decrease) in Net Position</b>	<u>6,830</u>	<u>2,690</u>	154%
<b>Beginning Net Position</b>	62,968	71,126	-11%
<b>Implementation of Change in Accounting Principle</b>	-	(10,848)	
<b>Beginning Net Position as Restated</b>	<u>62,968</u>	<u>60,278</u>	
<b>Ending Net Position</b>	<u>\$ 69,798</u>	<u>\$ 62,968</u>	11%

## **Governmental Activities**

Governmental activities increased the District's net position by \$6,829,541. Key elements of this increase are as follows:

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$11,674,605) represent 8.4 percent of total revenues, and property taxes of \$119,194,117 represent 86.1 percent of total revenues. The remaining \$7,458,812 is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction, \$49,759,289, which represents 46.5 percent of total expenses less contracted instructional services between schools of \$24,531,648. Plant maintenance and operations of \$11,431,976 represents 10.7 percent and Debt Service of \$14,074,233 represents 13.2 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 10.9 percent from the previous year which are less contracted instructional services between schools causing an increase of 6.4 percent to net position. The increase in net position was primarily due to an increase in operating grants and contributions and tax revenues in excess of the increase in expenditures.

## **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 \$147,178,447, an increase of \$14,000,576 in comparison with the prior year. The increase in governmental fund balances was primarily due to an increase in the capital projects fund balance of \$9,489,090, an increase in the debt service fund balance of \$3,973,590. The general fund balance increased by \$786,419 and the non-major governmental funds balance decreased by \$248,523.

At the end of the current fiscal year unassigned fund balance for the general fund was \$25,827,182, or 27.9 percent of total general fund expenditures.

The debt service fund has a total fund balance of \$14,209,608, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance of \$3,973,590 during the current year was primarily due to increased base along with increased collections.

The capital projects fund has a total fund balance of \$97,649,803, which is comprised of non-spendable items and amounts restricted for authorized construction, plant maintenance and technology projects/enhancements. The increase in fund balance during the current year of



\$9,489,090 was due to voter approval of a \$260,000,000 bond authorization in May, 2014 in which \$120,000,000 was issued for the utilization of bond proceeds for construction projects, renovation projects, plant maintenance and technology projects/enhancements. The increase was proceeds allocated but not spent as of yearend.

### **General Fund Budgetary Highlights**

The primary difference between the original budget and the final amended budget of the general fund was an increase of \$4,897,365 in local revenue net of recapture. The increased revenue adjustment was necessary due to changes in estimates for local revenue based on assessed property values. The budget is set by June 30 and certified values are not received from the appraisal district until the end of August, this timing required an adjustment to the budget for the increased revenues.

### **Capital Assets and Long-Term Liabilities**

#### **Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$327,133,925 (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 \$97,796,176. A comparison of capital asset balances at current and prior fiscal year end follows:

#### **Capital Assets (Amounts in 000's)**

	<b>Balance June 30, 2016</b>	<b>Balance June 30, 2015</b>
Land	\$ 10,520	\$ 10,255
Buildings and improvements	307,044	258,338
Furniture and equipment	19,621	18,539
Construction in progress	<u>77,433</u>	<u>23,132</u>
	414,618	310,264
Less accumulated depreciation for:		
Buildings and improvements	(74,317)	(68,034)
Furniture and equipment	<u>(13,167)</u>	<u>(12,892)</u>
	<u>(87,484)</u>	<u>(80,926)</u>
Governmental Activities Capital Assets	<u><u>\$ 327,134</u></u>	<u><u>\$ 229,338</u></u>

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

## Long-term Liabilities

At the end of the current fiscal year, the District had \$400,739,218 in total debt outstanding, an increase of \$103,335,603 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 Bond 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)

	<b>Balance June 30, 2016</b>	<b>Balance June 30, 2015</b>
General obligation bonds	\$ 371,335	\$ 273,835
Premium on bonds	28,159	22,365
Accrued compensated absences	1,245	1,204
	<b>\$ 400,739</b>	<b>\$ 297,404</b>

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, the District sold \$120,000,000 in bonds. Construction is in progress for a new Lomax Elementary School and Baker Sixth Grade Campus; a major rebuild of La Porte High School; a new multipurpose center, renovations at Heritage Elementary, Reid Elementary, Bayshore Elementary, and Rizzuto Elementary; and a new grounds maintenance building. This also provides funding for capital expenditures for fine arts, technology, transportation and maintenance. The fine arts building and career and technical education building were completed prior to yearend, as were significant renovations at College Park Elementary, La Porte Elementary, Lomax Junior High School and La Porte Junior High School.

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 industrial 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.

Again, the District provided four optional professional development days prior to the beginning of the school year for teachers and other professional staff not on contract. Instructional workshop topics included: gifted and talented; student engagement and motivation; Sean Cain's Fundamental Five focusing on quality instruction; student behavior; dyslexia and dysgraphia; writing across the curriculum; and revisions to high school mathematics TEKS.

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 fifteen license/certification programs and will add two additional medical programs that align with the career pathways embedded in the HB5 endorsement graduation plans.

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 a cart 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). College Park Elementary School earned distinctions in four areas: academic achievement in reading/English language arts, academic achievement in mathematics, top 25 percent in closing performance gaps and post-secondary readiness. Bayshore Elementary School and Heritage Elementary School received three distinctions each. Both schools were recognized for academic achievement in science, post-secondary readiness and top 25 percent in closing performance gaps. Earning two distinctions each were La Porte, Jennie Reid and Leo A. Rizzuto Elementary Schools. La Porte Elementary School received recognition for academic achievement in mathematics and top 25 percent in closing performance gaps, while Jennie Reid and Leo A. Rizzuto Elementary received recognition for being in the top 25 percent in student progress and closing performance gaps. Lomax Elementary School earned a distinction for academic achievement in reading/English language arts, while James H. Baker Sixth Grade Campus and Lomax Junior High School were among the top 25 percent in closing performance gaps.

The District experienced flooding at La Porte High School during the 2015-16 school year. This should be eliminated with the rebuild that is currently taking place at the high school. There was also a tornado that did significant damage to Jennie Reid Elementary School. There was also an arson fire at the District's old warehouse facility. Although these kinds of events are covered under the District's insurance, there is still impact to students and instruction when a campus is affected.

### **Economic Factors and Future Budgets and Tax Rates**

- The District is currently a Chapter 41 District. 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.
- 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.

- 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 4.9 pennies of the tax base. The District also has costs to maintain two recovery storm shelters, and has routine shelter in place drills.
- 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 2017 the District anticipates a peak enrollment of 7,739 students, which is flat from FY 2016. The District's pre-Hurricane Ike ADA was 7,670, while FY 2016 ADA was 7,242 and is anticipated to be close to the same for FY 2017.
- The District has 1,152 faculty and staff comprised of the following: 42 employees in central administration departments; 530 teachers, librarians, counselors, and nurses; 265 other school leadership and support staff; 104 maintenance employees; 106 cafeteria workers; and 105 employees in transportation for the 2016-2017 budget. The District's Board of Trustees approved a 4.5% general pay increase for all non-exempt employees, a 4% general pay increase for teachers, and a 3% general pay increase for all other exempt employees, as well as increased the starting teacher salary to \$52,600. The minimum hourly rate for paraprofessionals is \$11.20 and the minimum hourly rate for manual trades is \$9.75.
- The 2016 Certified Taxable Property Value as reported by the Harris and Chambers County Appraisal Districts totaled \$8,616,732,011 which is approximately 11.6 percent higher than the 2015 certified taxable values.
- The property tax rate for 2016-17 will be \$1.42 per \$100 of assessed value; the 2015-16 rate was \$1.45 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. New for 2015-16 is the High-Quality Prekindergarten Grant Program that supports the District's comprehensive, full-day

prekindergarten program that continues for the 2016-17 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 84<sup>th</sup> 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.
- The STI continues for the 2016-17 year by providing all incoming 9<sup>th</sup> grade students a notebook for classroom instruction and to take home.
- In partnership with San Jacinto College, La Porte High School implemented the Accelerated College Education (ACE) program with 33 rising eleventh graders that permits them to graduate from high school with both a high school diploma and an Associate of Arts or Applied Science degree from San Jacinto College. These students will graduate in the 2016-2017 school year and be the first class in the ACE program to graduate with a high school diploma and an associate's degree. There are 19 juniors also participating, making this the first year both grade levels are being served. 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 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) is now offered and the District has 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 is now offered, and the students are live broadcasting and streaming District athletic events.
- The District purchased 1.1587 acres of property that included a 9,885 square foot gymnasium and a 5,355 square foot office building that is annexed to La Porte Junior High. The gymnasium will be available for multiple uses and is currently being used by La Porte High School while the rebuild is in progress. The office building will be used for special programs staff that previously had office space assigned on various campuses and now that space can be used at the campus for other programs and classroom activities.

All of these factors were considered in preparing the District's FY 2017 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, 2016**

**EXHIBIT A-1**

Data Control Codes		Governmental Activities
	<b>ASSETS</b>	
	<b>Current assets:</b>	
1110	Cash and cash equivalents	\$ 168,668,900
1220	Property taxes receivable	3,150,708
1230	Allowance for uncollectible property taxes	(969,400)
1240	Due from other governments	2,274,550
1250	Accrued interest	32,525
1290	Other receivables	156,304
1310	Inventories	86,824
1410	Prepaid items	1,327,938
	Total current and other assets	174,728,349
	<b>Capital assets:</b>	
1510	Land	10,520,373
1520	Building and improvements	307,044,474
1530	Furniture and equipment	19,620,509
1580	Construction in progress	77,433,083
1560	Less accumulated depreciation	(87,484,514)
	Total capital assets (net)	327,133,925
1000	<b>Total assets</b>	501,862,274
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1700	Deferred loss on issuance of refunding bonds	10,435,438
1997	Deferred resource outflow related to net pension liability	7,876,298
	<b>Total deferred outflows of resources</b>	18,311,736
	<b>Total assets and deferred outflows of resources</b>	520,174,010
	<b>LIABILITIES</b>	
	<b>Current liabilities:</b>	
2110	Accounts payable	14,916,864
2140	Interest payable	5,089,406
2150	Payroll deductions and withholdings payable	516,407
2160	Accrued wages payable	1,587,607
2170	Due to fiduciary funds	52
2180	Due to other governments	7,286,449
2200	Accrued expenses	660,092
2300	Unearned revenue	77,862
2501	Noncurrent liabilities due within one year	23,010,696
	Total current liabilities	53,145,435
	<b>Noncurrent liabilities:</b>	
2502	Noncurrent liabilities due in more than one year	377,728,522
2595	Net pension liability	18,151,082
	Total noncurrent liabilities	395,879,604
2000	<b>Total liabilities</b>	449,025,039
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
2602	Deferred resource inflow related to net pension liability	1,350,863
	<b>Total deferred inflows of resources</b>	1,350,863
	<b>Total liabilities and deferred inflows of resources</b>	450,375,902
	<b>NET POSITION</b>	
3200	Net investment in capital assets	35,725,150
	Restricted for:	
3840	Grant funds	1,775,411
3850	Debt service	9,497,064
3900	Unrestricted	22,800,483
	<b>Total net position</b>	\$ 69,798,108

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT B-1**

		Program Revenues			Net (Expense)
Data Control Codes			Charges for	Operating	Revenue and
	Expenses		Services	Grants and Contributions	Changes in Net Position
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 49,759,289	\$ 36,083	\$ 6,063,642	\$ (43,659,564)
12	Instructional resources and media services	458,306	-	57,822	(400,484)
13	Curriculum and staff development	1,329,946	-	300,104	(1,029,842)
21	Instructional leadership	925,493	-	112,945	(812,548)
23	School leadership	4,302,695	-	349,290	(3,953,405)
31	Guidance and counseling	2,887,377	-	620,009	(2,267,368)
32	Social work services	207,172	-	200	(206,972)
33	Health services	839,418	-	63,270	(776,148)
34	Student (pupil) transportation	3,619,700	-	862,424	(2,757,276)
35	Food services	4,269,781	1,549,946	2,368,194	(351,641)
36	Cocurricular/extracurricular activities	2,374,697	115,921	156,860	(2,101,916)
41	General administration	3,255,560	-	185,913	(3,069,647)
51	Plant maintenance and operations	11,431,976	70,918	278,145	(11,082,913)
52	Security and monitoring services	551,098	-	-	(551,098)
53	Data processing services	3,899,246	-	135,807	(3,763,439)
61	Ancillary services	39,369	-	13,728	(25,641)
71	Debt service - interest and fees	14,074,233	-	-	(14,074,233)
81	Facilities repair and maintenance	44,521	-	-	(44,521)
91	Contracted instructional services	24,531,648	-	-	(24,531,648)
93	Payments to fiscal agent	118,619	-	106,252	(12,367)
95	Payments to juvenile justice alternative education program	19,800	-	-	(19,800)
97	Payments to tax increment fund	1,671,451	-	-	(1,671,451)
99	Other intergovernmental charges	886,598	-	-	(886,598)
TOTAL PRIMARY GOVERNMENT:		\$ 131,497,993	\$ 1,772,868	\$ 11,674,605	\$ (118,050,520)

**Data  
Control  
Codes**

General revenues:

Taxes:		
MT	Property taxes, levied for general purposes	85,819,764
DT	Property taxes, levied for debt service	33,374,353
SF	State aid-grants and contributions not restricted to specific programs	1,954,568
IE	Investment earnings	488,351
FR	SHARS/JROTC	1,092,245
SI	Special item - loss on the disposal of capital assets	(106,287)
MI	Miscellaneous	2,257,067
TR	Transfers out to fiduciary fund, net	-
TG	Total general revenues	124,880,061
CN	Change in net position	6,829,541
NB	Beginning net position	62,968,567
NE	Net position - ending	\$ 69,798,108

