

La Porte

Independent School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015



Every Student's Success is our #1 Priority!

1002 San Jacinto Street, La Porte, TX 77571
Harris County | visit us online @ www.lpsd.org

**Comprehensive
Annual Financial Report
For the Fiscal Year Ended
June 30, 2015**

**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



La Porte

Independent School District

1002 San Jacinto Street
La Porte, Texas 77571

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 17, 2015

Mr. Lee Wallace, 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 (CAFR) of the La Porte Independent School District (the District) for the fiscal year ended June 30, 2015. 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, 2015, 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 auditor 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's 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, 2015, 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 auditor.

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. First established for the 1915-16 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 2014-2015 fiscal year, the District operated one senior high school, one alternative secondary campus, two junior high schools, one 6th grade campus, and seven elementary schools. The District serves approximately 7,600 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 District's *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 services as a framework for developing a coherent set of competencies for all the District's 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 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, the District 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 2014-15 was over \$7.04 billion, an increase of 6.75 percent from the previous year. The tax rates per \$100 of assessed value for the past five years are shown on the following table.

Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
M&O	1.04	1.04	1.04	1.04	1.04
I&S	.285	.315	.29	.29	.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, the District Met Standard for all accountability indices (1-4) for the 2014-2015 school year. Nine campuses received at least one academic distinction. Bayshore Elementary earned five distinctions, followed by Baker Sixth Grade Campus, Jennie Reid Elementary, College Park Elementary, and Lomax Elementary with two distinctions. Lomax Junior High, Heritage Elementary, La Porte Elementary, and Rizzuto Elementary earned one distinction. Accountability distinctions are only available for campuses.

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 percent.

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 \$99,675,000 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; significant renovations at College Park Elementary, La Porte Elementary, Lomax Junior High School and La Porte Junior High School. This also provides for funding for capital expenditures for fine arts, technology, transportation and maintenance.

Awards and Acknowledgments

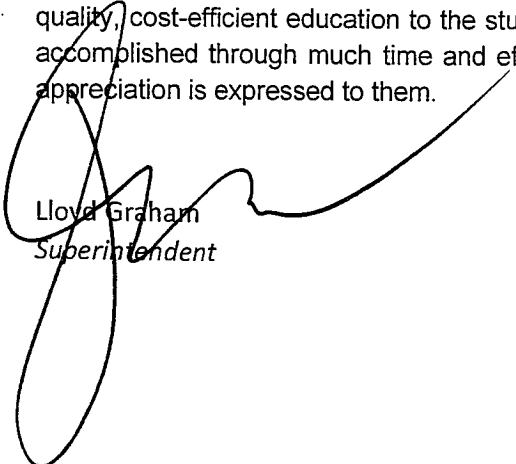
Financial Reporting Awards - Since the inception of School FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency, and for the thirteenth consecutive year the District has scored the highest possible rating available. For the year ended June 30, 2014 the TEA changed the highest rating from "Superior Achievement" to "Pass". The rating is based upon an analysis of staff and student data reported for the 2013-2014 school year and budgetary and actual financial data for the fiscal year ended June 30, 2014. 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 the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. 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, 2014. 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 begin and 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 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

X

for the year ended June 30, 2015 at a meeting of the Board of Trustees of such school district on the 17th day of November, 2015.


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):

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La Porte Independent School District
Principal Officials and Advisors

Board of Trustees

Trustee	Office	Completed Years of Service	Term Expires May	Occupation
Lee Wallace	President	5	2018	HSSE Technician
Dee Anne Thomson	Vice President	5	2016	Customer Service Supervisor
Charlcya Wheeler	Secretary	11	2016	Retired
Kathy Green	Trustee	11	2017	Training Coordinator
David Janda	Trustee	3	2018	Teacher
Lois Rogerson	Trustee	2	2017	Retired Teacher
Phillip Hoot	Trustee	1	2017	Contractor

Administrative Officials

Official	Position	Years of Service	
		Total	District
Lloyd W. Graham	Superintendent	26	7
Rhonda Cumbie	Chief Financial Officer	17	7
Dr. Linda Wadleigh	Deputy Superintendent	30	15
Mike Clausen	Deputy Superintendent	46	46
David Knowles	Executive Director, Secondary Education	20	11
Jewel Whitfield	Executive Director, Elementary Education	18	15
Isela Montes	Executive Director, Human Resources	38	7
Vicki Garcia	Director of Finance	13	2
Terri Cook	Public Information Officer, Director-Public Relations	15	7

Consultants and Advisors

Weaver and Tidwell, L.L.P.

Independent Auditors

24 Greenway Plaza, Suite 1800 • Houston, Texas 77010

Andrews Kurth, L.L.P.

Bond Counsel

600 Travis, Suite 4200 • Houston, Texas 77046

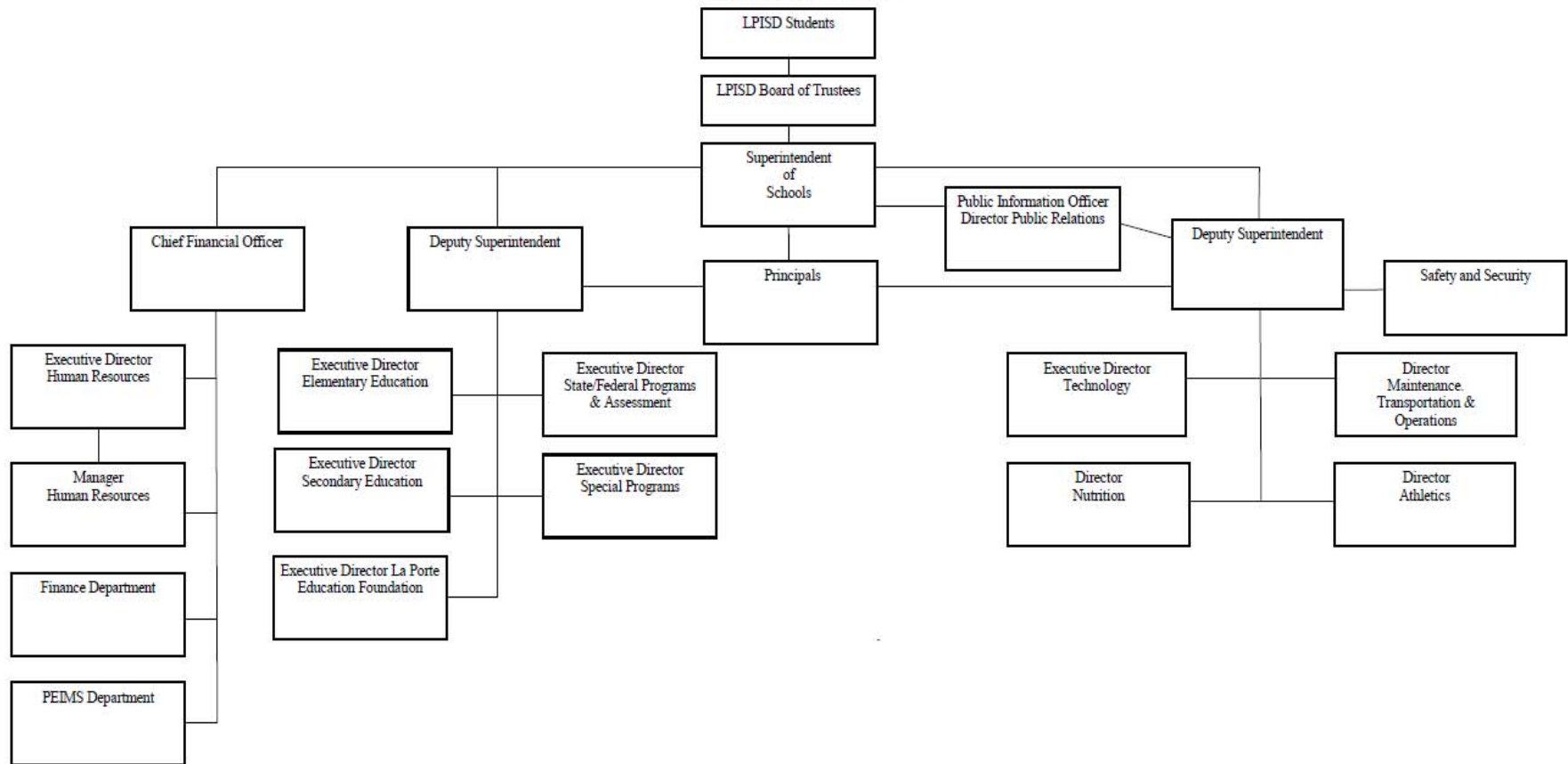
SAMCO Capital Markets, Inc.

Financial Advisor

11111 Katy Freeway #820 • Houston, Texas 77079

La Porte Independent School District
Organizational Chart

2014-2015



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, 2014*

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



Mark C. Pepera, MBA, RSBO, SFO
President

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, 2014

Executive Director/CEO

FINANCIAL SECTION

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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* as of June 30, 2015. Beginning net position has been restated to reflect the change in accounting principle from these statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 61-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Board of Trustees
La Porte Independent School District

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. 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 16, 2015, 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 16, 2015

**La Porte Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2015**

As the management of the La Porte Independent School District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial condition.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$62,968,567 (*net position*). Of this amount, \$3,773,762 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$8,157,391.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$133,177,871, an increase of \$78,815,753 in comparison with the prior year. The increase in governmental fund balances was primarily due to an increase of \$79,907,069 and \$1,461,432 in the capital projects and debt service fund balances, respectively, and a decrease of \$2,503,528 in the general fund balance.
- At the end of the current fiscal year unassigned fund balance for the general fund was \$25,053,340, or 29.6 percent of total general fund expenditures.
- The District's total general obligation bonds outstanding increased by 42.3 percent or \$81,455,000 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 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 of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction; Instructional Resources and Media Services; Curriculum and Instructional Staff Development; Instructional Leadership; School Leadership; Guidance, Counseling, and Evaluation Services; Social Work Services; Health Services; Student Transportation; Food Services; Cocurricular/Extracurricular Activities; General Administration; Plant Maintenance and Operations; Security and Monitoring Services; Data Processing Services; Community Services; Interest on Long-term Debt; Bond Issuance Costs and Fees; and Facilities 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 of 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-two 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 nineteen 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 child nutrition 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-term 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 statement of changes in fiduciary net assets should present information about the additions to, deductions from, and net increase (decrease) for the year in net assets for each fiduciary fund type except agency funds and should provide information about significant year-to-year changes in net assets.

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. The 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 65 through 71 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities by \$62,968,567 at the close of the most recent fiscal year.

The largest portion of the District's net position (\$50,608,609) reflects its net investment in capital assets (e.g., capitalized bond and debt issuance costs, land, buildings and improvements, furniture and equipment and construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	2015	2014
Assets:		
Current and other assets	\$ 158,704	\$ 68,225
Capital and non-current assets	229,338	210,884
Total Assets	388,042	279,109
Deferred Outflows of Resources:	11,928	5,516
Total Assets and Deferred Outflows of Resources	399,970	284,625
Liabilities:		
Current Liabilities	40,274	23,731
Long-term Liabilities	293,841	189,768
Total Liabilities	334,115	213,499
Deferred Inflows of Resources:	2,886	-
Total Liabilities and Deferred Inflows of Resources	337,001	213,499
Net Position:		
Net investment in capital assets	50,608	49,716
Restricted	8,587	7,899
Unrestricted	3,774	13,511
Total Net Position	<u>\$ 62,969</u>	<u>\$ 71,126</u>

Net position of \$6,504,616 is restricted for debt service activities and net position of \$2,081,580 is restricted for grant activities. The remaining balance of unrestricted net position of \$3,773,762 may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The District's net position decreased \$8,157,391 during the current fiscal year.