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENT FUNDS  
JUNE 30, 2016**

**EXHIBIT C-1**

<b>Data Control Codes</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
1110 Cash and cash equivalents	\$ 35,425,655	\$ 14,174,475	\$ 111,642,048	\$ 6,444,743	\$ 167,686,921
Receivables					
1220 Property taxes - delinquent	2,550,646	600,062	-	-	3,150,708
1230 Allowance for uncollectible taxes	(746,200)	(223,200)	-	-	(969,400)
1240 Due from other governments	1,503,028	36,807	-	734,715	2,274,550
1250 Accrued interest	5,260	-	27,265	-	32,525
1260 Due from other funds	777,049	-	12,411	13,749	803,209
1290 Other receivables	1,692	-	154,507	105	156,304
1310 Inventories, at cost	21,117	-	6,969	25,235	53,321
1410 Deferred expenditures	1,034,837	-	291,682	-	1,326,519
1000 <b>Total assets</b>	<b>\$ 40,573,084</b>	<b>\$ 14,588,144</b>	<b>\$ 112,134,882</b>	<b>\$ 7,218,547</b>	<b>\$ 174,514,657</b>
<b>LIABILITIES</b>					
2110 Accounts payable	381,106	-	14,467,406	62,830	14,911,342
2150 Payroll deductions and withholdings payable	516,407	-	-	-	516,407
2160 Accrued wages payable	1,455,827	-	-	131,780	1,587,607
2170 Due to other funds	31,101	871	17,673	725,755	775,400
2180 Due to other governments	7,285,274	803	-	207	7,286,284
2300 Unearned revenue	-	-	-	77,862	77,862
2000 <b>Total liabilities</b>	<b>9,669,715</b>	<b>1,674</b>	<b>14,485,079</b>	<b>998,434</b>	<b>25,154,902</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601 Deferred property taxes	1,804,446	376,862	-	-	2,181,308
2600 <b>Total deferred inflows of resources</b>	<b>1,804,446</b>	<b>376,862</b>	<b>-</b>	<b>-</b>	<b>2,181,308</b>
<b>FUND BALANCES</b>					
Non-spendable					
3410 Inventories	21,117	-	6,969	25,235	53,321
3430 Deferred expenditures	1,034,837	-	291,682	-	1,326,519
Restricted for					
3450 Grant funds	-	-	-	1,775,411	1,775,411
3470 Capital acquisitions	-	-	97,351,152	-	97,351,152
3480 Retirement of long-term debt	-	14,209,608	-	-	14,209,608
Committed for					
3520 Compensated absences	1,215,787	-	-	29,415	1,245,202
3540 Self insurance	1,000,000	-	-	-	1,000,000
3545 Student achievement and safety	-	-	-	4,390,052	4,390,052
Unassigned					
3600 General fund	25,827,182	-	-	-	25,827,182
3000 <b>Total fund balances</b>	<b>29,098,923</b>	<b>14,209,608</b>	<b>97,649,803</b>	<b>6,220,113</b>	<b>147,178,447</b>
4000 <b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 40,573,084</b>	<b>\$ 14,588,144</b>	<b>\$ 112,134,882</b>	<b>\$ 7,218,547</b>	<b>\$ 174,514,657</b>

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

**EXHIBIT C-2**

**Total fund balances - governmental funds** **\$ 147,178,447**

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:

Historical cost	\$ 414,618,439	
Accumulated depreciation	(87,484,514)	
Change due to capital assets	327,133,925	327,133,925

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.		2,181,308
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Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Net pension liability	\$ (18,151,082)	
Bonds payable, at original par	(371,335,000)	
Premiums on bonds payable	(28,159,016)	
Compensated absences	(1,245,202)	
Accrued interest on the bonds	(5,089,406)	
Change due to long-term liabilities	(423,979,706)	(423,979,706)

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.		323,261
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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.		10,435,438
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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.		7,876,298
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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.		(1,350,863)
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<b>Total net position - governmental activities (Exhibit A-1)</b>		<b>\$ 69,798,108</b>
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**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT C-3**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
5700	Total local and intermediate sources	\$ 86,949,692	\$ 33,910,002	\$ 1,021,801	\$ 2,058,635	\$ 123,940,130
5800	State program revenues	5,320,733	405,297	-	813,492	6,539,522
5900	Federal program revenues	1,092,245	-	-	5,183,508	6,275,753
5020	<b>Total revenues</b>	93,362,670	34,315,299	1,021,801	8,055,635	136,755,405
<b>EXPENDITURES</b>						
Current:						
0011	Instruction	38,405,399	-	1,281,366	3,038,271	42,725,036
0012	Instructional resources and media services	436,350	-	-	12,667	449,017
0013	Curriculum and instructional staff development	1,021,958	-	-	254,949	1,276,907
0021	Instructional administration	870,155	-	-	22,635	892,790
0023	School administration	4,076,614	-	-	33,206	4,109,820
0031	Guidance and counseling	2,331,138	-	-	439,390	2,770,528
0032	Social work services	191,978	-	15,000	200	207,178
0033	Health services	803,623	-	-	18,115	821,738
0034	Student (pupil) transportation	3,230,518	-	-	24,263	3,254,781
0035	Food services	-	-	-	4,170,770	4,170,770
0036	Cocurricular/extracurricular activities	1,457,788	-	-	111,705	1,569,493
0041	General administration	2,970,756	-	101,129	5,294	3,077,179
0051	Plant maintenance and operations	7,534,999	-	3,684,226	52,371	11,271,596
0052	Security and monitoring services	550,551	-	-	-	550,551
0053	Data processing services	1,553,344	-	2,649,342	342	4,203,028
0061	Ancillary services	19,216	-	-	13,728	32,944
0070	Debt service:					
0071	Principal	-	17,365,000	-	-	17,365,000
0072	Interest	-	13,248,523	-	-	13,248,523
0073	Bond issuance cost and fees	-	1,529,646	-	-	1,529,646
0081	Facilities acquisition and construction	-	-	103,801,648	-	103,801,648
0090	Intergovernmental:					
0091	Contracted instructional services	24,531,648	-	-	-	24,531,648
0093	Payments to fiscal agent	12,367	-	-	106,252	118,619
0095	Payments to juvenile justice alternative ed program	19,800	-	-	-	19,800
0097	Payments to tax increment fund	1,671,451	-	-	-	1,671,451
0099	Other intergovernmental charges	886,598	-	-	-	886,598
6030	<b>Total expenditures</b>	92,576,251	32,143,169	111,532,711	8,304,158	244,556,289
1100	<b>Excess of Revenues Over (Under) Expenditure:</b>	786,419	2,172,130	(110,510,910)	(248,523)	(107,800,884)
<b>OTHER FINANCING SOURCES AND (USES)</b>						
7911	Issuance of bonds	-	-	115,930,000	-	115,930,000
7911	Issuance of refunding bonds	-	21,620,711	-	-	21,620,711
7916	Premium or discount on issuance of bonds	-	4,031,456	4,070,000	-	8,101,456
8911	Transfers out	-	-	-	-	-
8949	Other Uses - payment to escrow agent	-	(23,850,707)	-	-	(23,850,707)
7080	<b>Total Other Financing Sources and (Uses)</b>	-	1,801,460	120,000,000	-	121,801,460
1200	Net change in fund balances	786,419	3,973,590	9,489,090	(248,523)	14,000,576
0100	<b>Fund balance - July 1, 2015</b>	28,312,504	10,236,018	88,160,713	6,468,636	133,177,871
3000	<b>Fund balance - June 30, 2016</b>	\$ 29,098,923	\$ 14,209,608	\$ 97,649,803	\$ 6,220,113	\$ 147,178,447

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT C-4**

**Total net changes in fund balances - total governmental funds (Exhibit C-3)** **\$ 14,000,576**

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	\$ 105,392,952	
Depreciation expense	<u>(7,490,489)</u>	97,902,463

The net effect of miscellaneous transactions involving capital assets (transfers,  
adjustments and dispositions) is an increase (decrease) to net position. (106,287)

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. 260,276

Issuance of bonds provides current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net position.

Par Value	\$ (137,300,000)	
(Premium) Discount	<u>(8,101,456)</u>	(145,401,456)

Repayment of bond principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net position. 17,365,000

Payment to escrow agent to refund bonds from refunding proceeds. 23,850,707

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 <i>(increased) decreased</i>	\$ (885,439)	
Amortization of Bond Premium and Discount	2,307,285	
Amortization of Defeasance Costs	<u>(968,799)</u>	453,047

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. (41,432)

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. (207,091)

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)	\$ 5,936,658	
Deferred Inflows (Increased) Decreased	1,534,823	
Net Pension Liability (Increased) Decreased	<u>(8,717,743)</u>	<u>(1,246,262)</u>

<b>Change in Net Position for Governmental Activities</b>		<b><u>\$ 6,829,541</u></b>
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**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016**

**EXHIBIT D-1**

<b>Data Control Codes</b>		<b>Internal Service Fund</b>
<b>ASSETS</b>		
	Current assets:	
1110	Cash and cash equivalents	\$ 981,979
1260	Due from other funds	4,889
1310	Inventory	33,503
1410	Deferred expenses	1,419
	Total current assets	1,021,790
1000	<b>Total assets</b>	1,021,790
<b>LIABILITIES</b>		
	Current liabilities:	
2110	Accounts payable	5,522
2170	Due to other funds	32,750
2181	Due to state	165
2200	Accrued expenses	660,092
	Total current liabilities	698,529
2000	<b>Total liabilities</b>	698,529
<b>NET POSITION</b>		
3900	Unrestricted	323,261
3000	<b>Total net position</b>	<b>\$ 323,261</b>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT D-2**

<u>Data Control Codes</u>		<u>Internal Service Fund</u>
	<b>OPERATING REVENUES</b>	
5700	Charges for services	\$ 235,478
5020	Total operating revenues	235,478
	<b>OPERATING EXPENSES</b>	
6100	Payroll costs	68,237
6200	Purchased and contracted services	330,301
6300	Supplies and materials	44,031
6030	Total operating expenses	442,569
	Operating loss	(207,091)
1300	<b>Change in net position</b>	(207,091)
0100	<b>Net position - July 1, 2015</b>	530,352
3300	<b>Net position - June 30, 2016</b>	\$ 323,261



**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT D-3**

	<b>Internal Service Fund</b>
	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 230,580
Cash payments for insurance claims	(319,893)
Cash payments for other operating expenses	(155,840)
	<hr/>
Net cash used in operating activities	(245,153)
	<hr/>
Net decrease in cash and cash equivalents	(245,153)
	<hr/>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	1,227,132
	<hr/>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	\$ 981,979
	<hr/>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating loss:	\$ (207,091)
Effect of increases and decreases in current assets and liabilities:	
Increase in due from other funds	(4,880)
Increase in deferred expenses	(18)
Decrease in inventory	2,058
Increase in accounts payable	1,832
Decrease in due to other funds	19,147
Decrease in accrued expenses	(56,201)
	<hr/>
<b>Net cash used in operating activities</b>	<b>\$ (245,153)</b>
	<hr/>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

**EXHIBIT E-1**

<u>Data Control Code</u>	<u>Trust Funds</u>	<u>865 Student Activity Fund</u>
<b>ASSETS</b>		
1110 Cash and cash equivalents	\$ 208,617	\$ 271,018
1260 Due from other funds	<u>20</u>	<u>32</u>
<b>Total assets</b>	208,637	271,050
<b>LIABILITIES</b>		
2110 Accounts payable	134	14,806
2160 Accrued wages payable	-	2,538
2180 Due to other governments	-	87
2190 Due to student groups	<u>9,674</u>	<u>253,619</u>
<b>Total liabilities</b>	<u>9,808</u>	<u>271,050</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 198,829</u>	<u>0 \$ -</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT E-2**

	<u>Trust Funds</u>
<b>Additions</b>	
Gifts and contributions	<u>\$ 132,457</u>
<b>Total additions</b>	132,457
<b>Deductions</b>	
Scholarships awarded	<u>173,650</u>
<b>Total deductions</b>	<u>173,650</u>
Change in net position	(41,193)
<b>Net position - July 1, 2015</b>	<u>240,022</u>
<b>Net position - June 30, 2016</b>	<u><u>\$ 198,829</u></u>

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## LA PORTE INDEPENDENT SCHOOL DISTRICT NOTES TO 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, 2016.

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*.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-Wide and Fund Financial Statements – Continued**

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.

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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

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.

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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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 equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

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

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

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

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

Governmental Funds:

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



**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Fund Accounting – Continued**

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.

**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).

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Budgets and Budgetary Accounting – Continued**

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. 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.

**G. Investments**

The District's general policy is to report investments, except for certain investment pools, at fair value. Investment pools which elect to measure for financial reporting purposes all of their investments at amortized cost in accordance with GASB Statement 79 *Certain External Investment Pools and Pool Participants* (GASB 79), are reported at amortized cost.

**H. 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.

**I. 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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**I. Compensated Absences – Continued**

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.

**J. 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.

**K. 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 as of June 30, 2016 will change and those changes could be material.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**L. Deferred Expenditures**

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

**M. 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, 2016.

**N. Capital Assets**

Capital assets, which include land, buildings 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 estimated fair market 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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**N. Capital Assets – Continued**

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

**O. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognized 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.

**P. 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 qualifies 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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Q. 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.

**R. Pensions**

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

**S. 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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**T. 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 BASIC FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**T. Fund Balances and Net Position – Continued**

**Governmental Fund Financial Statements – Continued**

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 BASIC FINANCIAL STATEMENTS**

**NOTE 2. BONDED DEBT PAYABLE**

Bonded debt payable as of June 30, 2016 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2015	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2016
Unlimited Tax School Building Bonds Series 2016	2.00-5.00	\$ 43,385,000	\$ -	\$ 43,385,000	\$ -	\$ 43,385,000
Unlimited Tax Refunding Bonds Series 2016	2.00-5.00	\$ 21,370,000	\$ -	\$ 21,370,000	\$ -	\$ 21,370,000
Unlimited Tax School Building Bonds Series 2015	3.00-5.00	\$ 72,545,000	\$ -	\$ 72,545,000	\$ 6,390,000	\$ 66,155,000
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	5,965,000	-	1,510,000	4,455,000
Unlimited Tax School Building Bonds Series 2014	1.50-5.00	99,675,000	92,735,000	-	2,105,000	90,630,000
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	5,135,000	-	685,000	4,450,000
Unlimited Tax Refunding Bonds Series 2010	2.25-5.00	19,500,000	11,705,000	-	3,035,000	8,670,000
Unlimited Tax School House Bonds Series 2009	3.00-5.00	29,480,000	25,745,000	-	23,465,000	2,280,000
Unlimited Tax School House Bonds Series 2008A	3.00-5.00	20,895,000	1,965,000	-	965,000	1,000,000
Unlimited Tax School House Bonds Series 2008	3.00-5.00	65,000,000	3,470,000	-	1,645,000	1,825,000
Total bonded debt payable			<u>\$ 273,835,000</u>	<u>\$ 137,300,000</u>	<u>\$ 39,800,000</u>	<u>\$ 371,335,000</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. BONDED DEBT PAYABLE – CONTINUED**

**General Obligation Bonds**

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities, buses, and to refund general obligation bonds.

On July 15, 2015, the District issued \$72,545,000 of unlimited tax school building bonds Series 2015 with interest rates between 2.0% and 5.0%. The bond proceeds will be used for construction and equipment acquisition. The debt service on the bonds is due semi-annually on February and August 15<sup>th</sup> and will mature on February 15, 2039.

On June 1, 2016, the District issued \$43,385,000 of unlimited tax school building bonds Series 2016 with interest rates between 2.0% and 5.0%. The bond proceeds will be used for construction and equipment acquisition. The debt service on the bonds is due semi-annually on February and August 15<sup>th</sup> and will mature on February 15, 2039.

**Advanced Refunding of Long-term Debt**

On April 1, 2016, the District issued \$21,370,000 of unlimited tax refunding bonds with interest rates between 2.5% and 5.0% to advance refund \$22,435,000 of Series 2009 bonds with original maturities between 2019 and 2031 and interest rates at 3.6% to 4.7%. The refunding was undertaken to reduce the District's total debt service over the life of the bonds by approximately \$2,806,450 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$2,350,436.

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, 2016 is approximately \$163.4 million.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2. BONDED DEBT PAYABLE – CONTINUED**

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

Due Fiscal Year Ending June 30	Principal	Interest	Total
2017	\$ 20,355,000	\$ 14,796,016	\$ 35,151,016
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
2022-2026	81,990,000	51,514,886	133,504,886
2027-2031	95,815,000	33,724,345	129,539,345
2032-2036	65,195,000	18,396,275	83,591,275
2037-2041	46,260,000	4,115,100	50,375,100
	<u>\$ 371,335,000</u>	<u>\$ 176,617,111</u>	<u>\$ 547,952,111</u>

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

**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, 2015	\$ 1,203,770
New entrants and salary increments	190,485
Payments to participants	<u>(149,053)</u>
Balance, June 30, 2016	<u>\$ 1,245,202</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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 4. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable					
General obligation bonds	\$ 273,835,000	\$ 137,300,000	\$ 39,800,000	\$ 371,335,000	\$ 20,355,000
Premium on bonds	22,364,845	8,101,456	2,307,285	28,159,016	2,518,898
Compensated absences	1,203,770	190,485	149,053	1,245,202	136,798
Total governmental activities					
long-term liabilities	<u>\$ 297,403,615</u>	<u>\$ 145,591,941</u>	<u>\$ 42,256,338</u>	<u>\$ 400,739,218</u>	<u>\$ 23,010,696</u>

**NOTE 5. CAPITAL ASSET ACTIVITY**

Capital asset activity for the district for the year ended June 30, 2016 was as follows:

Governmental Activities:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 10,254,937	\$ 265,436	\$ -	\$ 10,520,373
Construction in progress	23,131,690	102,857,542	(48,556,149)	77,433,083
<b>Total capital assets, not         being depreciated</b>	33,386,627	103,122,978	(48,556,149)	87,953,456
Capital assets, being depreciated				
Buildings and improvements	258,338,508	837,620	47,868,346	307,044,474
Furniture and equipment	18,538,687	1,432,354	(350,532)	19,620,509
<b>Total capital assets,         being depreciated</b>	276,877,195	2,269,974	47,517,814	326,664,983
Less accumulated depreciation on:				
Buildings and improvements	68,033,736	6,283,687	-	74,317,423
Furniture and equipment	12,892,337	1,206,802	(932,048)	13,167,091
<b>Total accumulated         depreciation</b>	80,926,073	7,490,489	(932,048)	87,484,514
Governmental activities capital assets, net	<u>\$ 229,337,749</u>	<u>\$ 97,902,463</u>	<u>\$ (106,287)</u>	<u>\$ 327,133,925</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 5. CAPITAL ASSET ACTIVITY – CONTINUED**

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

Instruction	\$ 5,186,649
Instructional resources and media services	1,424
Instructional administration	3,256
School administration	1,050
Health services	697
Student (pupil) transportation	265,911
Food services	116,717
Co-curricular/extracurricular activities	690,717
General administration	94,216
Plant maintenance and operations	581,293
Data processing services	545,974
Community service	2,585
	<hr/>
Total depreciation expense	\$ 7,490,489

Construction in progress and remaining commitment, as of June 30, 2016, were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Baker 6th Grade	\$ 30,750,000	\$ 24,790,890	\$ 5,959,110
Lomax Elementary	25,500,000	22,016,173	3,483,827
La Porte High School/Multi-Purpose	108,500,000	46,693,161	61,806,839
College Park Elementary	9,400,000	8,082,405	1,317,595
Lomax Junior High	6,100,000	5,002,583	1,097,417
La Porte Elementary	2,205,000	2,144,878	60,122
La Porte Junior High	16,695,000	14,142,020	2,552,980
Reid Elementary	966,150	275,153	690,997
Bayshore Elementary	871,230	416,733	454,497
Rizzuto Elementary	864,450	374,626	489,824
Heritage Elementary	688,170	644,733	43,437
Maintenance Building	1,800,000	1,405,877	394,123
	<hr/>	<hr/>	<hr/>
	\$ 204,340,000	\$ 125,989,232	\$ 78,350,768
	<hr/>	<hr/>	<hr/>
Less: transfers out for completed items		(48,556,149)	
		<hr/>	
Total CIP		\$ 77,433,083	
		<hr/>	

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. DEPOSITS AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities 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.

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the table:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Investment in One Issuer
U.S. Treasury obligations	10 years	none	none
U.S. Agency obligations	10 years	none	none
Certificates of deposit	none	none	none
Repurchase agreements	90 days	none	none
Public funds investment pool	n/a	none	none

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 167,686,921
Proprietary funds	981,979
Fiduciary funds	479,635
	<u>\$ 169,148,535</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED**

Cash and investments as of June 30, 2016 consist of the following:

Deposits with financial institutions	\$ 7,525,243
Investments	<u>161,623,292</u>
	<u>\$ 169,148,535</u>

**Disclosures Relating to Fair Value Measurements, Interest Rate Risk and Credit Risk**

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.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no formal policy related to interest rate risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED**

As of June 30, 2016, the District has recurring fair value measurements as presented in the table below. The District's investment balances, weighted average maturity and credit rating of such investments are as follows:

	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity	Credit Risk
<i>Investments Measured at Amortized Cost:</i>							
<i>Investment Pools:</i>							
Lone Star	\$ 51,005,592	\$ -	\$ -	\$ -	32%	25 days	AAAm
TexPool	43,368,434	-	-	-	27%	32 days	AAA
Texas DAILY	50,855,661	-	-	-	31%	32 days	AAAm
<i>Investments Subject to Fair Value:</i>							
Certificates of Deposit	16,393,605	-	16,393,605	-	10%	201 days	N/A
	<u>\$ 161,623,292</u>	<u>\$ -</u>	<u>\$ 16,393,605</u>	<u>\$ -</u>			

*Investment pools* measured at amortized cost are exempt from fair value hierarchy reporting.

*Certificates of Deposit* classified in Level 2 of the fair value hierarchy are valued using Matrix pricing based on the securities' relationship to benchmark quoted prices.

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.

As of June 30, 2016, the District did not invest in any securities which are highly sensitive to interest rate fluctuations.



**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED**

**Concentration of Credit Risk**

The investment policy of the District requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of June 30, 2016, the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

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

- A. Depository: Wells Fargo
- B. Security pledged as of the date of the highest combined balance on deposit was \$205,720,693.
- C. Largest cash, savings and time deposit combined account balance amounted to \$191,800,924 and occurred during the month of August 2015.
- D. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED**

**Investments in State Investment Pools**

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, Texas DAILY and Lone Star Investment Pool.

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.

**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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**B. Pension Plan Fiduciary Net Position**

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

**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 in (A) above.

**D. Contributions**

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

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**D. Contributions – Continued**

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017.

Contribution Rates		
	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%

The contribution amounts for the District's fiscal year 2016 are as follows:

District Contributions	\$ 1,612,499
Member Contributions	\$ 3,591,140
NECE On-behalf Contributions	\$ 2,262,694

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).

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**D. Contributions – Continued**

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

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

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

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

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**E. Actuarial Assumptions**

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

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

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

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**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, 2015 are summarized below:

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

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**G. Discount Rate Sensitivity Analysis**

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

	<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
TRS	\$ 28,439,324	\$ 18,151,082	\$ 9,581,615

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

At June 30, 2015, the District reported a liability of \$18,151,082 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	\$ 18,151,082
State's proportionate share that is associated with the District	<u>27,003,832</u>
Total	<u><u>\$ 45,154,914</u></u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.05135% which was an increase of 0.01603% from its proportion measured as of August 31, 2014.



**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

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

**Changes Since the Prior Actuarial Valuation**

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

**Economic Assumptions**

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

**Mortality Assumptions**

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

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

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

Other Demographic Assumptions

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

Actuarial Methods and Policies

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

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

For the year ended June 30, 2016, the District recognized pension expense of \$3,847,612 and revenue of \$3,847,612 for support provided by the State.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED**

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

At June 30, 2016, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 121,332	\$ 697,562
Changes in actuarial assumptions	509,959	647,551
Difference between projected and actual investment earnings	2,307,797	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,664,594	5,750
Contributions paid to TRS subsequent to the measurement date	<u>1,272,616</u>	<u>-</u>
Total	<u><u>\$ 7,876,298</u></u>	<u><u>\$ 1,350,863</u></u>

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

Year ended August 31:	Pension Expense Amount
	<u>                    </u>
2017	\$ 916,421
2018	916,421
2019	916,421
2020	1,637,225
2021	512,110
2022	354,221
Total	<u><u>\$ 5,252,819</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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](http://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.

*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. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll for fiscal year 2016, 1.0% and 0.65% for fiscal years 2015, and 1.0% and 0.65% for fiscal year 2014, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015 and 2014. 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. For the years ended June 30, 2016, 2015 and 2014, the State's contributions to TRS-Care were approximately \$450,000, \$450,000 and \$450,000, respectively, the active member contributions were approximately \$300,000, \$300,000, and \$300,000, respectively, and the school district's contributions were approximately \$250,000, \$250,000, and \$250,000, respectively, which equaled the required contributions each year.

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, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on behalf of the District were \$147,904, \$136,985 and \$130,080, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC 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 \$660,092 as of June 30, 2016, 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.

Changes in the fund's claims liability amount for the year ended June 30, 2016 are as follows:

	<u>2016</u>	<u>2015</u>
Liability, beginning of year	\$ 716,151	\$ 661,268
Current year claims and changes in estimates	207,089	419,031
Claim payments	<u>(263,148)</u>	<u>(364,148)</u>
Liability, end of year	<u><u>\$ 660,092</u></u>	<u><u>\$ 716,151</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**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. DUE FROM STATE AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2016, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>Federal Grants</u>	<u>State Entitlements</u>	<u>Local Governments</u>	<u>Total</u>
General	\$ -	\$ 1,408,667	\$ 94,361	\$ 1,503,028
Special revenue	734,715	-	-	734,715
Debt service	-	-	36,807	36,807
Total	<u>\$ 734,715</u>	<u>\$ 1,408,667</u>	<u>\$ 131,168</u>	<u>\$ 2,274,550</u>

**NOTE 12. DEFERRED INFLOW OF RESOURCES**

Deferred inflow of resources at June 30, 2016 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Deferred tax revenue	\$ 1,804,446	\$ 376,862	\$ 2,181,308
Total	<u>\$ 1,804,446</u>	<u>\$ 376,862</u>	<u>\$ 2,181,308</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 13. INTERFUND BALANCES AND ACTIVITIES**

Interfund balances at June 30, 2016 consisted of the following individual fund balances:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Fund	\$ 725,755	Transfer to Cover Expenditures
General Fund	Debt Service	871	Transfer to Cover Expenditures
General Fund	Capital Projects	17,673	Transfer to Cover Expenditures
General Fund	Internal Service	32,750	Transfer to Cover Expenditures
Nonmajor Fund	General Fund	13,749	Transfer to Cover Expenditures
Capital Projects	General Fund	12,411	Transfer to Cover Expenditures
Internal Service	General Fund	4,889	Interfund Services Provided
Trust & Agency	General Fund	52	Interfund Services Provided
		<u>\$ 808,150</u>	

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

**NOTE 14. 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, 2016. The imputed interest on the leases is not readily determinable.