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

	2015	2014	Percentage Change
Program Revenues			
Charges for services	\$ 1,889	\$ 1,905	-1%
Operating grants	9,703	10,044	-3%
General Revenues			
Property taxes	102,684	88,134	17%
Grants and contributions not restricted	2,019	1,984	2%
Interest earnings	90	97	-7%
Other	3,615	2,774	30%
Total Revenues	<u>120,000</u>	<u>104,938</u>	14%
Expenses			
Instruction	44,530	42,995	4%
Instruction resources and media services	484	483	0%
Curriculum and staff development	1,282	734	75%
Instructional leadership	839	1,171	-28%
School leadership	3,991	3,913	2%
Guidance, counseling, and evaluation services	2,574	2,456	5%
Social work services	204	195	5%
Health services	814	736	11%
Student transportation	3,422	3,109	10%
Food service	4,002	3,880	3%
Extracurricular activities	2,171	2,131	2%
General administration	2,950	3,103	-5%
Plant, maintenance and operations	9,929	10,194	-3%
Security and monitoring services	524	542	-3%
Data processing services	3,737	2,518	48%
Community services	75	69	9%
Interest on long-term debt	12,548	8,474	48%
Facilities acquisition and construction	10	74	-86%
Contracted instructional services between schools	20,877	17,754	18%
Payments related to shared services arrangements	131	121	8%
Payments to JJAEP	20	20	0%
Payments to Tax Increment Fund	1,408	1,254	12%
Other intergovernmental charges	788	661	19%
Total Expenses	<u>117,310</u>	<u>106,587</u>	10%
Increase (Decrease) in Net Position	<u>2,690</u>	<u>(1,649)</u>	-263%
Beginning Net Position	71,126	74,557	-5%
Implementation of Change in Accounting Principle	<u>(10,847)</u>	<u>(1,782)</u>	
Beginning Net Position as Restated	<u>60,279</u>	<u>72,775</u>	
Ending Net Position	<u>\$ 62,969</u>	<u>\$ 71,126</u>	-11%

Governmental Activities

Governmental activities decreased the District's net position by \$8,157,391. Key elements of this decrease are as follows:

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$9,702,933) represent 8.1 percent of total revenues, and property taxes of \$102,684,488 represent 85.6 percent of total revenues. The remaining \$7,613,820 is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction (\$44,530,011) which represents 46.2 percent of total expenses less contracted instructional services between schools of \$20,877,309. Plant maintenance and operations (\$9,929,472) represents 10.3 percent and Debt Service (\$12,548,106) represents 13.0 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 8.6 percent from the previous year which are less contracted instructional services between schools, and the decrease to net position was 11.5 percent. The decrease in net position was primarily due to an implementation of change in accounting principle 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. The effect of this implementation was a \$10,847,082 or 15.2 percent decrease in net position. Additional information can be found in note 1, 7 and 16 of the notes to the financial statements.

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 \$133,177,871, an increase of \$78,815,753 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 \$79,907,069 and a decrease in the general fund balance of \$2,503,528. The non-major governmental funds balance decreased by \$49,220, and the debt service fund balance increased by \$1,461,432.

At the end of the current fiscal year unassigned fund balance for the general fund was \$25,053,340, or 29.6 percent of total general fund expenditures.

The debt service fund has a total fund balance of \$10,236,018, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance (\$1,461,432) during the current year was primarily due to increased tax base along with increased collections.

The capital projects fund has a total fund balance of \$88,160,713, most of which is restricted for authorized construction, plant maintenance and technology projects/enhancements. The increase in fund balance during the current year (\$79,907,069) was due to voter approval of a \$260,000,000 bond authorization in May, 2014 of which \$99,675,000 was issued for the utilization of bond proceeds for construction projects, renovation projects, plant maintenance and technology projects/enhancements. The increase represents bond 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 \$1,818,335 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 capital assets for its governmental type activities as of June 30, 2015, amount to \$229,337,749 (net of accumulated depreciation). Capital assets include land, buildings and improvements, furniture and equipment and construction in progress. The total increase in the District's capital assets for the current fiscal year was \$18,454,134. A comparison of capital asset balances at current and prior fiscal year end follows:

Capital Assets (Amounts in 000's)

	Balance June 30, 2015	Balance June 30, 2014
Land	\$ 10,255	\$ 10,255
Buildings and improvements	258,338	258,338
Furniture and equipment	18,539	16,196
Construction in progress	23,132	153
	<u>310,264</u>	<u>284,942</u>
Less accumulated depreciation for:		
Buildings and improvements	(68,034)	(62,256)
Furniture and equipment	(12,892)	(11,802)
	<u>(80,926)</u>	<u>(74,058)</u>
Governmental Capital Assets	<u><u>\$ 229,338</u></u>	<u><u>\$ 210,884</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 \$297,403,615 in total long-term liabilities, an increase of \$98,254,082 as compared to the previous year. The underlying ratings of the bonds for general obligation debt are “AA” from Standard and Poor's and “Aa2” from Moody's Investors Service, and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

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

Long-term Liabilities (Amounts in 000's)

	Balance June 30, 2015	Balance June 30, 2014
General obligation bonds	\$ 273,835	\$ 192,380
Premium on bonds	22,365	5,670
Accrued compensated absences	1,204	1,099
	\$ 297,404	\$ 199,149

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 \$99,675,000 in bonds for fiscal year 2015. Construction is in progress for a new Lomax Elementary School and Baker Sixth Grade Campus; a major rebuild of La Porte High School; significant renovations at College Park Elementary, La Porte Elementary, Lomax Junior High School and La Porte Junior High School. This also provides for funding for capital expenditures for fine arts, technology, transportation and maintenance.

The District continued its partnership with San Jacinto College and the La Porte San Jacinto College Center where students may receive dual enrollment credit while attending La Porte High School. The goal of the college center is to provide opportunities for students to earn college credit and/or industrial certification.

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 includes: 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 eleven programs (two additional medical programs to be added next year) that align with the career pathways embedded in the HB5 endorsement graduation plans.

The District has successfully implemented a district-wide Student Technology Initiative (STI), in which 4,500 notebook devices were originally purchased and are actively used by students, grades K-12. Each year additional laptops 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. This model provides one computer for every five students. Also, on the elementary campuses, two fifth grade classes received 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.

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 percent of those cuts were restored.
- The district currently has eight Chapter 313 agreements, as well as two 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 District is one of several hundred Texas public school districts that has brought suit against the State claiming that the current school funding system established by the Texas Legislature violates various provisions of the Texas Constitution. The District is part of the Fort Bend ISD plaintiff group – a group of 84 school districts represented by Thompson & Horton LLP. The school districts claim that the system is an impermissible state property tax under Article VIII, Section 1-e of the Texas Constitution and is unconstitutionally inefficient, inadequate, and unsuitable under Article VII, Section 1. The school districts do not seek recovery of specific monetary damages from the state, but rather an order requiring the state to restructure the finance system to comply with the Texas Constitution. The districts also seek recovery of their attorney fees. The District has agreed to contribute two payments of \$1 per student in weighted average daily attendance (WADA), which equals two payments of approximately \$9,464 each. The Fort Bend ISD plaintiff group, including the District, prevailed on all of its claims at the trial court in February 2013. Based on legislation enacted during the 2013 Texas legislative session in May 2013, the trial court scheduled a hearing to update the trial record in January 2014, the original decision was upheld and now is under appeal by the state. There are no counter claims or cross claims asserted against La Porte ISD in this matter and no potential liability against the district is expected.

- The District continues to incur significant cost in property and casualty insurance due to its location on Galveston Bay. The district has \$200 million of property in AE Zones close to the bay and \$65 million in coverage. This coverage costs the District \$1.9 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 2016 the district anticipates a peak enrollment of 7,645 students, which is flat from FY 2015. The District's pre-Hurricane Ike ADA was 7,670, while FY 2015 ADA was 7,124 and is anticipated to be close to the same for FY 2016.
- The District has 1,115 faculty and staff comprised of the following: 42 employees in central administration departments, 530 teachers, librarians, counselors, and nurses, 243 other school leadership and support staff, 104 maintenance employees, 91 cafeteria workers and 105 employees in transportation for the 2015-2016 budget. The District's board of trustees approved a 4 percent general pay increase for all employees as well as increased the starting teacher salary to \$51,600. The minimum hourly rate for paraprofessionals is \$11.20 and the minimum hourly rate for manual trades is \$9.75.
- The District maintains 12 campuses for instruction. Under the state accountability system, the District met standards for all accountability indices (1-4). Nine campuses received at least one academic distinction. Bayshore Elementary earned five distinctions, followed by Baker Sixth Grade Campus, Jennie Reid Elementary, College Park Elementary, and Lomax Elementary with two distinctions. Lomax Junior High, Heritage Elementary, La Porte Elementary, and Rizzuto Elementary each earned one distinction.
- The 2015 Certified Taxable Property Value as reported by the Harris and Chambers County Appraisal Districts totaled \$7,718,734,137 which is approximately 9.7 percent higher than the 2014 taxable values.
- The property tax rate for 2015-16 will be \$1.45 per \$100 of assessed value, the same as 2014-15.
- 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) for both junior high school and high school campuses. Also, 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.
- The District again provided four optional days for staff development prior to the beginning of the teacher contracts with compensation. The District used student data and teacher input as part of the needs assessment process to drive professional development. Additional data sources include the District-wide Educational Improvement Council and Campus Performance Objectives Committee.
- The STI continues for the 2015-16 year by providing all incoming 9th grade students a notebook for classroom instruction and to take home. Students in grades 6-8 and 10-12 have the opportunity to check out a notebook for home use.
- In partnership with San Jacinto College, La Porte High School implemented the Accelerated College Education (ACE) program with 35 rising eleventh graders that permits them to graduate from high school with both a high school diploma and also an Associate's of Arts or Applied Science degree from San Jacinto College. 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. 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, two 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.

All of these factors were considered in preparing the District's FY 2016 budget.

Requests for Information

This financial report is designed to provide a general overview of 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 at La Porte Independent School District.

BASIC FINANCIAL STATEMENTS

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

EXHIBIT A-1

Data Control Codes	ASSETS	Governmental Activities
	Current assets:	
1110	Cash and cash equivalents	\$ 152,834,424
1220	Property taxes receivable	2,958,910
1230	Allowance for uncollectible property taxes	(1,037,700)
1240	Due from other governments	2,115,359
1260	Due from fiduciary funds	17,952
1290	Other receivables	76,364
1310	Inventories	111,914
1410	Prepaid items	1,626,763
	Total current and other assets	158,703,986
	Capital assets:	
1510	Land	10,254,937
1520	Building and improvements	258,338,508
1530	Furniture and equipment	18,538,687
1580	Construction in progress	23,131,690
1560	Less accumulated depreciation	(80,926,073)
	Total capital assets (net)	229,337,749
1000	Total assets	388,041,735
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred loss on issuance of refunding bonds	9,988,352
1997	Deferred resource outflow related to net pension liability	1,939,640
	Total deferred outflows of resources	11,927,992
	Total assets and deferred outflows of resources	399,969,727
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	13,405,767
2140	Interest payable	4,203,967
2150	Payroll deductions and withholdings payable	463,296
2160	Accrued wages payable	1,455,031
2170	Due to fiduciary funds	1,554
2180	Due to other governments	6,636,248
2200	Accrued expenses	716,458
2300	Unearned revenue	396,199
2501	Noncurrent liabilities due within one year	12,995,727
	Total current liabilities	40,274,247
	Noncurrent liabilities:	
2502	Noncurrent liabilities due in more than one year	284,407,888
2595	Net pension liability	9,433,339
	Total noncurrent liabilities	293,841,227
2000	Total liabilities	334,115,474
	DEFERRED INFLOWS OF RESOURCES	
2602	Deferred resource inflow related to net pension liability	2,885,686
	Total deferred inflows of resources	2,885,686
	Total liabilities and deferred inflows of resources	337,001,160
	NET POSITION	
3200	Net investment in capital assets	50,608,609
	Restricted for:	
3840	Grant funds	2,081,580
3850	Debt service	6,504,616
3900	Unrestricted	3,773,762
	Total net position	\$ 62,968,567

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT B-1

Data Control Codes		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 44,530,011	\$ 31,727	\$ 4,590,795	\$ (39,907,489)
12	Instructional resources and media services	484,361	-	50,666	(433,695)
13	Curriculum and staff development	1,282,550	-	484,128	(798,422)
21	Instructional leadership	839,282	-	92,451	(746,831)
23	School leadership	3,991,291	-	246,840	(3,744,451)
31	Guidance and counseling	2,574,355	-	559,367	(2,014,988)
32	Social work services	204,158	-	5,744	(198,414)
33	Health services	813,607	-	93,638	(719,969)
34	Student (pupil) transportation	3,422,132	-	720,427	(2,701,705)
35	Food services	4,001,664	1,664,582	2,215,743	(121,339)
36	Cocurricular/extracurricular activities	2,171,413	119,255	130,209	(1,921,949)
41	General administration	2,949,663	-	111,209	(2,838,454)
51	Plant maintenance and operations	9,929,472	73,480	181,360	(9,674,632)
52	Security and monitoring services	524,177	-	6,684	(517,493)
53	Data processing services	3,736,801	-	74,720	(3,662,081)
61	Ancillary services	75,006	-	8,462	(66,544)
71	Debt service - interest and fees	12,548,106	-	-	(12,548,106)
81	Facilities repair and maintenance	9,506	-	-	(9,506)
91	Contracted instructional services	20,877,309	-	-	(20,877,309)
93	Payments to fiscal agent	130,571	-	130,490	(81)
95	Payments to juvenile justice alternative education program	19,800	-	-	(19,800)
97	Payments to tax increment fund	1,407,985	-	-	(1,407,985)
99	Other intergovernmental charges	788,330	-	-	(788,330)
TOTAL PRIMARY GOVERNMENT:		\$ 117,311,550	\$ 1,889,044	\$ 9,702,933	(105,719,573)