Rental expenditures for the year ended June 30, 2016 amounted to \$42,148.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**LA PORTE INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT G-1**

Data Control Codes	General Fund			
	2016			
	Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ 81,816,659	\$ 86,714,024	\$ 86,949,692	\$ 235,668
5800 State program revenues	5,993,506	5,358,924	5,320,733	(38,191)
5900 Federal program revenues	1,055,000	1,005,281	1,092,245	86,964
<b>Total revenues</b>	<b>88,865,165</b>	<b>93,078,229</b>	<b>93,362,670</b>	<b>284,441</b>
<b>EXPENDITURES</b>				
0011 Instruction	37,963,877	38,318,628	38,405,399	(86,771)
0012 Instruction resources and media services	516,471	437,022	436,350	672
0013 Curriculum and instructional staff development	797,675	1,068,883	1,021,958	46,925
0021 Instructional administration	1,374,553	879,360	870,155	9,205
0023 School administration	4,196,272	4,093,146	4,076,614	16,532
0031 Guidance and counseling services	2,144,623	2,300,709	2,331,138	(30,429)
0032 Social work service	212,682	193,469	191,978	1,491
0033 Health services	815,501	805,530	803,623	1,907
0034 Student (pupil) transportation	3,432,529	3,541,536	3,230,518	311,018
0036 Co-curricular/extracurricular activities	1,444,669	1,477,285	1,457,788	19,497
0041 General administration	3,129,622	3,070,169	2,970,756	99,413
0051 Plant maintenance and operations	8,022,467	7,426,625	7,534,999	(108,374)
0052 Security and monitoring services	571,919	552,467	550,551	1,916
0053 Data processing services	1,506,620	1,580,966	1,553,344	27,622
0061 Community services	63,208	33,065	19,216	13,849
<b>Intergovernmental:</b>				
0091 Contracted instructional services	25,164,065	24,708,401	24,531,648	176,753
0093 Payments to fiscal agent	2,765	12,367	12,367	-
0095 Payments to juvenile justice alt. ed. prgm.	19,800	19,800	19,800	-
0097 Payments to tax incremental fund	1,235,630	1,671,451	1,671,451	-
0099 Other intergovernmental charges	850,000	886,598	886,598	-
6030 <b>Total expenditures</b>	<b>93,464,948</b>	<b>93,077,477</b>	<b>92,576,251</b>	<b>501,226</b>
1100 <b>Excess of revenues over (under) expenditure:</b>	<b>(4,599,783)</b>	<b>752</b>	<b>786,419</b>	<b>785,667</b>
7080 <b>Total other financing sources and (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1200 <b>Net change in fund balance</b>	<b>(4,599,783)</b>	<b>752</b>	<b>786,419</b>	<b>785,667</b>
0100 <b>FUND BALANCE - July 1, 2015</b>	<b>28,312,504</b>	<b>28,312,504</b>	<b>28,312,504</b>	<b>-</b>
3000 <b>FUND BALANCE - June 30, 2016</b>	<b>\$ 23,712,721</b>	<b>\$ 28,313,256</b>	<b>\$ 29,098,923</b>	<b>\$ 785,667</b>

See notes to required supplementary information

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**EXHIBIT G-2**

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.05135%	0.03531%
District's Proportionate Share of Net Pension Liability	\$ 18,151,082	\$ 9,433,339
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>27,003,832</u>	<u>23,350,382</u>
Total	<u>\$ 45,154,914</u>	<u>\$ 32,783,721</u>
District's Covered-Employee Payroll	\$ 47,658,971	\$ 46,141,521
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	38.09%	20.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note: The amounts presented for the fiscal years were determined as of the Plan's fiscal year, August 31 of the prior year.

Ten years of data is not available.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICTS CONTRIBUTIONS  
TEACHERS RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**EXHIBIT G-3**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Contractually Required Contribution	\$ 1,520,457	\$ 895,354
Contribution in Relation to the Contractually Required Contribution	<u>(1,520,457)</u>	<u>(895,354)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 50,468,268	\$ 46,141,521
Contributions as a Percentage of Covered-Employee Payroll	3.01%	1.94%

Note: The amounts presented for the fiscal years were determined as of the District's fiscal year, June 30 of the prior year.

Ten years of data is not available.

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**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

**NOTE 1. BUDGETARY DATA**

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, 2015. 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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

**NOTE 2. PENSION**

**TRS - Actuarial Assumptions for Contribution Rate**

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

Valuation Date	August 31, 2015
Actuarial Cost Method	Ultimate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
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**

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**LA PORTE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
TOTAL NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

**EXHIBIT H-1**

<b>Data Control Codes</b>		<b>211 ESEA Title I Part A</b>	<b>224 IDEA Part B Formula</b>	<b>225 IDEA Part B Preschool</b>	<b>226 High Risk Pool</b>	<b>237 ESEA Title IV SDFS</b>	<b>240 Child Nutrition</b>	<b>244 Voc. Ed. Basic Grant</b>
<b>ASSETS:</b>								
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,030,313	\$ -
	Receivables:							
1240	Due from other governments	163,506	358,560	5,336	67,656	62,504	-	18,829
1260	Due from other funds	-	-	-	-	-	13,749	-
1290	Other receivables	-	-	-	-	-	-	-
1300	Inventories, at cost	-	-	-	-	-	25,235	-
1000	<b>Total assets</b>	<u>\$ 163,506</u>	<u>\$ 358,560</u>	<u>\$ 5,336</u>	<u>\$ 67,656</u>	<u>\$ 62,504</u>	<u>\$ 2,069,297</u>	<u>\$ 18,829</u>
<b>LIABILITIES:</b>								
	Current liabilities:							
2110	Accounts payable	\$ 3,653	\$ -	\$ -	\$ -	\$ 31,256	\$ 10,587	\$ 4,598
2160	Accrued wages payable	15,905	52,417	992	-	-	52,165	-
2170	Due to other funds	143,948	306,143	4,344	67,656	31,248	113,284	14,231
2180	Due to other governments	-	-	-	-	-	-	-
2300	Unearned revenues	-	-	-	-	-	63,200	-
2000	<b>Total liabilities</b>	<u>163,506</u>	<u>358,560</u>	<u>5,336</u>	<u>67,656</u>	<u>62,504</u>	<u>239,236</u>	<u>18,829</u>
<b>FUND BALANCE:</b>								
3410	Non-spendable - inventories	-	-	-	-	-	25,235	-
3450	Restricted for grant funds	-	-	-	-	-	1,775,411	-
3520	Committed - Compensated absences	-	-	-	-	-	29,415	-
3545	Committed - Student achievement and safety	-	-	-	-	-	-	-
3000	<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,830,061</u>	<u>-</u>
4000	<b>Total liabilities and fund balance</b>	<u>\$ 163,506</u>	<u>\$ 358,560</u>	<u>\$ 5,336</u>	<u>\$ 67,656</u>	<u>\$ 62,504</u>	<u>\$ 2,069,297</u>	<u>\$ 18,829</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
TOTAL NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016  
(CONTINUED)**

**EXHIBIT H-1**

Data Control Codes	255 ESEA Title II Part A, TPTR	263 Title III, Part A LEP & Immigrant	272 Medicaid Administrative Claims	289 Summer School LEP	397 AP/IB Incentive Program	410 Textbook Fund
<b>ASSETS:</b>						
1110 Cash and temporary investments	\$ -	\$ -	\$ 4,767	\$ 3,020	\$ 11,552	\$ -
Receivables:						
1241 Due from other governments	22,314	27,452	8,558	-	-	-
1260 Due from other funds	-	-	-	-	-	-
1290 Other receivables	-	-	-	105	-	-
1300 Inventories, at cost	-	-	-	-	-	-
1000 <b>Total assets</b>	<u>\$ 22,314</u>	<u>\$ 27,452</u>	<u>\$ 13,325</u>	<u>\$ 3,125</u>	<u>\$ 11,552</u>	<u>\$ -</u>
<b>LIABILITIES:</b>						
Current liabilities:						
2110 Accounts payable	\$ 2,175	\$ -	\$ -	\$ -	\$ -	\$ -
2160 Accrued wages payable	2,690	-	1,788	-	-	-
2170 Due to other funds	17,449	27,452	-	-	-	-
2180 Due to other governments	-	-	-	-	-	-
2300 Unearned revenues	-	-	11,537	3,125	-	-
2000 <b>Total liabilities</b>	22,314	27,452	13,325	3,125	-	-
<b>FUND BALANCE:</b>						
3410 Non-spendable - inventories	-	-	-	-	-	-
3450 Restricted for grant funds	-	-	-	-	-	-
3520 Committed - Compensated absences	-	-	-	-	-	-
3545 Committed - Student achievement and safety	-	-	-	-	11,552	-
3000 <b>Total fund balance</b>	-	-	-	-	11,552	-
4000 <b>Total liabilities and fund balance</b>	<u>\$ 22,314</u>	<u>\$ 27,452</u>	<u>\$ 13,325</u>	<u>\$ 3,125</u>	<u>\$ 11,552</u>	<u>\$ -</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
TOTAL NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016  
(CONTINUED)**

**EXHIBIT H-1**

<u>Data Control Codes</u>	<u>429 TEA Disaster Relief and License Plate Program</u>	<u>461 Campus Activity Funds</u>	<u>480 Aerospace Academy</u>	<u>481 La Porte Education Foundation</u>	<u>482 SHAC - It's Your Game Keep It Real</u>	<u>483 Local Grants &amp; Donations</u>	<u>484 SHAC - EKG Grant</u>	<u>Total June 30, 2016</u>
<b>ASSETS:</b>								
1110 Cash and temporary investments	\$ 3,894,599	\$ 461,715	\$ -	\$ 6,878	\$ -	\$ 29,774	\$ 2,125	\$ 6,444,743
Receivables:								
1241 Due from other governments	-	-	-	-	-	-	-	734,715
1260 Due from other funds	-	-	-	-	-	-	-	13,749
1290 Other receivables	-	-	-	-	-	-	-	105
1300 Inventories, at cost	-	-	-	-	-	-	-	25,235
1000 <b>Total assets</b>	<u>\$ 3,894,599</u>	<u>\$ 461,715</u>	<u>\$ -</u>	<u>\$ 6,878</u>	<u>\$ -</u>	<u>\$ 29,774</u>	<u>\$ 2,125</u>	<u>\$ 7,218,547</u>
<b>LIABILITIES:</b>								
Current liabilities:								
2110 Accounts payable	\$ -	\$ 8,981	\$ -	\$ 1,429	\$ -	\$ 151	\$ -	\$ 62,830
2160 Accrued wages payable	-	5,823	-	-	-	-	-	131,780
2170 Due to other funds	-	-	-	-	-	-	-	725,755
2180 Due to other governments	-	207	-	-	-	-	-	207
2300 Unearned revenues	-	-	-	-	-	-	-	77,862
2000 <b>Total liabilities</b>	-	15,011	-	1,429	-	151	-	998,434
<b>FUND BALANCE:</b>								
3410 Non-spendable - inventories	-	-	-	-	-	-	-	25,235
3450 Restricted for grant funds	-	-	-	-	-	-	-	1,775,411
3520 Committed - Compensated absences	-	-	-	-	-	-	-	29,415
3545 Committed - Student achievement and safety	3,894,599	446,704	-	5,449	-	29,623	2,125	4,390,052
3000 <b>Total fund balance</b>	<u>3,894,599</u>	<u>446,704</u>	<u>-</u>	<u>5,449</u>	<u>-</u>	<u>29,623</u>	<u>2,125</u>	<u>6,220,113</u>
4000 <b>Total liabilities and fund balance</b>	<u>\$ 3,894,599</u>	<u>\$ 461,715</u>	<u>\$ -</u>	<u>\$ 6,878</u>	<u>\$ -</u>	<u>\$ 29,774</u>	<u>\$ 2,125</u>	<u>\$ 7,218,547</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT H-2**

<b>Data Control Codes</b>		<b>211 ESEA Title I Part A</b>	<b>224 IDEA Part B Formula</b>	<b>225 IDEA Part B Preschool</b>	<b>226 High Risk Pool</b>	<b>237 ESEA Title IV SDFS</b>	<b>240 Child Nutrition</b>	<b>244 Voc. Ed. Basic Grant</b>
	<b>REVENUES:</b>							
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,554,053	\$ -
5800	State program revenues	-	-	-	-	-	22,693	-
5900	Federal program revenues	743,017	1,458,055	28,497	67,656	125,000	2,393,362	51,927
5020	<b>Total revenues</b>	743,017	1,458,055	28,497	67,656	125,000	3,970,108	51,927
	<b>EXPENDITURES:</b>							
0011	Instruction	697,291	940,903	27,572	43,600	125,000	-	51,927
0012	Instructional resources and media services	1,041	-	-	-	-	-	-
0013	Curriculum and instructional staff development	35,298	-	-	-	-	-	-
0021	Instructional administration	-	20,671	-	-	-	-	-
0023	School administration	125	-	-	-	-	-	-
0031	Guidance and counseling services	-	390,229	679	-	-	-	-
0032	Social work services	-	-	-	-	-	-	-
0033	Health services	-	-	246	-	-	-	-
0034	Student transportation	-	-	-	24,056	-	-	-
0035	Food service	-	-	-	-	-	4,170,186	-
0036	Co-curricular/extracurricular activities	-	-	-	-	-	-	-
0041	General administration	-	-	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-	51,441	-
0053	Data processing services	-	-	-	-	-	-	-
0061	Ancillary services	9,262	-	-	-	-	-	-
0093	Payments to fiscal agent	-	106,252	-	-	-	-	-
6030	<b>Total expenditures</b>	743,017	1,458,055	28,497	67,656	125,000	4,221,627	51,927
1100	<b>Excess (Deficiency) Revenues Over Expenditures</b>	-	-	-	-	-	(251,519)	-
8911	Transfers out	-	-	-	-	-	-	-
	<b>Total Other Financing Sources and (Uses)</b>	-	-	-	-	-	-	-
1200	<b>Net change in fund balance</b>	-	-	-	-	-	(251,519)	-
0100	<b>Fund balance - July 1 (beginning)</b>	-	-	-	-	-	2,081,580	-
3000	<b>Fund balance - June 30 (ending)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,061	\$ -

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

**EXHIBIT H-2**

<b>Data Control Codes</b>	<b>255 ESEA Title II Part A, TPTR</b>	<b>263 Title III, Part A LEP &amp; Immigrant</b>	<b>272 Medicaid Administrative Claims</b>	<b>289 Summer School LEP</b>	<b>397 AP/IB Incentive Program</b>	<b>410 Textbook Fund</b>
<b>REVENUES:</b>						
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-	-	9,000	781,799
5900 Federal program revenues	205,256	63,997	45,117	1,624	-	-
5020 <b>Total revenues</b>	205,256	63,997	45,117	1,624	9,000	781,799
<b>EXPENDITURES:</b>						
0011 Instruction	-	51,069	21,079	1,624	-	772,203
0012 Instructional resources and media services	-	-	-	-	-	-
0013 Curriculum and instructional staff development	176,535	10,093	-	-	4,896	9,596
0021 Instructional administration	1,085	579	-	-	-	-
0023 School administration	27,636	1,200	-	-	-	-
0031 Guidance and counseling services	-	-	24,038	-	-	-
0032 Social work services	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-
0035 Food service	-	-	-	-	-	-
0036 Co-curricular/extracurricular activities	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-
0061 Ancillary services	-	1,056	-	-	-	-
0093 Payments to fiscal agent	-	-	-	-	-	-
6030 <b>Total expenditures</b>	205,256	63,997	45,117	1,624	4,896	781,799
1100 <b>Excess (Deficiency) Revenues Over Expenditures</b>	-	-	-	-	4,104	-
8911 Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	-	-	-	-	-	-
1200 <b>Net change in fund balance</b>	-	-	-	-	4,104	-
0100 <b>Fund balance - July 1 (beginning)</b>	-	-	-	-	7,448	-
3000 <b>Fund balance - June 30 (ending)</b>	\$ -	\$ -	\$ -	\$ -	\$ 11,552	\$ -

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

**EXHIBIT H-2**

<b>Data Control Codes</b>		<b>429 TEA Disaster Relief and License Plate Program</b>	<b>461 Campus Activity Funds</b>	<b>480 Aerospace Academy</b>	<b>481 La Porte Education Foundation</b>	<b>482 SHAC - It's Your Game Keep It Real</b>	<b>483 Local Grants and Donations</b>	<b>484 SHAC - EKG Grant</b>	<b>Total June 30, 2016</b>
	<b>REVENUES:</b>								
5700	Local and intermediate sources	\$ -	\$ 290,172	\$ -	\$ 175,247	\$ 7,293	\$ 31,715	\$ 155	\$ 2,058,635
5800	State program revenues	-	-	-	-	-	-	-	813,492
5900	Federal program revenues	-	-	-	-	-	-	-	5,183,508
5020	<b>Total revenues</b>	-	290,172	-	175,247	7,293	31,715	155	8,055,635
	<b>EXPENDITURES:</b>								
0011	Instruction	-	132,373	60	148,125	103	25,342	-	3,038,271
0012	Instructional resources and media services	-	11,626	-	-	-	-	-	12,667
0013	Curriculum and instructional staff development	-	12,299	-	-	373	5,859	-	254,949
0021	Instructional administration	-	-	-	-	-	300	-	22,635
0023	School administration	-	4,218	-	-	-	27	-	33,206
0031	Guidance and counseling services	-	21,356	-	-	3,088	-	-	439,390
0032	Social work services	-	-	-	-	200	-	-	200
0033	Health services	-	320	-	7,495	3,529	6,525	-	18,115
0034	Student transportation	-	207	-	-	-	-	-	24,263
0035	Food service	-	-	-	-	-	584	-	4,170,770
0036	Co-curricular/extracurricular activities	-	96,805	-	14,180	-	500	220	111,705
0041	General administration	-	5,294	-	-	-	-	-	5,294
0051	Plant maintenance and operations	-	930	-	-	-	-	-	52,371
0053	Data processing services	-	342	-	-	-	-	-	342
0061	Ancillary services	-	3,410	-	-	-	-	-	13,728
0081	Payments to fiscal agent	-	-	-	-	-	-	-	106,252
6030	<b>Total expenditures</b>	-	289,180	60	169,800	7,293	39,137	220	8,304,158
1100	<b>Excess (Deficiency) Revenues Over Expenditures</b>	-	992	(60)	5,447	-	(7,422)	(65)	(248,523)
8911	Transfers out	-	-	-	-	-	-	-	-
	<b>Total Other Financing Sources and (Uses)</b>	-	-	-	-	-	-	-	-
1200	<b>Net change in fund balance</b>	-	992	(60)	5,447	-	(7,422)	(65)	(248,523)
0100	<b>Fund balance - July 1 (beginning)</b>	3,894,599	445,712	60	2	-	37,045	2,190	6,468,636
3000	<b>Fund balance - June 30 (ending)</b>	<u>\$ 3,894,599</u>	<u>\$ 446,704</u>	<u>\$ -</u>	<u>\$ 5,449</u>	<u>\$ -</u>	<u>\$ 29,623</u>	<u>\$ 2,125</u>	<u>\$ 6,220,113</u>



**LA PORTE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS  
STUDENT ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT H-3**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>ASSETS</b>				
1110 Cash and cash equivalents	\$ 279,793	\$ 1,149,911	\$ (1,158,686)	\$ 271,018
1260 Due from other funds	1,224	176	(1,368)	32
<b>Total Assets</b>	<u>\$ 281,017</u>	<u>\$ 1,150,087</u>	<u>\$ (1,160,054)</u>	<u>\$ 271,050</u>
<b>LIABILITIES</b>				
2110 Accounts payable	\$ 20,547	\$ 1,114,914	\$ (1,120,655)	\$ 14,806
2160 Accrued wages payable	906	3,444	(1,812)	2,538
2170 Due to other funds	16,125	3,503	(19,628)	-
2180 Due to other governments	-	87	-	87
2190 Due to student groups	243,439	1,169,410	(1,159,230)	253,619
<b>Total Liabilities</b>	<u>\$ 281,017</u>	<u>\$ 2,291,358</u>	<u>\$ (2,301,325)</u>	<u>\$ 271,050</u>

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## **REQUIRED TEA SCHEDULES**

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Year Ended June 30</b>	<b>Tax Rates</b>		<b>Assessed Value</b>	<b>Beginning Balance 7/1/2015</b>
	<b>Maintenance</b>	<b>Debt Service</b>		
2006 and Prior	Various	Various	Various	\$ 459,683
2007	1.3700	0.2650	4,936,217,370	109,550
2008	1.0400	0.2650	5,518,631,433	59,866
2009	1.0400	0.2850	6,015,684,028	140,833
2010	1.0400	0.2850	5,966,362,279	195,215
2011	1.0400	0.2850	5,789,629,020	124,382
2012	1.0400	0.3150	6,004,563,235	98,589
2013	1.0400	0.2900	6,208,701,705	140,288
2014	1.0400	0.2900	6,601,456,565	268,766
2015	1.0400	0.4100	7,047,165,791	1,361,738
2016	1.0400	0.4100	8,118,723,905	-
1000		Totals		<u>\$ 2,958,910</u>
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			<u>\$ 125,161,302</u>	<u>\$ 71,811</u>

**EXHIBIT J-1**

<b>Current Year Levy</b>	<b>Maintenance Total Collections</b>	<b>Debt Service Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 6/30/2016</b>
\$ -	\$ 48,952	\$ 5,294	\$ (267,482)	\$ 137,955
-	5,350	1,035	(22)	103,143
-	4,160	1,060	(494)	54,152
-	4,653	1,275	(483)	134,422
-	10,475	2,871	5,145	187,014
-	(32,982)	(9,038)	(52,832)	113,570
-	(71,010)	(21,508)	(107,145)	83,962
-	256,901	71,636	305,268	117,019
-	341,195	95,141	345,518	177,948
-	312,408	123,161	(552,455)	373,714
<u>117,721,497</u>	<u>83,457,692</u>	<u>33,327,831</u>	<u>731,835</u>	<u>1,667,809</u>
<u>\$ 117,721,497</u>	<u>\$ 84,337,794</u>	<u>\$ 33,598,758</u>	<u>\$ 406,853</u>	<u>\$ 3,150,708</u>
			Taxes receivable per exhibit C-1	<u>\$ 3,150,708</u>
<u>\$ 1,889,164</u>	<u>\$ 1,773,640</u>	<u>\$ -</u>	<u>\$ (133,267)</u>	<u>\$ 54,068</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT J-2**

<b>Data Control Codes</b>	<b>Child Nutrition</b>			
	<b>2016</b>			
	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ 1,502,500	\$ 1,502,500	\$ 1,554,053	\$ 51,553
5800 State program revenues	23,000	23,000	22,693	(307)
5900 Federal program revenues	2,450,000	2,450,000	2,393,362	(56,638)
<b>Total revenues</b>	<b>3,975,500</b>	<b>3,975,500</b>	<b>3,970,108</b>	<b>(5,392)</b>
<b>EXPENDITURES</b>				
<b>Support services - student (pupil)</b>				
0035 Food service	4,490,970	4,799,906	4,170,186	629,720
0051 Plant maintenance and operations	60,600	60,600	51,441	9,159
<b>Total support services - student (pupil)</b>	<b>4,551,570</b>	<b>4,860,506</b>	<b>4,221,627</b>	<b>638,879</b>
6030 <b>Total expenditures</b>	<b>4,551,570</b>	<b>4,860,506</b>	<b>4,221,627</b>	<b>638,879</b>
1200 <b>Net change in fund balance</b>	<b>(576,070)</b>	<b>(885,006)</b>	<b>(251,519)</b>	<b>633,487</b>
0100 <b>FUND BALANCE - JULY 1</b>	<b>2,081,580</b>	<b>2,081,580</b>	<b>2,081,580</b>	<b>-</b>
3000 <b>FUND BALANCE - JUNE 30</b>	<b>\$ 1,505,510</b>	<b>\$ 1,196,574</b>	<b>\$ 1,830,061</b>	<b>\$ 633,487</b>

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT J-3**

<b>Data Control Codes</b>	<b>Debt Service Fund</b>			
	<b>2016</b>			
	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ 31,864,185	\$ 33,656,589	\$ 33,910,002	\$ 253,413
5800 State program revenues	-	405,297	405,297	-
<b>Total Revenues</b>	<b>31,864,185</b>	<b>34,061,886</b>	<b>34,315,299</b>	<b>253,413</b>
<b>EXPENDITURES</b>				
0070 Debt Service				
0071 Principal	10,975,000	17,365,000	17,365,000	-
0071 Interest	11,471,603	13,248,523	13,248,523	-
0073 Bond issuance cost and fees	20,000	1,541,646	1,529,646	12,000
6030 Total debt service	22,466,603	32,155,169	32,143,169	12,000
1100 <b>Excess of Revenues over Expenditures</b>	<b>9,397,582</b>	<b>1,906,717</b>	<b>2,172,130</b>	<b>265,413</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
7911 Issuance of bonds	-	21,620,711	21,620,711	-
7916 Premium on issuance of bonds	-	4,031,457	4,031,456	1
8949 Other uses	-	(23,850,708)	(23,850,707)	(1)
7080 Total other financing sources and (uses)	-	1,801,460	1,801,460	-
1200 <b>NET CHANGE IN FUND BALANCE</b>	<b>9,397,582</b>	<b>3,708,177</b>	<b>3,973,590</b>	<b>265,413</b>
0100 <b>FUND BALANCE - JULY 1</b>	<b>10,236,018</b>	<b>10,236,018</b>	<b>10,236,018</b>	<b>-</b>
3000 <b>FUND BALANCE - JUNE 30</b>	<b>\$ 19,633,600</b>	<b>\$ 13,944,195</b>	<b>\$ 14,209,608</b>	<b>\$ 265,413</b>

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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.**

**SCHEDULE 1**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**UNAUDITED**

<b>Fiscal Year</b>	<b>30-Jun 2016</b>	<b>30-Jun 2015</b>	<b>30-Jun 2014</b>	<b>30-Jun 2013</b>	<b>30-Jun 2012</b>	<b>30-Jun 2011</b>	<b>30-Jun 2010</b>	<b>30-Jun 2009</b>	<b>30-Jun 2008</b>	<b>30-Jun 2007</b>
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 41,726,096
Restricted for Grant Funds	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	5,577,516
Unrestricted	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	21,616,562
Total Governmental Activities Net Position	<u>69,798,108</u>	<u>62,968,567</u>	<u>71,125,958</u>	<u>74,557,253</u>	<u>77,655,588</u>	<u>66,847,329</u>	<u>72,573,738</u>	<u>71,235,131</u>	<u>74,247,450</u>	<u>68,920,174</u>
Primary Government										
Net Investment in Capital Assets	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	41,726,096
Restricted	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	5,577,516
Unrestricted	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	21,616,562
Total Primary Government Net Position	<u>\$ 69,798,108</u>	<u>\$ 62,968,567</u>	<u>\$ 71,125,958</u>	<u>\$ 74,557,253</u>	<u>\$ 77,655,588</u>	<u>\$ 66,847,329</u>	<u>\$ 72,573,738</u>	<u>\$ 71,235,131</u>	<u>\$ 74,247,450</u>	<u>\$ 68,920,174</u>