**Data
Control
Codes**

General revenues:

Taxes:

MT	Property taxes, levied for general purposes	79,067,056
DT	Property taxes, levied for debt service	23,617,432
SF	State aid-grants and contributions not restricted to specific programs	2,019,394
IE	Investment earnings	90,049
FR	SHARS/JROTC	1,266,710
MI	Miscellaneous	2,351,123
TR	Transfers out to fiduciary fund, net	(2,500)
TG	Total general revenues	<u>108,409,264</u>
CN	Change in net position	<u>2,689,691</u>
NB	Beginning net position - as originally reported	71,125,958
PA	Implementation of change in accounting principle (see Note 1)	<u>(10,847,082)</u>
NB	Beginning net position - as restated	<u>60,278,876</u>
NE	Net position - ending	<u>\$ 62,968,567</u>

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENT FUNDS
JUNE 30, 2015**

EXHIBIT C-1

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
1110	Cash and cash equivalents	\$34,754,521	\$10,257,833	\$ 99,820,908	\$ 6,774,030	\$ 151,607,292
	Receivables					
1220	Property taxes - delinquent	2,277,645	681,265	-	-	2,958,910
1230	Allowance for uncollectible taxes	(829,000)	(208,700)	-	-	(1,037,700)
1240	Due from other governments	827,162	55,276	577,549	655,372	2,115,359
1260	Due from other funds	531,343	-	65,937	30,258	627,538
1290	Other receivables	3,946	923	71,395	100	76,364
1310	Inventories, at cost	24,541	-	13,799	38,013	76,353
1410	Deferred expenditures	1,057,426	-	567,936	-	1,625,362
1000	Total assets	\$38,647,584	\$10,786,597	\$ 101,117,524	\$ 7,497,773	\$ 158,049,478
LIABILITIES						
2110	Accounts payable	\$ 388,308	\$ 10,081	\$ 12,940,595	\$ 63,093	\$ 13,402,077
2150	Payroll deductions and withholdings payable	463,296	-	-	-	463,296
2160	Accrued wages payable	1,304,525	-	-	150,506	1,455,031
2170	Due to other funds	80,188	-	16,216	501,142	597,546
2180	Due to other governments	6,568,289	67,933	-	26	6,636,248
2300	Unearned revenue	81,829	-	-	314,370	396,199
2000	Total liabilities	8,886,435	78,014	12,956,811	1,029,137	22,950,397
DEFERRED INFLOWS OF RESOURCES						
2601	Deferred property taxes	1,448,645	472,565	-	-	1,921,210
2600	Total deferred inflows of resources	1,448,645	472,565	-	-	1,921,210
FUND BALANCES						
	Non-spendable					
3410	Inventories	24,541	-	13,799	38,013	76,353
3430	Deferred expenditures	1,057,426	-	567,936	-	1,625,362
	Restricted for					
3450	Grant funds	-	-	-	2,043,567	2,043,567
3470	Capital acquisitions	-	-	87,578,978	-	87,578,978
3480	Retirement of long-term debt	-	10,236,018	-	-	10,236,018
	Committed for					
3520	Compensated absences	1,177,197	-	-	-	1,177,197
3540	Self insurance	1,000,000	-	-	-	1,000,000
3545	Student achievement and safety	-	-	-	4,387,056	4,387,056
	Unassigned					
3600	General fund	25,053,340	-	-	-	25,053,340
3000	Total fund balances	28,312,504	10,236,018	88,160,713	6,468,636	133,177,871
4000	Total liabilities, deferred inflows and fund balances	\$38,647,584	\$10,786,597	\$ 101,117,524	\$ 7,497,773	\$ 158,049,478

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, 2015**

EXHIBIT C-2

Total fund balances - governmental funds **\$ 133,177,871**

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	\$ 310,263,822	
Accumulated depreciation	(80,926,073)	
	229,337,749	229,337,749

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.		1,921,210
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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.		530,352
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Deferred loss on issuance of refunding bonds is not recorded in the fund financial statements but is recorded as a deferred outflow of resources on the statement of net position.		9,988,352
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Deferred outflows of resources for pension related items were not recognized on the balance sheet for governmental funds.		1,939,640
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Deferred inflows of resources for pension related liabilities were recognized on the balance sheet for governmental funds.		(2,885,686)
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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	(9,433,339)	
Bonds payable	(273,835,000)	
Premiums on issuance	(22,364,845)	
Compensated absences	(1,203,770)	
Accrued interest payable	(4,203,967)	
	(311,040,921)	(311,040,921)

Total net position - governmental activities		\$ 62,968,567
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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, 2015**

EXHIBIT C-3

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
5700 Total local and intermediate sources	\$ 74,769,199	\$ 29,305,208	\$ 717,908	\$ 2,175,233	\$ 106,967,548
5800 State program revenues	5,994,146	-	-	386,227	6,380,373
5900 Federal program revenues	1,266,710	-	-	5,332,226	6,598,936
5020 Total revenues	82,030,055	29,305,208	717,908	7,893,686	119,946,857
EXPENDITURES					
Current:					
0011 Instruction	35,639,489	-	1,686,016	2,657,497	39,983,002
0012 Instructional resources and media services	453,423	-	-	29,632	483,055
0013 Curriculum and instructional staff development	756,543	-	-	522,713	1,279,256
0021 Instructional administration	787,266	-	-	23,753	811,019
0023 School administration	4,017,963	-	-	23,588	4,041,551
0031 Guidance and counseling	2,146,027	-	-	446,655	2,592,682
0032 Social work services	206,208	-	-	-	206,208
0033 Health services	767,532	-	-	51,294	818,826
0034 Student (pupil) transportation	3,118,632	-	1,399,470	426	4,518,528
0035 Food services	-	-	-	3,880,325	3,880,325
0036 Cocurricular/extracurricular activities	1,370,545	-	5,250	112,754	1,488,549
0041 General administration	2,828,048	-	46,752	150	2,874,950
0051 Plant maintenance and operations	7,456,520	-	2,396,964	50,496	9,903,980
0052 Security and monitoring services	522,436	-	-	2,171	524,607
0053 Data processing services	1,308,405	-	2,211,151	-	3,519,556
0061 Ancillary services	61,041	-	-	8,462	69,503
0070 Debt service:					
0071 Principal	-	17,570,000	-	-	17,570,000
0072 Interest	-	10,378,396	-	-	10,378,396
0073 Bond issuance cost and fees	-	681,650	935,891	-	1,617,541
0081 Facilities acquisition and construction	-	-	23,065,236	-	23,065,236
0090 Intergovernmental:					
0091 Contracted instructional services	20,877,309	-	-	-	20,877,309
0093 Payments to fiscal agent	81	-	-	130,490	130,571
0095 Payments to juvenile justice alternative ed program	19,800	-	-	-	19,800
0097 Payments to tax increment fund	1,407,985	-	-	-	1,407,985
0099 Other intergovernmental charges	788,330	-	-	-	788,330
6030 Total expenditures	84,533,583	28,630,046	31,746,730	7,940,406	152,850,765
1100 Excess of Revenues Over (Under) Expenditure	(2,503,528)	675,162	(31,028,822)	(46,720)	(32,903,908)
OTHER FINANCING SOURCES AND (USES)					
7911 Issuance of bonds	-	73,850,000	99,675,000	-	173,525,000
7916 Premium or discount on issuance of bonds	-	7,326,735	11,260,891	-	18,587,626
7915 Transfers in	-	-	-	2,623	2,623
8911 Transfers out	-	-	-	(5,123)	(5,123)
8949 Other Uses	-	(80,390,465)	-	-	(80,390,465)
7080 Total Other Financing Sources and (Uses)	-	786,270	110,935,891	(2,500)	111,719,661
1200 Net change in fund balances	(2,503,528)	1,461,432	79,907,069	(49,220)	78,815,753
0100 Fund balance - July 1, 2014	30,816,032	8,774,586	8,253,644	6,517,856	54,362,118
3000 Fund balance - June 30, 2015	\$ 28,312,504	\$ 10,236,018	\$ 88,160,713	\$ 6,468,636	\$ 133,177,871

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, 2015**

EXHIBIT C-4

Net change in fund balances - total governmental funds	\$ 78,815,753
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The capital outlays that were expensed for governmental purposes but capitalized in statement of net position were:	25,321,869
Depreciation expense is recorded in statement of activities but is not recorded in the governmental fund statement of revenues, expenditures and changes in fund balance. The total amount of depreciation expense was:	(6,867,735)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. For the statement of activities, a portion of the current year property tax is recognized as income in the current year along with the related penalties and interest. The difference between the fund basis and full accrual basis on property taxes was:	56,884
Current year amortization of deferred loss on issuance of refunding bonds is not recorded in the governmental funds.	(522,706)
Current year amortization of premium on bonds payable is not recorded in the governmental funds.	996,743
The current year issuance of bonds are shown as an other resource in the fund financial statements but are shown as an increase in long-term liabilities on the government-wide financial statements.	(173,525,000)
Current year payments to bond refunding escrow agent are shown as other uses in the fund financial statements but are shown as reductions in long term debt and as a deferred loss on bond refunding in the government-wide financial statements.	80,390,465
Premiums associated with bonds payable are reported as revenue when bonds are issued. Amounts are reported net of amortization on the government-wide financial statements.	(18,587,626)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position, the amount of principal payments was:	17,570,000
The change in the interest expense accrual amount was:	(1,026,206)
Pension expenses not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements. The effect of the change is to increase net position.	467,697
Internal service funds are used by management to charge the costs of workers compensation and print shop activities to the governmental funds. Accordingly, the loss in the internal service funds is allocated back to the governmental activities.	(296,217)
Change in compensated absences to accrual basis.	<u>(104,230)</u>
Change in net position of governmental activities.	<u><u>\$ 2,689,691</u></u>

See Notes to Basic Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015**

EXHIBIT D-1

<u>Data Control Codes</u>		<u>Internal Service Fund</u>
ASSETS		
	Current assets:	
1110	Cash and cash equivalents	\$ 1,227,132
1260	Due from other funds	9
1310	Inventory	35,561
1410	Deferred expenses	1,401
	Total current assets	<u>1,264,103</u>
1000	Total assets	<u>1,264,103</u>
LIABILITIES		
	Current liabilities:	
2110	Accounts payable	3,690
2170	Due to other funds	13,603
2200	Accrued expenses	716,458
	Total current liabilities	<u>733,751</u>
2000	Total liabilities	<u>733,751</u>
NET POSITION		
3900	Unrestricted	<u>530,352</u>
3000	Total net position	<u><u>\$ 530,352</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT D-2

<u>Data Control Codes</u>		<u>Internal Service Fund</u>
	OPERATING REVENUES	
5700	Charges for services	\$ 208,120
5020	Total operating revenues	208,120
	OPERATING EXPENSES	
6100	Payroll costs	32,356
6200	Purchased and contracted services	429,949
6300	Supplies and materials	42,032
6030	Total operating expenses	504,337
	Operating loss	(296,217)
1300	Change in net position	(296,217)
0100	Net position - July 1, 2014	826,569
3300	Net position - June 30, 2015	\$ 530,352

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT D-3

	Internal Service Fund
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 231,460
Cash payments for insurance claims	(309,265)
Cash payments for other operating expenses	<u>(592,924)</u>
Net cash used in operating activities	<u>(670,729)</u>
Net decrease in cash and cash equivalents	(670,729)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>1,897,861</u>
CASH AND CASH EQUIVALENTS, end of the year	<u><u>\$ 1,227,132</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss:	\$ (296,217)
Effect of increases and decreases in current assets and liabilities:	
Decrease in due from other funds	23,427
Increase in deferred expenses	(87)
Decrease in inventory	6,101
Decrease in accounts payable	(3,861)
Decrease in due to other funds	(455,282)
Increase in accrued expenses	<u>55,190</u>
Net cash used in operating activities	<u><u>\$ (670,729)</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

EXHIBIT E-1

<u>Data Control Code</u>	<u>Trust Funds</u>	<u>865 Student Activity Fund</u>
ASSETS		
1110 Cash and cash equivalents	\$ 254,149	\$ 279,793
1260 Due from other funds	<u>330</u>	<u>1,224</u>
Total assets	254,479	281,017
LIABILITIES		
2110 Accounts payable	1,441	20,547
2160 Accrued wages payable	-	906
2170 Due to other funds	1,827	16,125
2190 Due to student groups	<u>11,189</u>	<u>243,439</u>
Total liabilities	<u>14,457</u>	<u>281,017</u>
NET POSITION		
Restricted	<u><u>\$ 240,022</u></u>	<u><u>\$ -</u></u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT E-2

	<u>Trust Funds</u>
Additions	
Gifts and contributions	\$ 145,959
Earnings on investments	68
Transfers in	<u>3,000</u>
Total additions	149,027
Deductions	
Scholarships awarded	115,400
Transfers out	<u>500</u>
Total deductions	<u>115,900</u>
Change in net position	33,127
Net position, July 1, 2014	<u>206,895</u>
Net position, June 30, 2015	<u><u>\$ 240,022</u></u>

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, 2015.

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. Temporary Investments

In accordance with GASB Statement No. 31, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

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, 2015 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, 2015.

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, business-type 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.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

**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

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 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

U. Recently Issued Accounting Pronouncements

During June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014.

During November 2014, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The Primary objective of this statement is to address the issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. This statement adds clarity to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement is effective for fiscal years beginning after June 15, 2014.

The District implemented GASB 68 and 71 during 2015 and as such retroactively reduced its beginning net position by \$10,847,082 for recognition of the District's net pension liability as of June 30, 2014.

During February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The Primary objective of this statement is to enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on the a government's financial position. This statement is effective for fiscal years beginning after June 15, 2015. The District is evaluating the impact of this statement.

During June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The Primary objective of this statement is to enhance the accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement is effective for fiscal years beginning after June 15, 2017. The District is evaluating the impact of this statement.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

U. Recently Issued Accounting Pronouncements – Continued

During June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Primary objective of this statement is to identify the hierarchy of generally accepted accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after December 15, 2015. The District is evaluating the impact of this statement.

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

NOTE 2. BONDED DEBT PAYABLE

Bonded debt payable as of June 30, 2015 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2014	Issued Current Year	Retired Current Year	Amount Outstanding 6/30/2015
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	-	6,090,000	125,000	5,965,000
Unlimited Tax School House Bonds Series 2014	1.50-5.00	99,675,000	-	99,675,000	6,940,000	92,735,000
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	5,810,000	-	675,000	5,135,000
Unlimited Tax School Refunding Bonds Series 2010	2.25-5.00	19,500,000	13,625,000	-	1,920,000	11,705,000
Unlimited Tax School House Bonds Series 2009	3.00-5.00	29,480,000	26,695,000	-	950,000	25,745,000
Unlimited Tax School House Bonds Series 2008A	3.00-5.00	20,895,000	17,505,000	-	15,540,000	1,965,000
Unlimited Tax School House Bonds Series 2008	3.00-5.00	65,000,000	58,755,000	-	55,285,000	3,470,000
Unlimited Tax School House and Refunding Bonds Series 2005A	3.50-5.00	63,700,000	7,500,000	-	7,500,000	-
Unlimited Tax Refunding Bonds Series 2005	3.25-5.00	10,755,000	3,135,000	-	3,135,000	-
Total bonded debt payable			<u>\$ 192,380,000</u>	<u>\$ 173,525,000</u>	<u>\$ 92,070,000</u>	<u>\$ 273,835,000</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 September 3, 2014, the District issued \$99,675,000 of unlimited tax school building bonds Series 2014 with interest rates between 1.5% 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 15th and will mature on February 15, 2039.

Advanced Refunding of Long-term Debt

On October 22, 2014, the District issued \$6,090,000 of unlimited tax refunding bonds with interest rates between 2.0% and 4.0% to advance refund \$6,115,000 of series 2005A bonds with original maturities between 2016 and 2031 and interest rates at 4.4% to 5.0%. The refunding was undertaken to reduce the District's total debt service over the life of the bonds by approximately \$847,496 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$693,541.

On March 10, 2015, the District issued \$67,760,000 of unlimited tax refunding bonds with interest rates between 3.0% and 5.0% to advance refund \$68,385,000 of series 2008 and 2008A bonds with original maturities between 2018 and 2031 and interest rates at 3.7% to 5.3%. The refunding was undertaken to reduce the District's total debt service over the life of the bonds by approximately \$8,026,345 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$6,412,696.

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, 2015 is approximately \$134.4 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
2016	\$ 10,975,000	\$ 11,471,603	\$ 22,446,603
2017	11,635,000	11,360,552	22,995,552
2018	11,240,000	10,920,783	22,160,783
2019	11,435,000	10,410,440	21,845,440
2020	12,135,000	9,956,116	22,091,116
2021-2025	64,405,000	41,236,031	105,641,031
2026-2030	69,915,000	26,598,922	96,513,922
2031-2035	45,215,000	14,498,925	59,713,925
2036-2040	36,880,000	4,725,000	41,605,000
	<u>\$ 273,835,000</u>	<u>\$ 141,178,372</u>	<u>\$ 415,013,372</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, 2014	\$ 1,099,540
New entrants and salary increments	176,465
Payments to participants	<u>(72,235)</u>
Balance, June 30, 2015	<u>\$ 1,203,770</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, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and notes payable					
General obligation bonds	\$192,380,000	\$ 173,525,000	\$ 92,070,000	\$ 273,835,000	\$ 10,975,000
Premium on bonds	5,669,993	18,587,626	1,892,774	22,364,845	1,882,813
Compensated absences	1,099,540	176,465	72,235	1,203,770	137,914
Total governmental activities long-term liabilities	<u>\$199,149,533</u>	<u>\$ 192,289,091</u>	<u>\$ 94,035,009</u>	<u>\$ 297,403,615</u>	<u>\$ 12,995,727</u>

NOTE 5. CAPITAL ASSET ACTIVITY

Capital asset activity for the district for the year ended June 30, 2015 was as follows:

Primary government:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated				
Land	\$ 10,254,937	\$ -	\$ -	\$ 10,254,937
Construction in progress	152,684	22,979,006	-	23,131,690
Total capital assets, not being depreciated	10,407,621	22,979,006	-	33,386,627
Capital assets, being depreciated				
Buildings and improvements	258,338,508	-	-	258,338,508
Furniture and equipment	16,195,824	2,342,863	-	18,538,687
Total capital assets, being depreciated	274,534,332	2,342,863	-	276,877,195
Less accumulated depreciation on:				
Buildings and improvements	62,256,211	5,777,525	-	68,033,736
Furniture and equipment	11,802,127	1,090,210	-	12,892,337
Total accumulated depreciation	74,058,338	6,867,735	-	80,926,073
Governmental activities capital assets, net	<u>\$210,883,615</u>	<u>\$ 18,454,134</u>	<u>\$ -</u>	<u>\$229,337,749</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	\$ 4,687,616
Instructional resources and media services	1,424
School leadership	1,050
Student (pupil) transportation	251,740
Food services	123,011
Co-curricular/extracurricular activities	690,300
General administration	73,467
Plant maintenance and operations	538,180
Data processing services	487,248
Community service	5,173
Facilities repair and maintenance	8,526
	<hr/>
Total depreciation expense	<u><u>\$ 6,867,735</u></u>

Construction in progress and remaining commitment, as of June 30, 2015, were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Baker 6th Grade	\$ 30,500,000	\$ 3,083,991	\$ 27,416,009
Lomax Elementary	25,300,000	4,059,081	21,240,919
La Porte High School/Multi-Purpose	108,500,000	9,765,166	98,734,834
College Park Elementary	9,600,000	1,524,685	8,075,315
La Porte Elementary	1,900,000	619,258	1,280,742
La Porte Junior High	16,600,000	2,465,970	14,134,030
Lomax Junior High	6,100,000	1,452,496	4,647,504
Maintenance Building	1,626,887	44,107	1,582,780
Other Projects	318,000	116,936	201,064
	<hr/>	<hr/>	<hr/>
	<u><u>\$200,444,887</u></u>	<u><u>\$ 23,131,690</u></u>	<u><u>\$ 177,313,197</u></u>
Less: transfers out for completed items		<hr/> <u>-</u>	
Total CIP		<u><u>\$ 23,131,690</u></u>	

**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, 2015 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 151,607,292
Proprietary funds	1,227,132
Fiduciary funds	533,942
	<u>\$ 153,368,366</u>

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

NOTE 6. DEPOSITS AND INVESTMENTS – CONTINUED

Cash and investments as of June 30, 2015 consist of the following:

Deposits with financial institutions	\$ 134,989,066
Investments	<u>18,379,300</u>
	<u><u>\$ 153,368,366</u></u>

Disclosures Relating to Interest Rate Risk

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.

As of June 30, 2015, the District had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>	<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2014</u>
TexPool Prime	\$ 113,710	36 days	AAA	AAAm
Lone Star Investment Pool	2,031	32 days	AAA	AAA
Certificates of Deposit	18,235,507	201 days	N/A	Not rated
Texas Term	<u>28,052</u>	32 days	AAA	AAAm
	<u><u>\$ 18,379,300</u></u>			

As of June 30, 2015 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

Disclosures Relating to Credit 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 above 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.

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, 2015, 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 \$195,025,414.
- C. Largest cash, savings and time deposit combined account balance amounted to \$188,635,665 and occurred during the month of February 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

Investment in State Investment Pools

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, Texas Term 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. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report Net Position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

Texas Term 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. The District's investment in this pool is the same as the value of the pool shares, which are valued based on quoted market rates.

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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**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. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2015 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

Contribution Rates		
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Employer # 0802 - 2014 Employer Contributions		\$ 895,354
Employer # 0802 - 2014 Member Contributions		\$ 832,636
Employer # 0802 - 2014 NECE On-behalf Contributions		\$ 2,211,555

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, 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.

E. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Groth Rate	3.50%

**Includes Inflation of 3%*

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

NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED

E. Actuarial Assumptions – Continued

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

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.

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

NOTE 7. DEFINED BENEFIT PENSION PLANS – CONTINUED

F. Discount Rates – Continued

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

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

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO 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 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$ 16,856,804	\$ 9,433,339	\$ 3,881,969

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 \$9,433,339 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	\$ 9,433,339
State's proportionate share that is associated with the District	<u>23,350,382</u>
Total	<u><u>\$ 32,783,721</u></u>

The net pension liability was measured as of August 31, 2014 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, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.03531% which was a decrease of 0.00003% from its proportion measured as of August 31, 2013. The change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

**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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended June 30, 2015, the District recognized pension expense of \$2,211,555 and revenue of \$2,211,555 for support provided by the State.

At June 30, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 145,890	\$ -
Changes in actuarial assumptions	613,177	-
Difference between projected and actual investment earnings	-	2,883,213
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	-	2,473
Contributions paid to TRS subsequent to the measurement date	<u>1,180,573</u>	<u>-</u>
Total	<u>\$ 1,939,640</u>	<u>\$ 2,885,686</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:	<u>Pension Expense Amount</u>
2016	\$ 587,407
2017	(593,166)
2018	(593,166)
2019	(593,166)
2020	127,637
Thereafter	118,408

**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 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 2015, 1.0% and 0.65% for fiscal years 2014, and 0.5% and 0.65% for fiscal year 2013, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. 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, 2015, 2014 and 2013, the State's contributions to TRS-Care were approximately \$450,000, \$450,000 and \$225,000, 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, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$136,985, \$130,080 and \$113,683, 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 \$716,151 as of June 30, 2015, 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, 2015 are as follows:

	<u>2015</u>	<u>2014</u>
Liability, beginning of year	\$ 661,268	\$ 576,536
Current year claims and changes in estimates	419,031	617,957
Claim payments	<u>(364,148)</u>	<u>(533,225)</u>
Liability, end of year	<u>\$ 716,151</u>	<u>\$ 661,268</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, 2015, 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.

Fund	Federal Grants	State Entitlements	Local Governments	Total
General	\$ -	\$ 681,635	\$ 145,527	\$ 827,162
Special revenue	655,372	-	-	655,372
Capital projects	-	-	577,549	577,549
Debt service	-	-	55,276	55,276
Total	<u>\$ 655,372</u>	<u>\$ 681,635</u>	<u>\$ 778,352</u>	<u>\$ 2,115,359</u>

NOTE 12. UNEARNED REVENUE

Unearned revenue at June 30, 2015 consisted of the following:

	General Fund	Special Revenue Fund	Total
Funding received in advance of expenditures	<u>\$ 81,829</u>	<u>\$ 314,370</u>	<u>\$ 396,199</u>
Total	<u>\$ 81,829</u>	<u>\$ 314,370</u>	<u>\$ 396,199</u>

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

NOTE 13. DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources at June 30, 2015 consisted of the following:

	General Fund	Debt Service Fund	Total
Deferred tax revenue	\$ 1,448,645	\$ 472,565	\$ 1,921,210
Total	<u>\$ 1,448,645</u>	<u>\$ 472,565</u>	<u>\$ 1,921,210</u>

NOTE 14. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at June 30, 2015 consisted of the following individual fund balances:

Due to Fund	Due from Fund	Amount	Purpose
General Fund	Nonmajor Fund	\$ 500,903	Transfer to Cover Expenditures
General Fund	Internal Service	13,603	Transfer to Cover Expenditures
General Fund	Capital Projects	16,216	Transfer to Cover Expenditures
General Fund	Trust & Agency	621	Interfund Services Provided
Nonmajor Fund	General Fund	12,927	Transfer to Cover Expenditures
Nonmajor Fund	Trust & Agency	17,331	Transfer to Cover Expenditures
Capital Projects	General Fund	65,937	Transfer to Cover Expenditures
Internal Service	Nonmajor Fund	9	Interfund Services Provided
Trust & Agency	General Fund	<u>1,554</u>	Transfer to Cover Expenditures
		<u>\$ 629,101</u>	

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

NOTE 15. 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, 2015. The imputed interest on the leases is not readily determinable.