Source: La Porte Independent School District's Audit Reports

**SCHEDULE 2**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS)**  
**UNAUDITED**

<b>Fiscal Year</b>	<b>30-Jun 2016</b>	<b>30-Jun 2015</b>	<b>30-Jun 2014</b>	<b>30-Jun 2013</b>	<b>30-Jun 2012</b>	<b>30-Jun 2011</b>	<b>30-Jun 2010</b>	<b>30-Jun 2009</b>	<b>30-Jun 2008</b>	<b>30-Jun 2007</b>
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 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	\$ 33,710,533
Instructional Resources and Media Services	458,306	484,361	482,710	501,443	727,755	825,891	1,188,805	1,018,526	1,102,922	726,025
Curriculum and Staff Development	1,329,946	1,282,550	734,170	641,689	585,541	671,220	659,289	582,394	611,718	560,154
Instructional Leadership	925,493	839,282	1,170,527	1,142,625	994,257	1,026,317	1,128,163	1,123,646	982,524	634,331
School Leadership	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	2,785,768
Guidance and Counseling	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	1,674,008
Social Work Services	207,172	204,158	195,190	165,195	162,220	181,588	161,929	145,073	149,541	69,080
Health Services	839,418	813,607	736,101	691,172	745,019	815,913	820,900	773,131	681,841	517,998
Student (Pupil) Transportation	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	2,604,071
Food Services	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	2,830,115
Co-curricular/Extracurricular Activities	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	861,432
General Administration	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	2,527,577
Plant Maintenance and Operations	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	8,280,634
Security and Monitoring Services	551,098	524,177	542,011	519,364	548,739	609,179	668,566	543,100	505,853	457,370
Data Processing Services	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	1,224,879
Ancillary Services	39,369	75,006	68,500	52,049	60,520	85,274	62,136	53,482	53,768	53,409
Debt Service - Interest and Fees	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	4,364,066
Facilities Acquisition and Construction	44,521	9,506	73,997	232,769	784,746	1,432,410	25,858,090	120,134	410,598	1,125,685
Contracted Instructional Services	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	23,744,596
Incremental costs related to WADA	-	-	-	-	-	-	-	238,558	199,282	164,364
Payments to fiscal agent	118,619	130,571	120,968	99,000	87,265	89,793	80,739	119,576	90,053	75,775
Payments to Juvenile Justice Alternative Ed. Programs	19,800	19,800	19,620	19,620	19,620	20,790	18,900	-	-	1,800
Payments to tax increment fund	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	886,598	788,330	661,254	660,402	655,091	644,788	651,956	389,793	497,231	-
Total Governmental Activities Expenses	<u>131,497,993</u>	<u>117,311,550</u>	<u>106,587,501</u>	<u>102,933,844</u>	<u>103,594,578</u>	<u>106,563,566</u>	<u>109,922,967</u>	<u>108,529,002</u>	<u>96,354,593</u>	<u>88,993,670</u>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services										
Instruction	36,083	31,727	36,253	53,863	20,509	27,886	26,398	51,431	49,889	53,997
Student Transportation	-	-	-	-	-	-	-	-	-	-
Food Service	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	1,628,363
Curricular/Extracurricular Activities	115,921	119,255	106,928	134,466	155,870	111,767	131,114	130,730	790,348	765,711
General Administration	-	-	-	-	-	-	-	-	-	-
Plant Maintenance and Operations	70,918	73,480	98,187	114,583	58,838	50,931	32,869	34,741	26,073	14,959
Construction	-	-	-	-	-	-	-	-	6,660	6,645
Operating Grants and Contributions	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	7,455,991
Total Governmental Activities Program Revenues	<u>13,447,473</u>	<u>11,591,977</u>	<u>11,948,974</u>	<u>11,449,861</u>	<u>12,022,507</u>	<u>14,325,597</u>	<u>23,770,267</u>	<u>12,286,543</u>	<u>10,816,990</u>	<u>9,925,666</u>
<b>Net (Expense)/Revenues</b>										
Governmental Activities:	(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)	(79,068,004)
Business-Type Activities:	-	-	-	-	-	-	-	-	-	-
Total Primary Government Net (Expense)/Revenues	<u>\$ (118,050,520)</u>	<u>\$ (105,719,573)</u>	<u>\$ (94,638,527)</u>	<u>\$ (91,483,983)</u>	<u>\$ (91,572,071)</u>	<u>\$ (92,237,969)</u>	<u>\$ (86,152,700)</u>	<u>\$ (96,242,459)</u>	<u>\$ (85,537,603)</u>	<u>\$ (79,068,004)</u>

**SCHEDULE 2 – CONTINUED**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS)**  
**UNAUDITED**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Revenues:</b>										
Governmental Activities:										
Property Taxes - General	\$ 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	\$ 68,461,940
Property Taxes - Debt Service	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	12,962,919
State Aid - Grants and Contributions not Restricted	1,954,568	2,019,394	1,984,397	3,594,602	16,129,685	7,313,766	6,255,294	14,736,552	15,434,532	8,630,498
Investment Earnings	488,351	90,049	96,660	134,986	139,912	148,288	341,475	2,185,309	2,488,848	3,443,264
SHARS/JROTC	1,092,245	1,266,710	1,197,777	1,177,535	1,237,971	770,963	674,840	247,800	-	-
Special Item-gain or (loss) on the disposal of capital assets	(106,287)	-	-	-	(113,453)	(530,318)	-	(6,424,241)	-	-
Grants and contributions not restricted	-	-	-	-	3,040,289	-	-	-	-	-
Miscellaneous	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	367,135
Transfers (net)	-	(2,500)	-	-	(61,182)	-	(43,997)	-	-	-
Total Governmental Activities General Revenues	<u>124,880,061</u>	<u>108,409,264</u>	<u>92,989,250</u>	<u>88,385,648</u>	<u>102,380,330</u>	<u>86,511,560</u>	<u>87,491,307</u>	<u>93,230,140</u>	<u>90,864,879</u>	<u>93,865,756</u>
 <b>Changes in Net Position</b>										
Governmental Activities:										
Implementation of GASB 68/71*	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	14,797,752
Total Primary Government	<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>	<u>\$ 14,797,752</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.

**SCHEDULE 3**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	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	30-Jun 2007
General Fund										
Nonspendable	\$ 1,055,954	\$ 1,081,967	\$ 1,320,438	\$ 1,612,141	\$ 83,910	\$ 85,551	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	2,215,787	2,177,197	2,059,320	2,016,430	1,931,661	1,980,372	-	-	-	-
Assigned	-	-	-	-	44,651	-	-	-	-	-
Unassigned	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	2,871,692
Reserved	-	-	-	-	-	-	1,037,264	1,582,656	240,407	480,714
Unreserved	-	-	-	-	-	-	22,918,219	21,886,293	24,646,178	24,260,475
Total General Fund	<u>\$ 29,098,923</u>	<u>\$ 28,312,504</u>	<u>\$ 30,816,052</u>	<u>\$ 33,194,397</u>	<u>\$ 35,187,821</u>	<u>\$ 23,812,470</u>	<u>\$ 26,855,610</u>	<u>\$ 26,203,071</u>	<u>\$ 27,789,461</u>	<u>\$ 27,612,881</u>
All Other Governmental Funds										
Nonspendable										
Inventories	\$ 32,204	\$ 51,812	\$ 25,697	\$ 48,189	\$ 53,679	\$ 54,749	\$ -	\$ -	\$ -	\$ -
Prepaid Items	291,682	567,936	57,768	56,924	56,751	49,293	-	-	-	-
Restricted										
Grant Funds	1,775,411	2,043,567	1,888,968	1,666,962	1,438,989	1,218,644	-	-	-	-
Capital acquisitions	97,351,152	87,578,978	8,195,876	12,691,463	20,684,431	29,148,114	-	-	-	-
Retirement of long term debt	14,209,608	10,236,018	8,774,566	6,407,019	5,284,442	10,956,433	-	-	-	-
Committed										
Compensated Absences	29,415	-	-	-	-	-	-	-	-	-
Self Insurance	-	-	-	-	-	-	-	-	-	-
Local Special Revenue	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	874,789
Capital acquisitions	-	-	-	-	-	-	15,540,934	34,809,320	86,816,919	25,620,524
Retirement of long term debt	-	-	-	-	-	-	11,314,332	9,860,701	7,708,196	4,704,331
Unreserved	-	-	-	-	-	-	-	799,338	771,188	822,875
Total All Other Governmental Funds	<u>\$ 118,079,524</u>	<u>\$ 104,865,367</u>	<u>\$ 23,546,066</u>	<u>\$ 25,465,840</u>	<u>\$ 32,642,200</u>	<u>\$ 46,483,183</u>	<u>\$ 35,473,369</u>	<u>\$ 46,448,850</u>	<u>\$ 96,169,488</u>	<u>\$ 32,022,519</u>

Source: La Porte Independent School District's Audit Reports

**SCHEDULE 4**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	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	30-Jun 2007
<b>REVENUES</b>										
Local and Intermediate Sources	\$ 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	\$ 86,494,676
State Program Revenues	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	12,058,322
Federal Program Revenues	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	4,028,168
<b>Total Revenues</b>	<b>136,755,405</b>	<b>119,946,857</b>	<b>104,718,948</b>	<b>99,991,540</b>	<b>111,567,855</b>	<b>101,092,849</b>	<b>117,461,291</b>	<b>107,577,254</b>	<b>101,119,297</b>	<b>102,581,166</b>
<b>EXPENDITURES</b>										
11 Instruction	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	31,904,981
12 Instructional Resources & Media Services	449,017	483,055	481,502	499,708	727,947	840,162	1,178,508	1,018,616	1,084,774	719,803
13 Curriculum & Instructional Staff Development	1,276,907	1,279,256	730,821	641,380	586,159	680,217	657,914	583,578	612,494	559,876
21 Instructional Administration	892,790	811,019	1,164,769	1,134,434	997,049	1,049,824	1,121,204	1,129,045	970,589	633,465
23 School Administration	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	2,779,321
31 Guidance and Counseling	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	1,681,056
32 Social Work Services	207,178	206,208	194,897	164,796	162,440	184,084	161,289	145,915	149,800	68,982
33 Health Services	821,738	818,826	736,770	691,033	747,347	835,669	816,045	778,021	684,020	517,213
34 Student (Pupil) Transportation	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	2,718,648
35 Food Services	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	2,809,373
36 Co-curricular/Extracurricular Activities	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	1,818,366
41 General Administration	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	2,488,634
51 Plant Maintenance and Operations	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	8,222,994
52 Security and Monitoring Services	550,551	524,607	542,059	519,360	550,351	615,768	670,124	544,731	510,506	455,692
53 Data Processing Services	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	1,503,542
61 Ancillary Services	32,944	69,503	62,092	46,876	55,661	80,101	56,962	67,890	53,768	53,409
70 Debt Service										
71 Principal	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	7,185,000
72 Interest	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	2,663,029
73 Bond Issuance Cost and Fees	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	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	28,752,659
90 Other Intergovernmental Charges	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	23,986,535
<b>Total Expenditures</b>	<b>244,556,289</b>	<b>152,850,765</b>	<b>109,017,067</b>	<b>109,161,324</b>	<b>110,408,697</b>	<b>120,224,030</b>	<b>157,491,119</b>	<b>158,884,282</b>	<b>123,807,063</b>	<b>121,522,578</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(107,800,884)</b>	<b>(32,903,908)</b>	<b>(4,298,119)</b>	<b>(9,169,784)</b>	<b>1,159,158</b>	<b>(19,131,181)</b>	<b>(40,029,828)</b>	<b>(51,307,028)</b>	<b>(22,687,766)</b>	<b>(18,941,412)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>										
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	-
Sale of Real or Personal Property	-	-	-	-	-	-	-	-	-	-
Prepaid Interest	-	-	-	-	-	-	-	-	-	-
Extraordinary item - Insurance recovery	-	-	-	-	3,040,289	-	-	-	-	-
Other resources/(uses)	(23,850,707)	(80,390,465)	-	-	(51,297,093)	-	(20,974,388)	-	-	-
Transfers in	-	2,623	-	-	-	1,525	336,892	-	-	355,000
Transfers Out	-	(5,123)	-	-	(61,182)	(1,525)	(380,889)	-	-	(355,000)
<b>Total Other Financing Sources and (Uses)</b>	<b>121,801,460</b>	<b>111,719,661</b>	<b>-</b>	<b>-</b>	<b>(3,624,790)</b>	<b>27,097,855</b>	<b>29,706,886</b>	<b>-</b>	<b>87,011,321</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 14,000,576</b>	<b>\$ 78,815,753</b>	<b>\$ (4,298,119)</b>	<b>\$ (9,169,784)</b>	<b>\$ (2,465,632)</b>	<b>\$ 7,966,674</b>	<b>\$ (10,322,942)</b>	<b>\$ (51,307,028)</b>	<b>\$ 64,323,555</b>	<b>\$ (18,941,412)</b>
<b>Debt Service as a percentage of noncapital expenditures*</b>	0.23	0.23	0.16	0.16	0.17	0.16	0.15	0.13	0.12	0.11

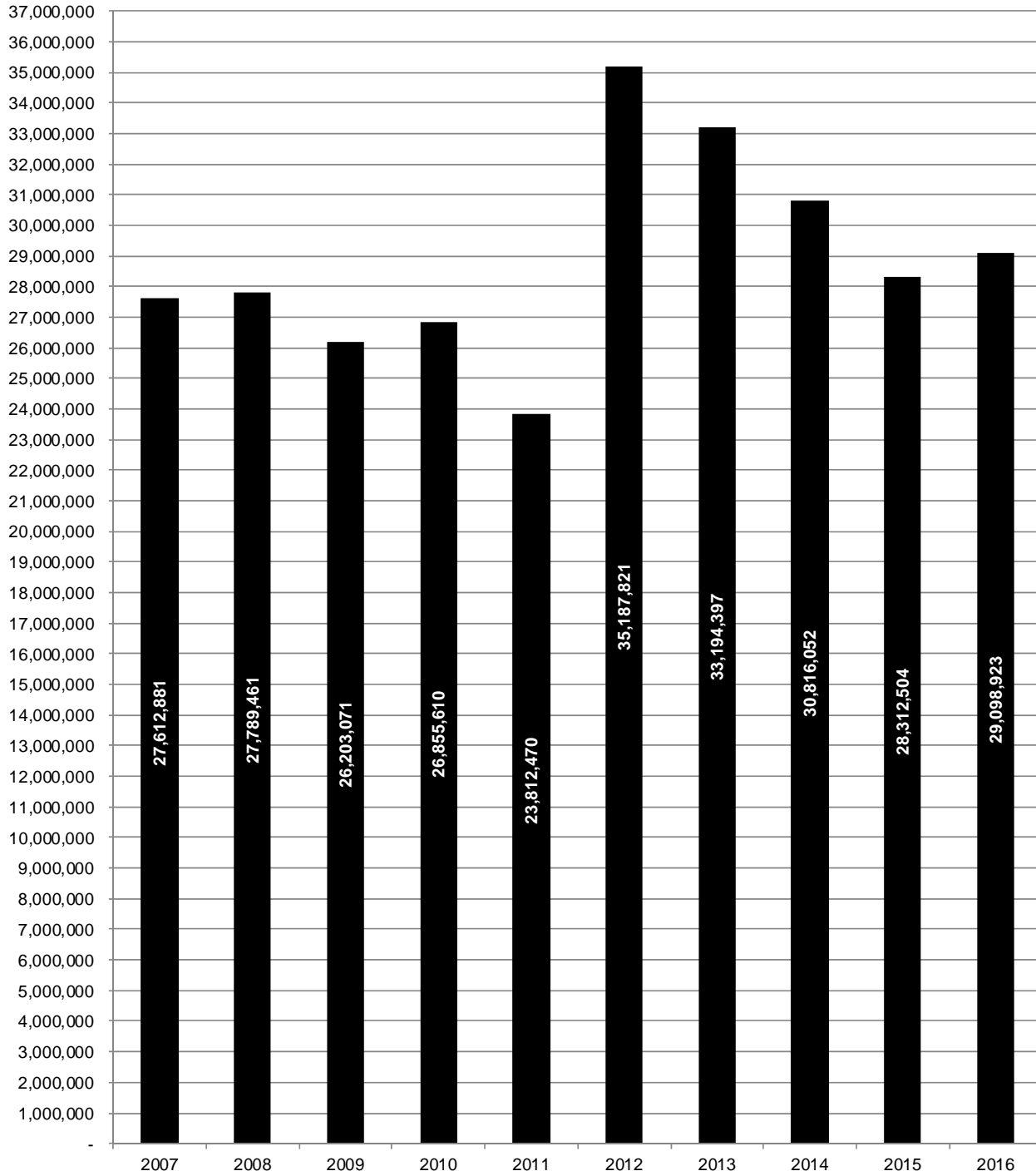
Source: La Porte Independent School District's Audit Reports