Rental expenditures for the year ended June 30, 2015 amounted to \$226,905.

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

NOTE 16. RESTATEMENT OF BEGINNING NET POSITION

As discussed in Note 1, the District adopted GASB 68 and 71 during 2015, which requires a restatement of net position by retroactively recognizing the District's net pension liability as of June 30, 2014. This resulted in a decrease in beginning net position of \$10,847,082.

Net Position, June 30, 2014, as previously reported	\$ 71,125,958
Adoption of GASB 68 and 71 - Net Pension liability	<u>10,847,082</u>
Net Position, July, 1, 2014, as restated	<u><u>\$ 60,278,876</u></u>

NOTE 17. SUBSEQUENT EVENTS

In July 2015, the District sold \$72,545,000 in Unlimited School Building Bonds, Series 2015. The bonds consist of \$67,415,000 of serial bonds maturing in varying amounts from 2016 through 2037 with coupons ranging from 3.00% to 5.00%, as well as \$5,130,000 in term bonds maturing on February 15, 2039 with a coupon of 4.00%. Proceeds from the sale of the bonds will be used to acquire, construct and equip school buildings in the District, purchase new school busses and pay the costs of issuing the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

**LA PORTE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT G-1

Data Control Codes	General Fund			
	2015			
	Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
5700 Local and intermediate sources	\$72,800,064	\$74,959,497	\$74,769,199	\$ (190,298)
5800 State program revenues	6,259,792	6,010,316	5,994,146	(16,170)
5900 Federal program revenues	1,150,000	983,266	1,266,710	283,444
Total revenues	80,209,856	81,953,079	82,030,055	76,976
EXPENDITURES				
0011 Instruction	35,790,070	35,391,323	35,639,489	(248,166)
0012 Instruction resources and media services	511,098	451,624	453,423	(1,799)
0013 Curriculum and instructional staff development	576,802	710,807	756,543	(45,736)
0021 Instructional administration	1,214,232	1,250,207	787,266	462,941
0023 School administration	4,143,080	4,017,411	4,017,963	(552)
0031 Guidance and counseling services	2,052,726	2,071,372	2,146,027	(74,655)
0032 Social work service	206,335	207,871	206,208	1,663
0033 Health services	774,617	782,849	767,532	15,317
0034 Student (pupil) transportation	3,227,841	3,288,960	3,118,632	170,328
0036 Co-curricular/extracurricular activities	1,377,990	1,326,790	1,370,545	(43,755)
0041 General administration	3,124,617	2,908,852	2,828,048	80,804
0051 Plant maintenance and operations	7,842,384	7,590,399	7,456,520	133,879
0052 Security and monitoring services	583,960	527,735	522,436	5,299
0053 Data processing services	1,391,612	1,308,172	1,308,405	(233)
0061 Community services	62,600	68,981	61,041	7,940
Intergovernmental:				
0091 Contracted instructional services	20,414,636	20,877,322	20,877,309	13
0093 Payments to fiscal agent	12,765	82	81	1
0095 Payments to juvenile justice alt. ed. prgm.	19,620	19,800	19,800	-
0097 Payments to tax incremental fund	950,000	1,407,986	1,407,985	1
0099 Other intergovernmental charges	795,000	788,330	788,330	-
6030 Total expenditures	85,071,985	84,996,873	84,533,583	463,290
1100 Excess of revenues over (under) expenditures	(4,862,129)	(3,043,794)	(2,503,528)	540,266
OTHER FINANCING SOURCES AND (USES)				
7919 Extraordinary item - Insurance recovery	-	-	-	-
7080 Total other financing sources and (uses)	-	-	-	-
1200 Net change in fund balance	(4,862,129)	(3,043,794)	(2,503,528)	540,266
0100 FUND BALANCE - JULY 1	30,816,032	30,816,032	30,816,032	-
3000 FUND BALANCE - JUNE 30	\$ 25,953,903	\$ 27,772,238	\$ 28,312,504	\$ 540,266

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 YEAR ENDED JUNE 30, 2015**

EXHIBIT G-2

District's Proportion of the Net Pension Liability	0.03531%
District's Proportionate Share of Net Pension Liability	\$ 9,433,339
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>23,350,382</u>
Total	<u><u>\$ 32,783,721</u></u>
District's Covered-Employee Payroll	\$ 46,141,521
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	20.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: Only one year of data is presented in accordance with GASB Standard No.68 as the data for the years other than 2015 is not available.

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

EXHIBIT G-3

Contractually Required Contribution	\$ 895,354
Contribution in Relation to the Contractually Required Contribution	<u>(895,354)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
District's Covered-Employee Payroll	\$ 46,141,521
Contributions as a Percentage of Covered-Employee Payroll	1.94%

Note: Only one year of data is presented in accordance with GASB Standard No.68 as the data for the years other than 2015 is not available.

**LA PORTE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

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, 2014. 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.

COMBINING STATEMENTS AND SCHEDULES

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

EXHIBIT H-1

Data Control Codes		211 ESEA Title I Part A	224 IDEA Part B Formula	225 IDEA Part B Preschool	237 ESEA Title IV SDFS	240 Child Nutrition	244 Voc. Ed. Basic Grant	255 ESEA Title II Part A, TPTR
	ASSETS:							
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 2,117,127	\$ -	\$ -
	Receivables:							
1240	Due from other governments	182,029	333,145	5,089	4,977	60,767	13,205	21,689
1260	Due from other funds	-	-	-	-	13,098	-	-
1290	Other receivables	-	-	-	-	-	-	-
1300	Inventories, at cost	-	-	-	-	38,013	-	-
1000	Total assets	<u>\$ 182,029</u>	<u>\$ 333,145</u>	<u>\$ 5,089</u>	<u>\$ 4,977</u>	<u>\$ 2,229,005</u>	<u>\$ 13,205</u>	<u>\$ 21,689</u>
	LIABILITIES:							
	Current liabilities:							
2110	Accounts payable	\$ 19,934	\$ 1,693	\$ -	\$ 1,244	\$ 15,390	\$ -	\$ 841
2160	Accrued wages payable	21,442	49,392	952	-	66,414	-	3,350
2170	Due to other funds	140,653	282,060	4,137	3,733	8,205	13,205	17,498
2180	Due to other governments	-	-	-	-	-	-	-
2300	Unearned revenues	-	-	-	-	57,416	-	-
2000	Total liabilities	<u>182,029</u>	<u>333,145</u>	<u>5,089</u>	<u>4,977</u>	<u>147,425</u>	<u>13,205</u>	<u>21,689</u>
	FUND BALANCE:							
3410	Non-spendable - inventories	-	-	-	-	38,013	-	-
3450	Restricted for grant funds	-	-	-	-	2,043,567	-	-
3545	Student achievement and safety	-	-	-	-	-	-	-
3000	Total fund equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,081,580</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund equity	<u>\$ 182,029</u>	<u>\$ 333,145</u>	<u>\$ 5,089</u>	<u>\$ 4,977</u>	<u>\$ 2,229,005</u>	<u>\$ 13,205</u>	<u>\$ 21,689</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(CONTINUED)**

EXHIBIT H-1

Data Control Codes		263 Title III, Part A LEP & Immigrant	272 Medicaid Administrative Claims	289 Summer School LEP	397 AP/IB Incentive Program	410 Textbook Fund	429 TEA Disaster Relief and License Plate Program	461 Campus Activity Funds
	ASSETS:							
1110	Cash and temporary investments	\$ -	\$ 7,450	\$ 297	\$ 7,448	\$ 251,467	\$ 3,894,599	\$ 447,116
			-					
	Cash and temporary investments							
1241	Due from other governments	16,109	-	-	-	-	-	-
1260	Due from other funds	-	-	-	-	-	-	17,160
1290	Other receivables							100
1300	Inventories, at cost	-	-	-	-	-	-	-
1000	Total assets	<u>\$ 16,109</u>	<u>\$ 7,450</u>	<u>\$ 297</u>	<u>\$ 7,448</u>	<u>\$ 251,467</u>	<u>\$ 3,894,599</u>	<u>\$ 464,376</u>
	LIABILITIES:							
	Current liabilities:							
2110	Accounts payable	\$ 2,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,445
2160	Accrued wages payable	-	2,260	-	-	-	-	5,963
2170	Due to other funds	13,792	-	-	-	-	-	230
2180	Due to other governments	-	-	-	-	-	-	26
2300	Unearned revenues	-	5,190	297	-	251,467	-	-
2000	Total liabilities	16,109	7,450	297	-	251,467	-	18,664
	FUND BALANCE:							
3410	Non-spendable - inventories	-	-	-	-	-	-	-
3450	Restricted for grant funds	-	-	-	-	-	-	-
3545	Student achievement and safety	-	-	-	7,448	-	3,894,599	445,712
3000	Total fund equity	-	-	-	7,448	-	3,894,599	445,712
4000	Total liabilities and fund equity	<u>\$ 16,109</u>	<u>\$ 7,450</u>	<u>\$ 297</u>	<u>\$ 7,448</u>	<u>\$ 251,467</u>	<u>\$ 3,894,599</u>	<u>\$ 464,376</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
TOTAL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
(CONTINUED)**

EXHIBIT H-1

Data Control Codes		480 Student Drug Testing	481 La Porte Education Foundation	482 SHAC - It's Your Game Keep It Real	483 Local Grants & Donations	484 SHAC - EKG Grant	Total June 30, 2014
	ASSETS:						
1110	Cash and temporary investments	\$ 60	\$ 8,166	\$ -	\$ 38,110	\$ 2,190	\$6,774,030
	Cash and temporary investments						
1241	Due from other governments	-	-	18,362	-	-	655,372
1260	Due from other funds	-	-	-	-	-	30,258
1290	Other receivables	-	-	-	-	-	100
1300	Inventories, at cost	-	-	-	-	-	38,013
1000	Total assets	<u>\$ 60</u>	<u>\$ 8,166</u>	<u>\$ 18,362</u>	<u>\$ 38,110</u>	<u>\$ 2,190</u>	<u>\$7,497,773</u>
	LIABILITIES:						
	Current liabilities:						
2110	Accounts payable	\$ -	\$ 8,164	\$ -	\$ 1,065	\$ -	\$ 63,093
2160	Accrued wages payable	-	-	733	-	-	150,506
2170	Due to other funds	-	-	17,629	-	-	501,142
2180	Due to other governments	-	-	-	-	-	26
2300	Unearned revenues	-	-	-	-	-	314,370
2000	Total liabilities	<u>-</u>	<u>8,164</u>	<u>18,362</u>	<u>1,065</u>	<u>-</u>	<u>1,029,137</u>
	FUND BALANCE:						
3410	Non-spendable - inventories	-	-	-	-	-	38,013
3450	Restricted for grant funds	-	-	-	-	-	2,043,567
3545	Student achievement and safety	60	2	-	37,045	2,190	4,387,056
3000	Total fund equity	<u>60</u>	<u>2</u>	<u>-</u>	<u>37,045</u>	<u>2,190</u>	<u>6,468,636</u>
4000	Total liabilities and fund equity	<u>\$ 60</u>	<u>\$ 8,166</u>	<u>\$ 18,362</u>	<u>\$ 38,110</u>	<u>\$ 2,190</u>	<u>\$7,497,773</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, 2015**

EXHIBIT H-2

Data Control Codes	211 ESEA Title I Part A	224 IDEA Part B Formula	225 IDEA Part B Preschool	237 ESEA Title IV SDFS	240 Child Nutrition	244 Voc. Ed. Basic Grant	255 ESEA Title II Part A, TPTR
REVENUES:							
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ 1,668,044	\$ -	\$ -
5800 State program revenues	-	-	-	-	23,171	-	-
5900 Federal program revenues	794,952	1,583,608	25,372	76,532	2,404,756	74,055	235,909
5020 Total revenues	794,952	1,583,608	25,372	76,532	4,095,971	74,055	235,909
EXPENDITURES:							
0011 Instruction	760,626	1,000,851	25,075	76,532	-	74,055	37,149
0012 Instructional resources and media services	1,242	-	-	-	-	-	-
0013 Curriculum and instructional staff development	24,532	13,036	-	-	-	-	182,433
0021 Instructional administration	-	21,756	-	-	-	-	1,084
0023 School administration	1,102	-	-	-	-	-	15,243
0031 Guidance and counseling services	-	417,325	-	-	-	-	-
0033 Health services	-	-	297	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-
0035 Food service	-	-	-	-	3,880,325	-	-
0036 Co-curricular/extracurricular activities	-	-	-	-	-	-	-
0041 General administration	-	150	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	48,731	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-
0061 Ancillary services	7,450	-	-	-	-	-	-
0093 Payments to fiscal agent	-	130,490	-	-	-	-	-
6030 Total expenditures	794,952	1,583,608	25,372	76,532	3,929,056	74,055	235,909
1100 Excess (Deficiency) Revenues Over Expenditure	-	-	-	-	166,915	-	-
7915 Transfers in	-	-	-	-	-	-	-
8911 Transfers out	-	-	-	-	-	-	-
Total Other Financial Sources and (Uses)	-	-	-	-	-	-	-
1200 Net change in fund balance	-	-	-	-	166,915	-	-
0100 Fund balance - July 1 (beginning)	-	-	-	-	1,914,665	-	-
3000 Fund balance - June 30 (ending)	\$ -	\$ -	\$ -	\$ -	\$ 2,081,580	\$ -	\$ -

**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, 2015
(CONTINUED)**

EXHIBIT H-2

Data Control Codes		263 Title III, Part A LEP & Immigrant	272 Medicaid Administrative Claims	289 Summer School LEP	397 AP/IB Incentive Program	410 Textbook Fund	429 TEA Disaster Relief and License Plate Program
	REVENUES:						
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	8,850	353,096	26
5900	Federal program revenues	56,621	73,100	7,321	-	-	-
5020	Total revenues	56,621	73,100	7,321	8,850	353,096	26
	EXPENDITURES:						
0011	Instruction	33,579	49,798	314	-	342,446	537
0012	Instructional resources and media services	-	-	-	-	-	26
0013	Curriculum and instructional staff development	19,475	-	7,007	2,687	10,650	245,368
0021	Instructional administration	422	-	-	-	-	-
0023	School administration	1,100	-	-	-	-	-
0031	Guidance and counseling services	1,033	23,302	-	-	-	-
0033	Health services	-	-	-	-	-	-
0034	Student transportation	-	-	-	-	-	-
0035	Food service	-	-	-	-	-	-
0036	Co-curricular/extracurricular activities	-	-	-	-	-	-
0041	General administration	-	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-	-
0061	Ancillary services	1,012	-	-	-	-	-
0093	Payments to fiscal agent	-	-	-	-	-	-
6030	Total expenditures	56,621	73,100	7,321	2,687	353,096	245,931
1100	Excess (Deficiency) Revenues Over Expenditures	-	-	-	6,163	-	(245,905)
7915	Transfers in	-	-	-	-	-	-
8911	Transfers out	-	-	-	-	-	-
	Total Other Financial Sources and (Uses)	-	-	-	-	-	-
1200	Net change in fund balance	-	-	-	6,163	-	(245,905)
0100	Fund balance - July 1 (beginning)	-	-	-	1,285	-	4,140,504
3000	Fund balance - June 30 (ending)	\$ -	\$ -	\$ -	\$ 7,448	\$ -	\$ 3,894,599

**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, 2015
(CONTINUED)**

EXHIBIT H-2

Data Control Codes		461 Campus Activity Funds	480 Student Drug Testing	481 La Porte Education Foundation	482 SHAC - It's Your Game Keep It Real	483 Local Grants and Donations	484 SHAC - EKG Grant	Total June 30, 2014
	REVENUES:							
5700	Local and intermediate sources	\$ 300,402	\$ -	\$ 84,698	\$ 34,271	\$ 87,808	\$ 10	\$ 2,175,233
5800	State program revenues	-	-	-	-	1,084	-	386,227
5900	Federal program revenues	-	-	-	-	-	-	5,332,226
5020	Total revenues	<u>300,402</u>	<u>-</u>	<u>84,698</u>	<u>34,271</u>	<u>88,892</u>	<u>10</u>	<u>7,893,686</u>
	EXPENDITURES:							
0011	Instruction	132,201	926	84,697	21,104	17,604	3	2,657,497
0012	Instructional resources and media services	28,344	-	-	-	20	-	29,632
0013	Curriculum and instructional staff development	6,977	-	-	8,915	1,633	-	522,713
0021	Instructional administration	-	-	-	491	-	-	23,753
0023	School administration	6,143	-	-	-	-	-	23,588
0031	Guidance and counseling services	1,306	-	-	3,689	-	-	446,655
0033	Health services	270	-	-	72	50,655	-	51,294
0034	Student transportation	426	-	-	-	-	-	426
0035	Food service	-	-	-	-	-	-	3,880,325
0036	Co-curricular/extracurricular activities	110,416	-	-	-	1,898	440	112,754
0041	General administration	-	-	-	-	-	-	150
0051	Plant maintenance and operations	1,765	-	-	-	-	-	50,496
0052	Security and monitoring services	2,171	-	-	-	-	-	2,171
0061	Ancillary services	-	-	-	-	-	-	8,462
0081	Payments to fiscal agent	-	-	-	-	-	-	130,490
6030	Total expenditures	<u>290,019</u>	<u>926</u>	<u>84,697</u>	<u>34,271</u>	<u>71,810</u>	<u>443</u>	<u>7,940,406</u>
1100	Excess (Deficiency) Revenues Over Expenditures	10,383	(926)	1	-	17,082	(433)	(46,720)
7915	Transfers in	-	-	-	-	-	2,623	2,623
8911	Transfers out	(2,500)	-	-	(2,623)	-	-	(5,123)
	Total Other Financial Sources and (Uses)	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>(2,623)</u>	<u>-</u>	<u>2,623</u>	<u>(2,500)</u>
1200	Net change in fund balance	7,883	(926)	1	(2,623)	17,082	2,190	(49,220)
0100	Fund balance - July 1 (beginning)	<u>437,829</u>	<u>986</u>	<u>1</u>	<u>2,623</u>	<u>19,963</u>	<u>-</u>	<u>6,517,856</u>
3000	Fund balance - June 30 (ending)	<u>\$ 445,712</u>	<u>\$ 60</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 37,045</u>	<u>\$ 2,190</u>	<u>\$ 6,468,636</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS
STUDENT ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT H-3

		Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS					
1110	Cash and Cash Equivalents	\$ 304,904	\$ 751,387	\$ (776,498)	\$ 279,793
1260	Sundry Receivables	2,925	2,098	(3,798)	1,224
	Total Assets	<u>\$ 307,829</u>	<u>\$ 753,485</u>	<u>\$ (780,296)</u>	<u>\$ 281,017</u>
LIABILITIES					
2110	Accounts Payable	\$ 37,500	\$ 733,510	\$ (750,463)	\$ 20,547
2160	Accrued Wages Payable	755	1,812	(1,661)	906
2170	Sundry Payables	7,047	21,803	(12,725)	16,125
2190	Due to Student Groups	262,527	796,701	(815,789)	243,439
	Total Liabilities	<u>\$ 307,829</u>	<u>\$ 1,553,826</u>	<u>\$ (1,580,638)</u>	<u>\$ 281,017</u>

REQUIRED TEA SCHEDULES

**LA PORTE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2015**

Year Ended June 30	Tax Rates		Assessed Value	Beginning Balance 7/1/2014
	Maintenance	Debt Service		
2005 and Prior	Various	Various	Various	\$ 333,803
2006	1.5000	0.2335	4,530,862,526	143,742
2007	1.3700	0.2650	4,936,217,370	114,653
2008	1.0400	0.2650	5,518,631,433	69,488
2009	1.0400	0.2850	6,015,684,028	154,923
2010	1.0400	0.2850	5,966,362,279	211,326
2011	1.0400	0.2850	5,789,629,020	149,329
2012	1.0400	0.3150	6,004,563,235	138,086
2013	1.0400	0.2900	6,208,701,705	294,818
2014	1.0400	0.2900	6,601,456,565	1,231,557
2015	1.0400	0.4100	7,047,165,791	-
1000		Totals		<u>\$ 2,841,725</u>
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code		<u>\$ 77,139,691</u>	<u>\$ 53,338</u>

EXHIBIT J-1

Current Year Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2015
\$ -	\$ 13,660	\$ 1,587	\$ 867	\$ 319,423
-	1,935	301	(1,247)	140,259
-	3,469	671	(964)	109,549
-	6,904	1,759	(959)	59,866
-	11,138	3,052	100	140,833
-	14,189	3,888	1,967	195,216
-	32,555	8,921	16,530	124,383
-	33,073	10,018	3,593	98,588
-	134,219	37,427	17,116	140,288
-	158,598	44,224	(759,969)	268,766
<u>102,183,911</u>	<u>72,589,981</u>	<u>29,076,555</u>	<u>844,364</u>	<u>1,361,739</u>
<u>\$ 102,183,911</u>	<u>\$ 72,999,721</u>	<u>\$ 29,188,403</u>	<u>\$ 121,398</u>	<u>\$ 2,958,910</u>
			Taxes receivable per exhibit C-1	<u>\$ 2,958,910</u>
<u>\$ 1,525,249</u>	<u>\$ 1,407,985</u>	<u>\$ -</u>	<u>\$ (98,791)</u>	<u>\$ 71,811</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT J-2

<u>Data Control Codes</u>	<u>Child Nutrition</u>			
	<u>2015</u>			
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
5700 Local and intermediate sources	\$1,436,500	\$1,436,500	\$1,668,044	\$ 231,544
5800 State program revenues	23,000	23,000	23,171	171
5900 Federal program revenues	2,333,000	2,333,000	2,404,756	71,756
Total revenues	3,792,500	3,792,500	4,095,971	303,471
EXPENDITURES				
Support services - student (pupil)				
0035 Food service	4,150,229	4,157,902	3,880,325	277,577
0051 Plant maintenance and operations	62,588	62,588	48,731	13,857
Total support services - student (pupil)	4,212,817	4,220,490	3,929,056	291,434
6030 Total expenditures	4,212,817	4,220,490	3,929,056	291,434
1200 Net change in fund balance	(420,317)	(427,990)	166,915	594,905
0100 FUND BALANCE - JULY 1	1,914,665	1,914,665	1,914,665	-
3000 FUND BALANCE - JUNE 30	\$1,494,348	\$1,486,675	\$2,081,580	\$ 594,905

**LA PORTE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

EXHIBIT J-3

Data Control Codes		Debt Service Fund			
		2015			
		Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	\$18,005,994	\$28,411,570	\$29,305,208	\$ 893,638
	Total Revenues	18,005,994	28,411,570	29,305,208	893,638
	EXPENDITURES				
0070	Debt Service				
0071	Principal	8,545,000	17,570,000	17,570,000	-
0071	Interest	8,489,491	10,378,397	10,378,396	1
0073	Bond issuance cost and fees	20,000	1,267,072	681,650	585,422
6030	Total debt service	17,054,491	29,215,469	28,630,046	585,423
1100	Excess of Revenues over Expenditures	951,503	(803,899)	675,162	1,479,061
	OTHER FINANCING SOURCES AND (USES)				
7911	Issuance of bonds	-	73,850,000	73,850,000	-
7916	Premium on issuance of bonds	-	7,316,103	7,326,735	(10,632)
7917	Prepaid interest	-	583,309	-	583,309
8949	Other uses	-	(80,390,466)	(80,390,465)	(1)
7080	Total other financing sources and (uses)	-	1,358,946	786,270	572,676
1200	NET CHANGE IN FUND BALANCE	951,503	555,047	1,461,432	2,051,737
0100	FUND BALANCE - JULY 1	8,774,586	8,774,586	8,774,586	-
3000	FUND BALANCE - JUNE 30	<u>\$ 9,726,089</u>	<u>\$ 9,329,633</u>	<u>\$ 10,236,018</u>	<u>\$ 2,051,737</u>

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

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

Fiscal Year	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	31-Aug 2006
Governmental Activities										
Net Investment in Capital Assets	\$ 50,608,609	\$ 49,715,550	\$ 61,780,754	\$ 59,397,384	\$ 50,203,269	\$ 47,802,639	\$ 42,870,280	\$ 36,871,644	\$ 41,726,096	\$ 38,076,580
Restricted	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	2,273,027
Unrestricted	3,773,762	13,511,147	7,598,907	14,213,315	7,787,870	15,439,706	19,073,416	30,861,085	21,616,562	13,772,816
Total Governmental Activities Net Position	<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>	<u>54,122,423</u>
Primary Government										
Net Investment in Capital Assets	50,608,609	49,715,550	61,780,754	59,397,384	50,203,269	47,802,639	42,870,280	36,871,644	41,726,096	38,076,580
Restricted	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	2,273,027
Unrestricted	3,773,762	13,511,147	7,598,907	14,213,315	7,787,870	15,439,706	19,073,416	30,861,085	21,616,562	13,772,816
Total Primary Government Net Position	<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>	<u>\$ 54,122,423</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