\* 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.**

**SCHEDULE 5**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY-TAX RATES – DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>School District</u></b>										
Maintenance & Operations	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.3700
Debt Service	0.4100	0.4100	0.2900	0.2900	0.3150	0.2850	0.2850	0.2850	0.2650	0.2650
La Porte ISD Total	1.4500	1.4500	1.3300	1.3300	1.3550	1.3250	1.3250	1.3250	1.3050	1.6350
<b><u>County</u></b>										
Chambers <sup>(1)</sup>	0.5403	0.5327	0.5221	0.4968	0.4968	0.4968	0.4968	0.4968	0.4968	0.4968
Harris	0.4192	0.4173	0.4146	0.4002	0.3912	0.3881	0.3892	0.3924	0.4024	0.3999
Harris County Department of Education	0.0054	0.0060	0.0064	0.0066	0.0066	0.0060	0.0058	0.0059	0.0063	0.0063
Harris County Flood Control District	0.0273	0.0274	0.0283	0.0281	0.0281	0.0292	0.0308	0.0310	0.0324	0.0332
Port of Houston Authority	0.0134	0.0513	0.0172	0.0195	0.0186	0.1640	0.0177	0.0144	0.0130	0.0147
San Jacinto Jr. College District	0.1758	0.1856	0.1856	0.1856	0.1856	0.1708	0.1634	0.1454	0.1454	0.1543
<b><u>Cities</u></b>										
Deer Park	0.7144	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050	0.7200	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	0.8191	0.8191	0.6362	0.6460	0.6460	0.6460	0.6460	0.6410	0.5510	0.5420
Pasadena	0.5754	0.5769	0.5916	0.5916	0.5916	0.5620	0.5620	0.5670	0.5670	0.5670
<b><u>Water Districts</u></b>										
Clear Lake City Water Authority	0.2700	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2900

Rates are per \$100 of Assessed Valuation

Source: Harris County Truth in Taxation Summary

Harris County Appraisal District - Chambers County Appraisal District

<sup>(1)</sup> 100% of the property located in Chambers County is submerged.

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

**SCHEDULE 6  
LA PORTE INDEPENDENT SCHOOL DISTRICT  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Year Ended (August 31 *) June 30</b>	<b>Real Property Assessed Actual Value</b>	<b>Personal Property Assessed Actual Value</b>	<b>Total Assessed Actual Value**</b>	<b>Total Direct Rate*</b>
2007 *	3,697,785,418	1,035,710,226	4,733,495,644	1.6350
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

\*Per \$100 of assessed value

\*\*Assessed Actual Value is Net of Exemptions

Source: Harris County Appraisal District

**SCHEDULE 7  
LA PORTE INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

Taxpayer	Fiscal Year 2016 (Tax Year 2015)			Fiscal Year 2007 (Tax Year 2006)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Equistar Chemicals LP	\$ 803,082,636	1	12.75%	\$ 362,054,833	1	8.39%
Kuraray America Inc	394,487,154	2	6.26%			
Air Liquide	347,450,887	3	5.51%	152,178,609	4	3.53%
Celanese LTD	205,031,705	4	3.25%	115,213,355	7	2.67%
Albemarle Catalysts Co LP	164,613,530	5	2.61%	105,039,770	9	2.43%
Lyondell Chemical Co	114,778,517	6	1.82%	152,178,609	5	3.53%
Kaneka Texas Corp	113,375,569	7	1.80%			
Noltex LLLC	102,540,728	8	1.63%			
Air Products Incorporated	98,786,359	9	1.57%			
Exxon Mobil Corp	98,072,444	10	1.56%			
Basell USA Inc				168,236,422	2	3.90%
Turbine Maintenance Group				156,004,020	3	3.62%
Conoco Phillips Co				143,385,598	6	3.32%
Dow Chemical				114,769,178	8	2.66%
Aristech Chemical Corp				101,905,815	10	2.36%
	<u>\$ 2,442,219,529</u>		<u>38.76%</u>	<u>\$ 1,570,966,209</u>		<u>36.42%</u>
Total Taxable Assessed Value**	6,300,140,506			4,313,787,355		

\*\*Taxable Assessed Value is Net Exemptions

Source: City of La Porte Tax Office

Note: Due to time constraints, and updated tax rolls being unavailable until late Fall, instead of reporting Tax Year 2016 data on this schedule, the district will be reporting data for the tax year related to the Fiscal Year under audit.

**SCHEDULE 8**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	80,707,154	79,360,418	98.33%	2,047,474	81,407,892	100.87%
2008	71,798,054	70,032,113	97.54%	1,767,968	71,800,081	100.00%
2009	79,707,814	74,255,050	93.16%	5,262,589	79,517,639	99.76%
2010	78,794,784	77,853,757	98.81%	1,016,211	78,869,968	100.10%
2011	76,443,809	75,804,968	99.16%	911,482	76,716,450	100.36%
2012	81,069,091	80,319,639	99.08%	908,876	81,228,515	100.20%
2013	82,575,734	81,772,811	99.03%	1,280,634	83,053,445	100.58%
2014	87,799,374	86,946,201	99.03%	639,158	87,585,359	99.76%
2015	102,183,911	101,666,537	99.49%	435,568	102,102,105	99.92%
2016	117,721,497	116,785,513	99.20%		116,785,513	99.20%

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Source: Harris County Tax Assessor/Collector and City of La Porte Tax Office

**SCHEDULE 9**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Year of Collection</b>										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	TT Sub Col
2007	6,385	4,140	11,973	11,672	76,571	85,445	481,724	281,918	1,087,646	79,360,418	81,407,892
2008	5,220	8,663	17,930	22,939	72,071	66,245	458,522	1,116,378	70,032,113		71,800,081
2009	5,928	14,189	35,156	100,379	62,519	178,043	4,866,375	74,255,050			79,517,639
2010	13,345	18,078	47,993	64,029	104,661	768,105	77,853,757				78,869,968
2011	(42,020)	41,477	64,415	201,740	645,870	75,804,968					76,716,450
2012	(92,518)	43,091	191,447	766,856	80,319,639						81,228,515
2013	328,527	171,646	780,461	81,772,811							83,053,445
2014	436,336	202,822	86,946,201								87,585,359
2015	435,568	101,666,537									102,102,105
2016	116,785,513										116,785,513

## **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.**



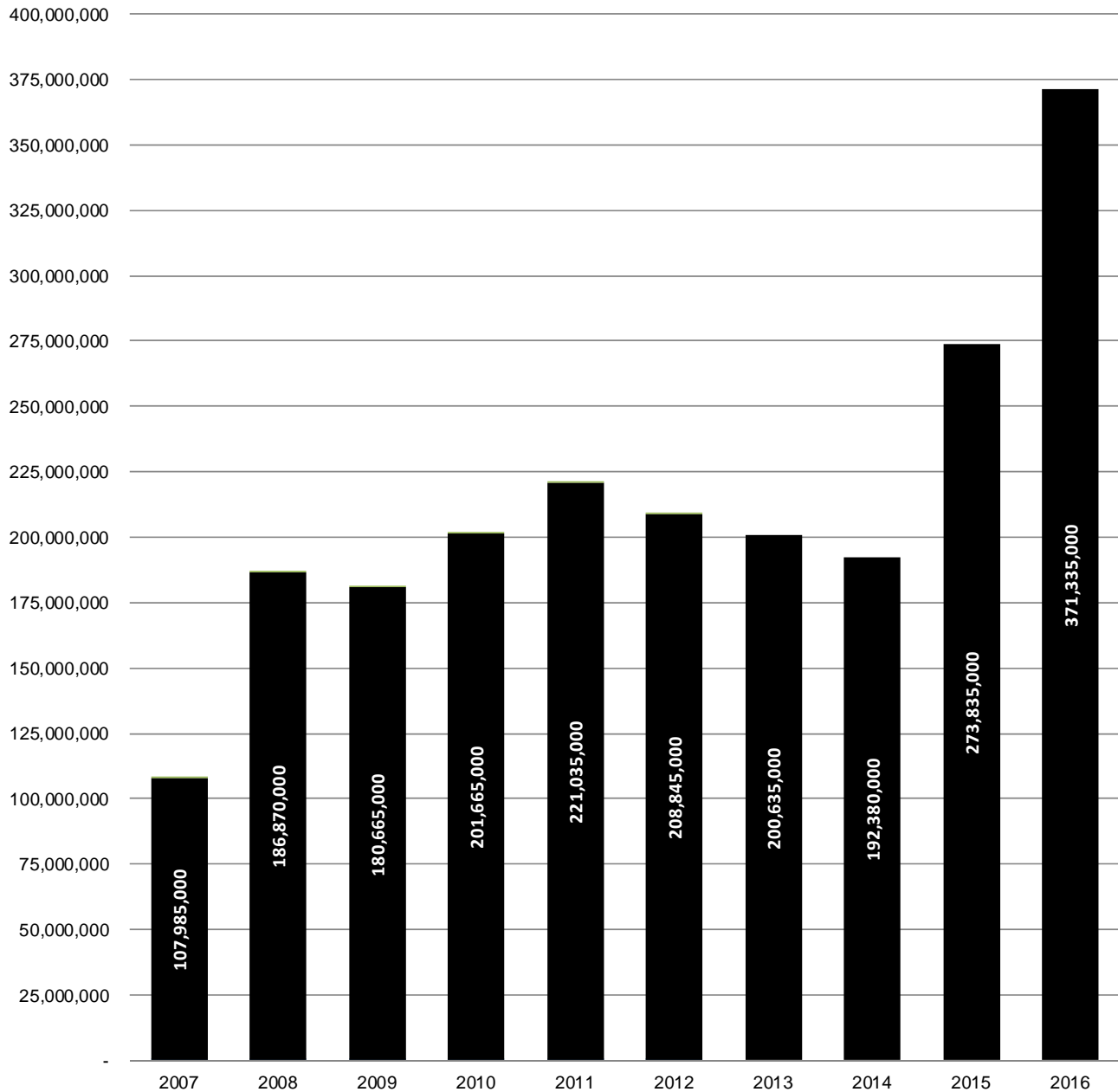
**SCHEDULE 10**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Year Ended August 31 * June 30</b>	<b>Assessed Value</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Personal Income*</b>	<b>Ratio of Net Bonded Debt Per ADA</b>	<b>Ratio of Net Bonded Debt Per Capita</b>
2007	4,936,217,370	107,985,000	4,704,331	103,280,669	1.52%	14,060	3,028
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	0.56%	50,102	10,161

\* Personal income information was only available through 2014 therefore the same personal income amount was used in calculating the 2014 thru 2016 ratios.

# Outstanding Bonds

Last Ten Fiscal Years



Unaudited  
Source: District's Audit Reports

**SCHEDULE 11**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed Value	8,118,723,905
Debt Limit (Percent of 2015 - 2016 School Year Assessed Value)*	10.00%
Maximum Legal Debt	811,872,391
Amount of Debt Applicable to Debt Limit**	357,125,392
Legal Debt Margin	454,746,999

\*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

	<b>Debt Limit</b>	<b>Amount of Debt Applicable to Debt Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</b>
2007	493,621,737	103,280,669	390,341,068	20.92%
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%

Source: District's Audit Reports

**SCHEDULE 12**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2016**  
**(UNAUDITED)**

	Gross Debt	Overlapping	
		Percent	Amount
<u>County</u>			
Chambers	\$ 19,150,000	0.01%	\$ 1,915
Harris	1,897,713,330	2.15%	40,800,837
Harris County Department of Education	7,000,000	2.15%	150,500
Harris County Flood Control District	83,075,000	2.15%	1,786,113
Port of Houston Authority	674,269,397	2.15%	14,496,792
San Jacinto Jr. College District	268,437,618	17.30%	46,439,708
<u>Cities</u>			
Deer Park	43,907,168	27.14%	11,916,405
La Porte	24,692,105	93.50%	23,087,118
Morgan's Point	4,960,736	100.00%	4,960,736
Pasadena	115,733,460	3.98%	4,606,192
<u>Water Districts</u>			
Clear Lake City Water Authority	71,770,000	9.58%	6,875,566
Total Estimated Overlapping Debt			\$ 155,121,882
District Direct Debt	361,098,982	100.00%	361,098,982
Total Overlapping and Direct Debt			\$ 516,220,864

Source: Texas Municipal Reports from Bond Statement

## **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.**

**SCHEDULE 13**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**Population Information:**

<b>Year</b>	<b>Estimated Population</b>	<b>Land Area</b>	<b>Density Per Square Mile</b>	<b>Population Change</b>
2007	34,109	55	620	-0.9%
2008	34,092	55	620	0.0%
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*	35,148	55	639	0.0%

Source: United States Census Bureau

\*Estimated Population is only available through 2015 therefore the same data was used for 2016

	<b>Harris County 2010</b>	<b>Texas 2010</b>	<b>U.S. 2010</b>
<b><u>Population:</u></b>			
% 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
<b><u>Income:</u></b>			
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
<b><u>Housing:</u></b>			
% 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