Fiscal Year	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	31-Aug 2006
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 36,708,324
Instructional Resources and Media Services	484,361	482,710	501,443	727,755	825,891	1,188,805	1,018,526	1,102,922	726,025	752,263
Curriculum and Staff Development	1,282,550	734,170	641,689	585,541	671,220	659,289	582,394	611,718	560,154	548,803
Instructional Leadership	839,282	1,170,527	1,142,625	994,257	1,026,317	1,128,163	1,123,646	982,524	634,331	707,460
School Leadership	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	3,072,541
Guidance and Counseling	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	1,236,091
Social Work Services	204,158	195,190	165,195	162,220	181,588	161,929	145,073	149,541	69,080	79,489
Health Services	813,607	736,101	691,172	745,019	815,913	820,900	773,131	681,841	517,998	496,684
Student (Pupil) Transportation	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	2,558,226
Food Services	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	3,137,690
Co-curricular/Extracurricular Activities	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	2,797,829
General Administration	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	2,611,288
Plant Maintenance and Operations	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	7,269,531
Security and Monitoring Services	524,177	542,011	519,364	548,739	609,179	668,566	543,100	505,853	457,370	438,245
Data Processing Services	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	1,898,602
Ancillary Services	75,006	68,500	52,049	60,520	85,274	62,136	53,482	53,768	53,409	92,461
Debt Service - Interest and Fees	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	4,493,301
Facilities Acquisition and Construction	9,506	73,997	232,769	784,746	1,432,410	25,858,090	120,134	410,598	1,125,685	
Contracted Instructional Services	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	25,613,468
Incremental costs related to WADA							238,558	199,282	164,364	215,479
Payments to fiscal agent	130,571	120,968	99,000	87,265	89,793	80,739	119,576	90,053	75,775	77,848
Payments to Juvenile Justice Alternative Ed. Programs	19,800	19,620	19,620	19,620	20,790	18,900			1,800	1,791
Payments to tax increment fund	1,407,985	1,253,630	877,868	934,600	1,110,264	1,088,059	804,807	55,709		
Other Intergovernmental Charges	788,330	661,254	660,402	655,091	644,788	651,956	389,793	497,231		
Total Governmental Activities Expenses	<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>	<u>94,807,414</u>
Program Revenues:										
Governmental Activities:										
Charges for Services										
Instruction	31,727	36,253	53,863	20,509	27,886	26,398	51,431	49,889	53,997	84,442
Student Transportation										
Food Service	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	1,723,782
Curricular/Extracurricular Activities	119,255	106,928	134,466	155,870	111,767	131,114	130,730	790,348	765,711	892,382
General Administration										
Plant Maintenance and Operations	73,480	98,187	114,583	58,838	50,931	32,869	34,741	26,073	14,959	107,116
Construction								6,660	6,645	
Operating Grants and Contributions	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	8,411,387
Total Governmental Activities Program Revenues	<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>	<u>11,219,109</u>
Net (Expense)/Revenues										
Governmental Activities:	(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)	(83,588,306)
Total Primary Government Net (Expense)/Revenues	<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>	<u>\$ (83,588,306)</u>

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues:										
Governmental Activities:										
Property Taxes - General	\$ 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	\$ 67,872,225
Property Taxes - Debt Service	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	10,557,824
State Aid - Grants and Contributions not Restricted	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	3,309,984
Investment Earnings	90,049	96,660	134,986	139,912	148,288	341,475	2,185,309	2,488,848	3,443,264	3,915,100
SHARS/JROTC	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	-	-	-	(113,453)	(530,318)	-	(6,424,241)	-	-	-
Grants and contributions not restricted	-	-	-	3,040,289	-	-	-	-	-	333,813
Miscellaneous	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	193,904
Transfers (net)	(2,500)	-	-	(61,182)	-	(43,997)	-	-	-	-
Total Governmental Activities General Revenues	<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>	<u>86,182,850</u>
 Changes in Net Position										
Governmental Activities:										
Implementation of GASB 68*	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	2,594,544
Implementation of GASB 68*	(10,847,082)	-	-	-	-	-	-	-	-	-
Implementation of GASB 65*	-	(1,782,018)	-	-	-	-	-	-	-	-
Total Primary Government	<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>	<u>\$ 2,594,544</u>

Source: La Porte Independent School District's Audit Reports

*As a result of implementing GASB 68 and 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 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	31-Aug 2006
General Fund										
Nonspendable	\$ 1,081,967	\$ 1,320,438	\$ 1,612,141	\$ 83,910	\$ 85,551	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	2,177,197	2,059,320	2,016,430	1,931,661	1,980,372	-	-	-	-	-
Assigned	-	-	-	44,651	-	-	-	-	-	-
Unassigned	25,053,340	27,436,274	29,565,826	33,127,599	21,746,547	-	-	-	-	-
Designated	-	-	-	-	-	2,900,127	2,734,122	2,902,876	2,871,692	3,269,177
Reserved	-	-	-	-	-	1,037,264	1,582,656	240,407	480,714	432,458
Unreserved	-	-	-	-	-	22,918,219	21,886,293	24,646,178	24,260,475	16,066,539
Total General Fund	<u>28,312,504</u>	<u>30,816,032</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>	<u>19,768,174</u>
All Other Governmental Funds										
Nonspendable										
Inventories	51,812	25,697	48,189	53,679	54,749	-	-	-	-	-
Prepaid Items	567,936	57,768	56,924	56,751	49,293	-	-	-	-	-
Restricted										
Grant Funds	2,043,567	1,888,968	1,666,962	1,438,989	1,218,644	-	-	-	-	-
Capital acquisitions	87,578,978	8,195,876	12,691,463	20,684,431	29,148,114	-	-	-	-	-
Retirement of long term debt	10,236,018	8,774,586	6,407,019	5,284,442	10,956,433	-	-	-	-	-
Committed										
Compensated Absences	-	-	-	-	-	-	-	-	-	-
Self Insurance	-	-	-	-	-	-	-	-	-	-
Student achievement and safety	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	847,767
Capital acquisitions	-	-	-	-	-	15,540,934	34,809,320	86,816,919	25,620,524	56,120,489
Retirement of long term debt	-	-	-	-	-	11,314,332	9,860,701	7,708,196	4,704,331	1,430,270
Unreserved	-	-	-	-	-	-	799,338	771,188	822,875	410,112
Total All Other Governmental Funds	<u>\$ 104,865,367</u>	<u>\$ 23,546,086</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>	<u>\$ 58,808,638</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)

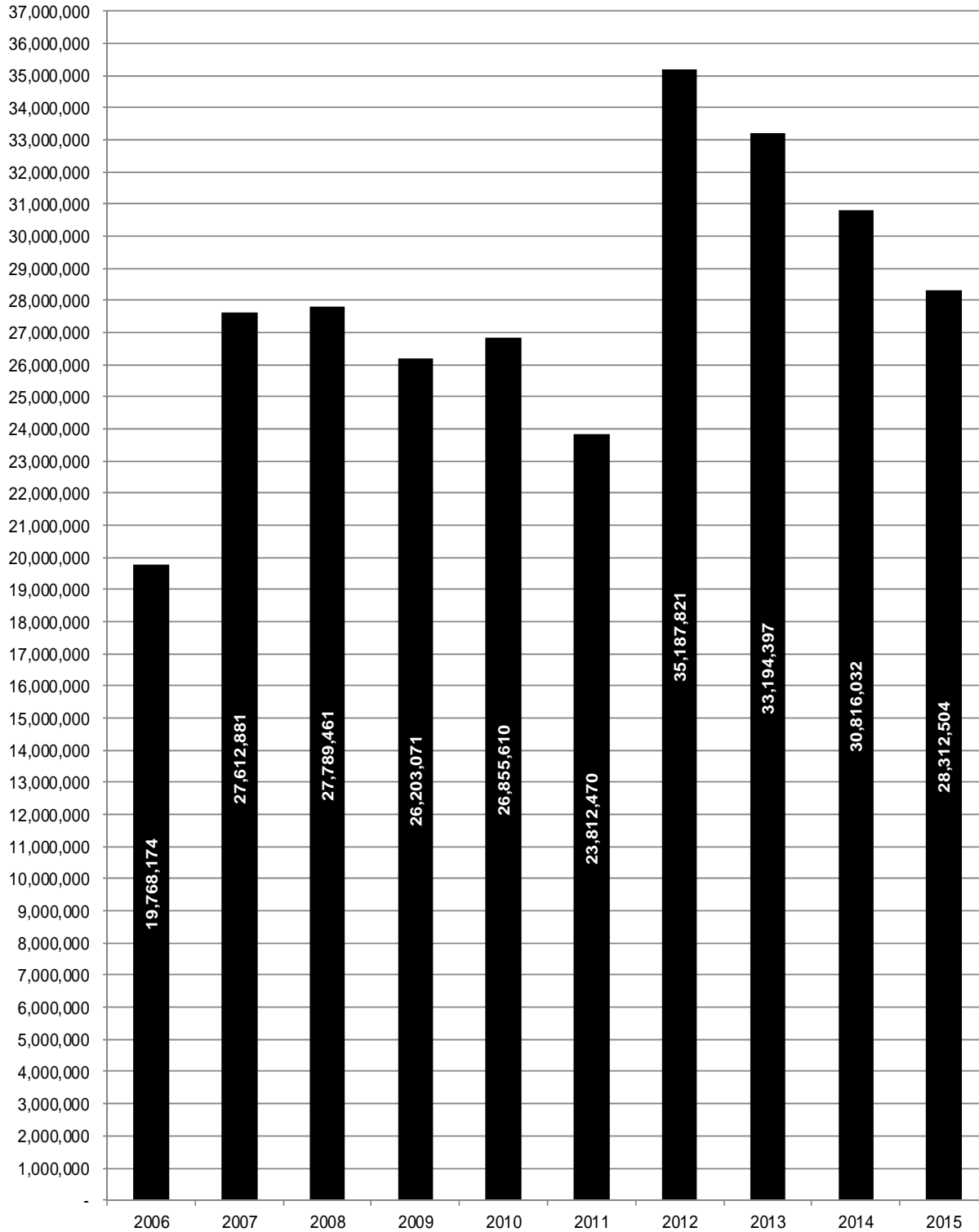
	30-Jun 2015	30-Jun 2014	30-Jun 2013	30-Jun 2012	30-Jun 2011	30-Jun 2010	30-Jun 2009	30-Jun 2008	30-Jun 2007	31-Aug 2006
REVENUES										
Local and Intermediate Sources	\$ 106,967,548	\$ 92,060,038	\$ 86,324,262	\$ 84,896,434	\$ 81,473,480	\$ 89,127,430	\$ 82,953,052	\$ 77,606,948	\$ 86,494,676	\$ 85,173,557
State Program Revenues	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	6,788,840
Federal Program Revenues	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	5,266,344
Total Revenues	119,946,857	104,718,948	99,991,540	111,567,855	101,092,849	117,461,291	107,577,254	101,119,297	102,581,166	97,228,741
EXPENDITURES										
11 Instruction	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	35,830,328
12 Instructional Resources & Media Services	483,055	481,502	499,708	727,947	840,162	1,178,508	1,018,616	1,084,774	719,803	750,858
13 Curriculum & Instructional Staff Development	1,279,256	730,821	641,380	586,159	680,217	657,914	583,578	612,494	559,876	615,155
21 Instructional Administration	811,019	1,164,769	1,134,434	997,049	1,049,824	1,121,204	1,129,045	970,589	633,465	742,290
23 School Administration	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	3,130,973
31 Guidance and Counseling	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	1,250,189
32 Social Work Services	206,208	194,897	164,796	162,440	184,084	161,289	145,915	149,800	68,982	79,589
33 Health Services	818,826	736,770	691,033	747,347	835,669	816,045	778,021	684,020	517,213	497,602
34 Student (Pupil) Transportation	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	2,131,837
35 Food Services	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	3,137,532
36 Co-curricular/Extracurricular Activities	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	2,117,341
41 General Administration	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	2,580,805
51 Plant Maintenance and Operations	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	7,260,306
52 Security and Monitoring Services	524,607	542,059	519,360	550,351	615,768	670,124	544,731	510,506	455,692	437,886
53 Data Processing Services	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	1,886,130
61 Ancillary Services	69,503	62,092	46,876	55,661	80,101	56,962	67,890	53,768	53,409	92,461
70 Debt Service										
71 Principal	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	7,010,000
72 Interest	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	4,654,070
73 Bond Issuance Cost and Fees	1,617,541	4,850	4,850	405,182	291,512	513,883	4,459	993,163		
81 Facilities Acquisition and Construction	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	2,977,254
90 Other Intergovernmental Charges	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	25,908,586
Total Expenditures	152,850,765	109,017,067	109,161,324	110,408,697	120,224,030	157,491,119	158,884,282	123,807,063	121,522,578	103,091,192
Excess of Revenues Over (Under) Expenditures	(32,903,908)	(4,298,119)	(9,169,784)	1,159,158	(19,131,181)	(40,029,828)	(51,307,028)	(22,687,766)	(18,941,412)	(5,862,451)
OTHER FINANCING SOURCES AND (USES)										
Refunding Bonds Issued	73,850,000	-	-	-	-	19,500,000	-	-	-	4,070,000
Capital-Related Debt Issuance	99,675,000	-	-	40,685,000	26,660,000	29,480,000	-	85,895,000	-	59,630,000
Premium or Discount on Issuance of Bonds	18,587,626	-	-	4,008,196	437,855	1,745,271	-	1,116,321	-	1,149,060
Extraordinary item - Insurance recovery	-	-	-	3,040,289	-	-	-	-	-	-
Other resources/(uses)	(80,390,465)	-	-	(51,297,093)	-	(20,974,388)	-	-	-	(4,090,852)
Transfers in	2,623	-	-	-	1,525	336,892	-	-	355,000	2,620,873
Transfers Out	(5,123)	-	-	(61,182)	(1,525)	(380,889)	-	-	(355,000)	(2,620,873)
Total Other Financing Sources and (Uses)	111,719,661	-	-	(3,624,790)	27,097,855	29,706,886	-	87,011,321	-	60,758,208
Net Change in Fund Balances	\$ 78,815,753	\$ (4,298,119)	\$ (9,169,784)	\$ (2,465,632)	\$ 7,966,674	\$ (10,322,942)	\$ (51,307,028)	\$ 64,323,555	\$ (18,941,412)	\$ 54,895,757
Debt Service as a percentage of noncapital expenditures*	23.18%	15.67%	16.12%	16.52%	15.70%	14.84%	12.78%	12.44%	10.62%	11.65%