**SCHEDULE 14**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Year Ended June 30	Harris County			Per Capita Personal* Income	Percent Unemployed County	Percent Unemployed State
	Civilian Labor Force	Total Unemployment	Personal Income* (in Thousands)			
2007	1,898,209	80,209	177,325,118	45,899	4.2%	4.3%
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	2,239,426	103,800	252,694,912	56,896	4.6%	4.5%

\* Personal & per capita information is only available through 2014 therefore the same data was used through 2016

**SCHEDULE 15**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**PRIOR YEAR AND NINE YEARS AGO**  
**(UNAUDITED)**

Employer	2015		2006	
	Employees	Percentage of Total Employment	Approximate Range of Number of Employees	Percentage of Total Employment
La Porte Independent School District	1,008	5.41%	1,000	5.96%
City of La Porte	383	2.06%	368	2.19%
International Plant Svcs LLC	376	2.02%		
Sulzer Turbo Svcs Houston Inc	330	1.77%		
CCC Group Inc	300	1.61%		
Pfeiffer Holdings LLC	271	1.45%	300	1.79%
Contech Control Services Inc	250	1.34%	300	1.79%
Amber LP	250	1.34%		
Cat-Spec Ltd	250	1.34%		
Dacon Corporation	200	1.07%		
Total	<u>3,618</u>		<u>1,968</u>	
Total City of La Porte Employment	<u>18,627</u>		<u>16,788</u>	

Source: City of La Porte Comprehensive Annual Financial Report for the Year Ended September 30, 2015.  
Current year ended September 30, 2016 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.**

**SCHEDULE 16**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Teachers	495.46	470.07	464.00	461.80	467.00	495.40	506.40	507.90	501.80	480.20
Professional Support	101.45	94.43	90.00	89.10	87.40	107.10	105.60	113.80	110.30	92.80
Campus Administration (School Leadership	29.02	30.00	30.00	30.00	29.10	28.80	31.00	30.80	32.00	29.00
Central Administration	8.00	10.00	10.00	11.00	11.00	13.00	13.00	12.00	10.00	10.90
Educational Aides	117.28	110.23	105.57	103.00	107.90	110.30	106.80	102.60	105.30	111.30
Auxiliary Staff	289.03	293.70	291.54	292.80	301.00	318.90	403.20	320.90	383.30	356.50
<b>Total Employees</b>	<b>1040.24</b>	<b>1008.43</b>	<b>991.11</b>	<b>987.70</b>	<b>1,003.40</b>	<b>1,073.50</b>	<b>1,166.00</b>	<b>1,088.00</b>	<b>1,142.70</b>	<b>1,080.70</b>

Sources:

Texas Education Agency Website - PEIMS

**SCHEDULE 17**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**FULL TIME EQUIVALENT STAFF INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures*</u>	<u>Cost Per Student</u>	<u>Percentage Change</u>	<u>Government Wide Expenses**</u>	<u>Cost Per Student</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Student Teacher Ratio</u>	<u>Percentage of Students in Free/Reduced Lunch Program</u>
2007	7,811	79,060,346	10,122	-5.16%	88,993,670	11,393	-6.18%	480	16	37%
2008	7,940	85,265,801	10,739	6.10%	96,354,593	12,135	6.51%	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%

N/A = Not Available

\* 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 Assets Schedule

Source: Nonfinancial information from district records

**SCHEDULE 18**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>Region Average Salary</b>	<b>Statewide Average Salary</b>
2007	42,000	65,000	46,675	44,897
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

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.

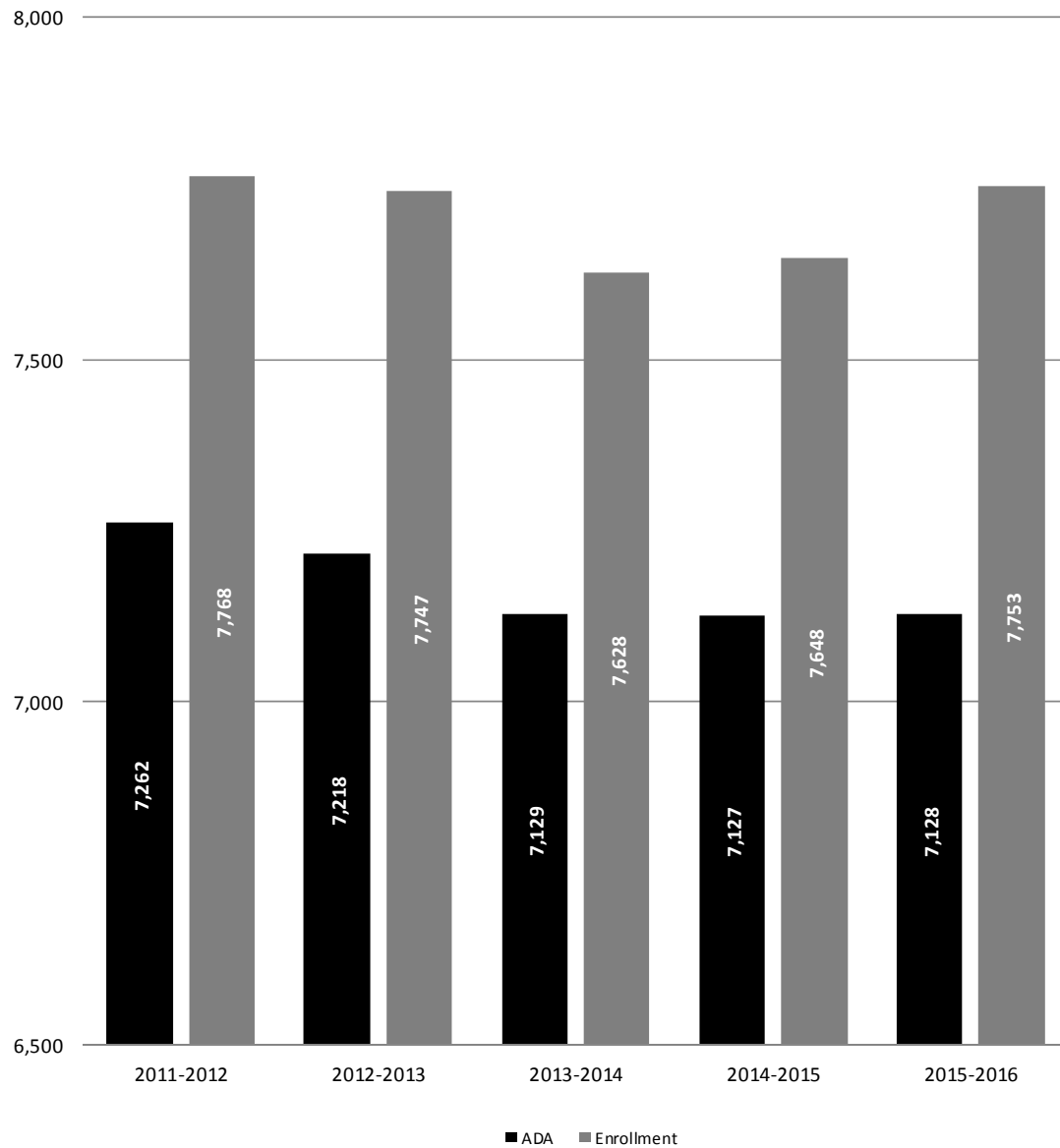
**SCHEDULE 19**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**ATTENDANCE DATA**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Total Enrollment</b>	<b>Average Daily Attendance</b>		
		<b>Amount</b>	<b>Percent Increase (Decrease)</b>	<b>Percent of Membership</b>
2007	7,811	7,346	-0.91%	94.04%
2008	7,940	7,441	1.30%	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%

Source: Texas Education Agency Website - PEIMS

# Average Daily Attendance & Enrollment

## Last Five Fiscal Years



Unaudited  
Source: District PEIMS Data

**SCHEDULE 20**  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Building</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Elementary Schools</b>										
Bayshore Elementary										
Square Footage	111,000	111,000	111,000	111,000	111,000	111,000	111,000	8,683	8,683	8,683
Capacity	750	750	750	750	750	750	750	750	525	525
Enrollment	537	522	530	577	561	532	340	375	450	397
College Park Elementary										
Square Footage	77,910	75,301	75,301	75,301	75,301	75,301	75,301	74,001	74,001	74,001
Capacity	696	650	650	650	650	650	650	650	650	650
Enrollment	490	472	461	465	487	474	493	505	480	762
Heritage Elementary										
Square Footage	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	
Enrollment	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	462	492	486	487	494	515	537	537	558	553
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	549	494	491	502	525	523	588	579	554	650
Lomax Elementary										
Square Footage	101,987	86,795	86,495	86,495	86,495	86,495	86,495	86,495	86,495	86,495
Capacity	729	700	700	700	700	700	700	700	700	700
Enrollment	542	528	519	523	548	536	591	586	600	603
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	591	595	588	582	584	587	612	641	635	754
<b>Intermediate Schools</b>										
Baker 6th Grade Campus										
Square Footage	125,937	140,060	140,060	140,060	140,060	140,060	140,060	140,060	140,060	140,060
Capacity	925	700	700	700	700	700	700	700	700	700
Enrollment	575	550	533	625	551	608	579	559	585	611
<b>Junior High Schools</b>										
La Porte Junior High School										
Square Footage	153,200	148,044	148,044	148,044	148,044	148,044	148,044	139,004	139,004	139,004
Capacity	725	725	725	725	725	725	725	600	600	600
Enrollment	549	554	555	536	566	553	540	594	622	621
Lomax Junior High School										
Square Footage	125,645	125,645	125,645	125,645	125,645	125,645	125,645	125,645	112,995	112,995
Capacity	780	780	780	780	780	780	780	780	630	630
Enrollment	612	605	608	611	628	581	578	612	573	531
<b>High Schools</b>										
La Porte High School										
Square Footage	591,126	504,652	504,652	504,652	502,332	502,332	502,332	502,332	484,547	471,261
Capacity	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,723
Enrollment	2,218	2,162	2,190	2,168	2,121	2,188	2,209	2,195	2,267	2,233
<b>Alternative Schools</b>										
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	54	60	68	61	61	72	79	92	74	96
<b>Total Square Footage</b>	<b>1,676,678</b>	<b>1,581,370</b>	<b>1,581,070</b>	<b>1,581,070</b>	<b>1,578,750</b>	<b>1,578,750</b>	<b>1,578,750</b>	<b>1,466,093</b>	<b>1,435,658</b>	<b>1,322,372</b>
<b>Total Capacity</b>	<b>10,578</b>	<b>10,278</b>	<b>10,278</b>	<b>10,278</b>	<b>10,278</b>	<b>10,278</b>	<b>10,278</b>	<b>10,153</b>	<b>9,778</b>	<b>8,828</b>
<b>Total Enrollment</b>	<b>7,739</b>	<b>7,629</b>	<b>7,628</b>	<b>7,747</b>	<b>7,768</b>	<b>7,816</b>	<b>7,847</b>	<b>7,914</b>	<b>7,940</b>	<b>7,811</b>

Source: District Records

\* Bayshore (old) was destroyed in Hurricane Ike, new Bayshore built close by and opened in Jan. 2010. Students zoned to Bayshore were housed by grade level at different campuses through

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## **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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Porte Independent School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees  
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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
November 15, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY 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 the La Porte Independent School District's (the District's) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget* (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms 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, 2016.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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 15, 2016

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

An unmodified opinion was issued on compliance for major programs.

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

Identification of major programs:

84.027A  
84.027A  
84.173A

IDEA – PART B, Formula  
IDEA – Part B, High Cost Risk Pool  
IDEA – Part B, Preschool

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS – CONTINUED**

**Federal Awards – Continued**

- Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

**SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

N/A

**SECTION V – CORRECTIVE ACTION PLAN**

N/A



**LA PORTE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT K-1**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures and Indirect Costs
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
*National School Lunch Program	10.555	71301101	\$ 1,707,180
*School Breakfast Program	10.553	71401101	577,181
Direct Program:			
*USDA Donated Commodities - non cash assistance	10.555	101916	212,942
<b>Total U.S. Department of Agriculture</b>			<b>2,497,303</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA Title I Part A Improving Basic Programs	84.010A	15610101101916	1,090
ESEA Title I Part A Improving Basic Programs	84.010A	16610101101916	741,927
Total CFDA Number 84.010A			743,017
**IDEA - Part B, Formula	84.027A	156600011019166600	256
**IDEA - Part B, Formula	84.027A	166600011019166600	1,457,799
**IDEA - Part B, High Risk Pool	84.027A	16660006101916	67,656
Total CFDA Number 84.027A			1,525,711
**IDEA - Part B, Preschool	84.173A	166610011019166610	28,497
ESEA Title II, Part A	84.367A	16694501101916	205,256
ESEA Title III, LEP	84.365A	15671001101916	41
ESEA Title III, LEP	84.365A	16671001101916	63,956
Total CFDA Number 84.365A			63,997
ESEA Title IV - Safe and Drug-Free Schools and Comm. Act	84.186A	SF-16-J20-25509.03	125,000
Total CFDA Number 84.186A			125,000
Career and Technology Education - Carl D. Perkins	84.048A	16420006101916	51,927
Title VI - LEP Summer School	84.369A	65991302	1,624
<b>Total U.S. Department of Education</b>			<b>2,745,029</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Medicaid Administrative Claims	93.778	N/A	45,117
<b>Total U.S. Department of Health and Human Services</b>			<b>45,117</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
JROTC	12.401	N/A	66,684
<b>Total U.S. Department of DEFENSE</b>			<b>66,684</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 5,354,133</b>

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

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

See Notes to the Schedule  
of Expenditures of Federal Awards.

**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.

**LA PORTE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**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 US 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 \$212,944 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.

**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	\$ 5,354,133
SHARS payments	<u>921,620</u>
Reconciled balance	<u><u>\$ 6,275,753</u></u>
Related expenditures on Exhibit C-3	
General fund	\$ 1,092,245
Non-major funds	<u>5,183,508</u>
	<u><u>\$ 6,275,753</u></u>