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>School District</u>										
Maintenance & Operations	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.3700	\$ 1.5000
Debt Service	0.4100	0.2900	0.2900	0.3150	0.2850	0.2850	0.2850	0.2650	0.2650	0.2335
La Porte ISD Total	1.4500	1.3300	1.3300	1.3550	1.3250	1.3250	1.3250	1.3050	1.6350	1.7335
<u>County</u>										
Chambers ⁽¹⁾	0.5327	0.5221	0.4968	0.4968	0.4968	0.4968	0.4968	0.4968	0.4968	0.5032
Harris	0.4173	0.4146	0.4002	0.3912	0.3881	0.3892	0.3924	0.4024	0.3999	0.3999
Harris County Department of Education	0.0060	0.0064	0.0066	0.0066	0.0060	0.0058	0.0059	0.0063	0.0063	0.0063
Harris County Flood Control District	0.0274	0.0283	0.0281	0.0281	0.0292	0.0308	0.0310	0.0324	0.0332	0.0332
Port of Houston Authority	0.0513	0.0172	0.0195	0.0186	0.1640	0.0177	0.0144	0.0130	0.0147	0.0167
San Jacinto Jr. College District	0.1856	0.1856	0.1856	0.1856	0.1708	0.1634	0.1454	0.1454	0.1543	0.1391
<u>Cities</u>										
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050	0.7200	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	0.6362	0.6460	0.6460	0.6460	0.6460	0.6410	0.5510	0.5420	0.5400
Pasadena	0.5769	0.5916	0.5916	0.5916	0.5620	0.5620	0.5670	0.5670	0.5670	0.5670
<u>Water Districts</u>										
Clear Lake City Water Authority	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2900	0.2900

Rates are per \$100 of Assessed Valuation

Source: Texas Municipal Reports/RBC Capital

Harris County Appraisal District - Chambers County Appraisal District

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

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

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

Year Ended (August 31 *) June 30		Real Property Assessed Actual Value	Personal Property Assessed Actual Value	Total Assessed Actual Value	Total Direct Rate*
2006	*	\$ 3,530,315,765	\$ 914,149,343	\$ 4,444,465,108	\$ 1.7335
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

* Per \$100 of assessed value

Source: Harris County Appraisal District/City of La Porte Tax Office

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

Taxpayer	2015			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

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

Fiscal Year	Collected within the Fiscal Year of the Levy				Total Collections to Date		
	Taxes Levied for the Fiscal Year	Percentage of		Collections in Subsequent Years	Percentage of		
		Amount	Levy		Amount	Levy	
2006	\$ 78,542,502	\$ 77,535,604	98.72%	\$ 1,031,006	\$ 78,566,610	100.03%	
2007	80,707,154	79,360,418	98.33%	2,041,089	81,401,507	100.86%	
2008	71,798,054	70,032,113	97.54%	1,762,748	71,794,861	100.00%	
2009	79,707,814	74,255,050	93.16%	5,256,661	79,511,711	99.75%	
2010	78,794,784	77,853,757	98.81%	1,002,866	78,856,623	100.08%	
2011	76,443,809	75,804,968	99.16%	953,502	76,758,470	100.41%	
2012	81,069,091	80,319,639	99.08%	1,001,394	81,321,033	100.31%	
2013	82,575,734	81,772,811	99.03%	952,107	82,724,918	100.18%	
2014	87,799,374	87,324,586	99.46%	202,822	87,527,408	99.69%	
2015	102,183,911	101,666,537	99.49%	-	101,666,537	99.49%	

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)

Fiscal Year	Year of Collection										TT Sub Col
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
2006	\$ 2,236	\$ 8,558	\$ 8,426	\$ 8,431	\$ 26,386	\$ 46,805	\$ 125,336	\$ 137,652	\$ 667,176	\$ 77,535,604	\$ 78,566,610
2007	4,140	11,973	11,672	76,571	85,445	481,724	281,918	1,087,646	79,360,418		81,401,507
2008	8,663	17,930	22,939	72,071	66,245	458,522	1,116,378	70,032,113			71,794,861
2009	14,189	35,156	100,379	62,519	178,043	4,866,375	74,255,050				79,511,711
2010	18,078	47,993	64,029	104,661	768,105	77,853,757					78,856,623
2011	41,477	64,415	201,740	645,870	75,804,968						76,758,470
2012	43,091	191,447	766,856	80,319,639							81,321,033
2013	171,646	780,461	81,772,811								82,724,918
2014	202,822	87,324,586									87,527,408
2015	101,666,537										101,666,537

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.

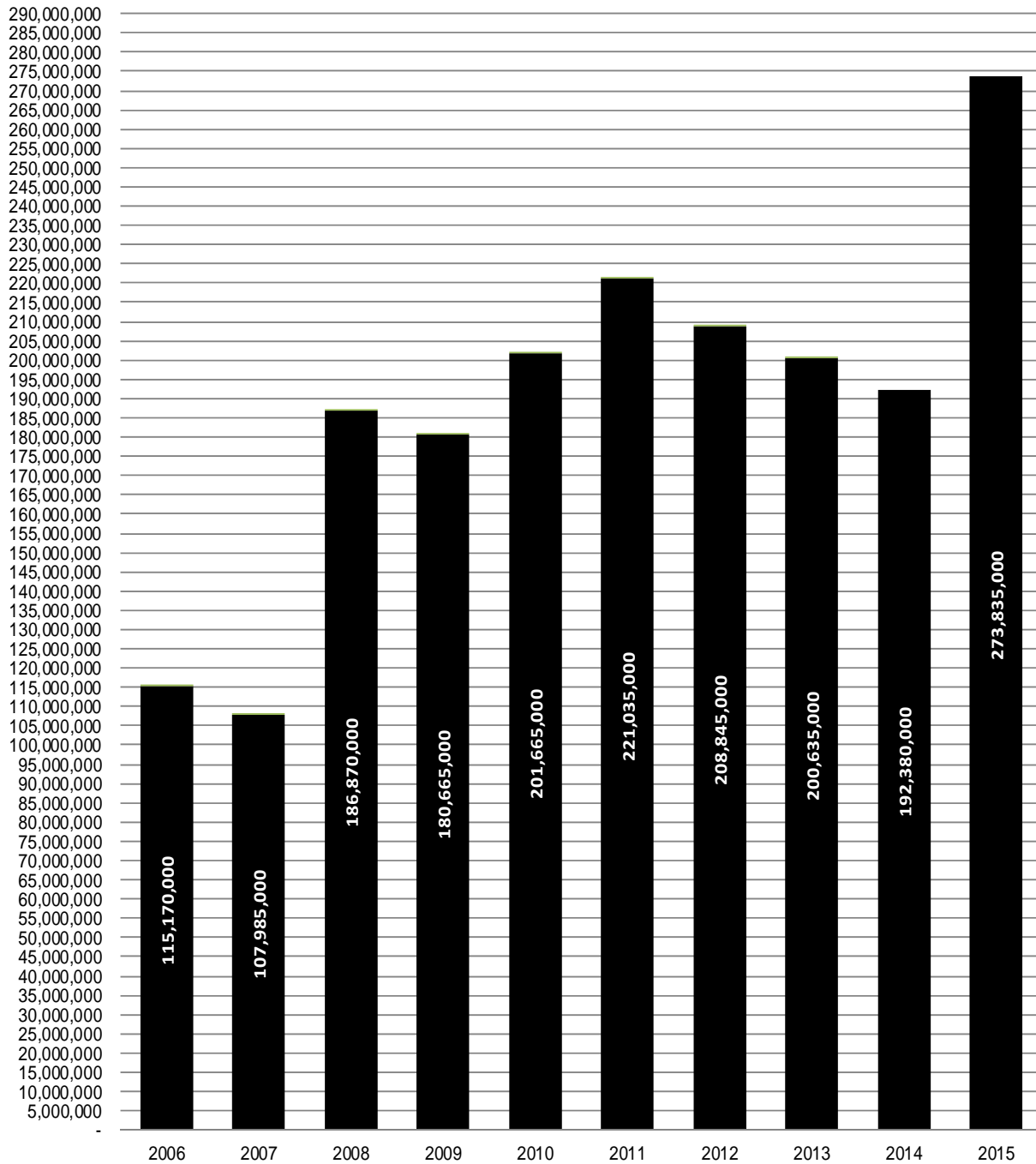
SCHEDULE 10
LA PORTE INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended August 31 * June 30	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Personal Income*	Ratio of Net Bonded Debt Per ADA	Ratio of Net Bonded Debt Per Capita
2006	* \$ 4,530,862,526	\$ 115,170,000	\$ 1,430,270	\$ 113,739,730	1.37%	\$ 15,343	\$ 3,305
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	1.01%	25,754	5,240
2015	7,047,165,791	273,835,000	10,236,018	263,598,982	0.71%	36,984	7,523

* Personal income information was only available through 2013 therefore the same personal income amount was used in calculating the 2013 through 2015 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 2015

Assessed Value	\$ 7,047,165,791
Debt Limit (Percent of 2014 - 2015 School Year Assessed Value)*	10.00%
Maximum Legal Debt	704,716,579
Amount of Debt Applicable to Debt Limit**	263,598,982
Legal Debt Margin	\$ 441,117,597

*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

	Debt Limit	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2006	\$ 453,086,253	\$ 113,739,730	\$ 339,346,523	25.10%
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%

Source: District's Audit Reports

SCHEDULE 12
LA PORTE INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015
(UNAUDITED)

	Gross Debt	Overlapping	
		Percent	Amount
<u>County</u>			
Chambers	\$ 21,290,000	0.03%	\$ 6,387
Harris	2,396,117,860	2.11%	50,558,087
Harris County Department of Education	7,210,000	2.11%	152,131
Harris County Flood Control District	87,400,000	2.11%	1,844,140
Port of Houston Authority	702,379,397	2.11%	14,820,205
San Jacinto Jr. College District	278,989,848	15.90%	44,359,386
<u>Cities</u>			
Deer Park	50,455,000	27.05%	13,648,078
La Porte	30,942,500	100.00%	30,942,500
Morgan's Point	6,120,000	100.00%	6,120,000
Pasadena	87,120,000	2.11%	1,838,232
<u>Water Districts</u>			
Clear Lake City Water Authority	79,040,000	10.01%	7,911,904
Total Estimated Overlapping Debt			\$ 172,201,050
District Direct Debt	192,380,000	100.00%	273,835,000
Total Overlapping and Direct Debt			\$ 446,036,050

Source: Texas Municipal Reports

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:

Year	Estimated Population	Land Area	Density Per Square Mile	Population Change
2006	34,411	55	626	2.6%
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*	35,039	55	637	0.0%

Source: United States Census Bureau

*Estimated Population is only available through 2014 therefore the same data was used for 2015

		Harris County 2010		Texas 2010		U.S. 2010
<u>Population:</u>						
% School Age	%	28	%	27.3	%	24
% Working Age	%	55.7	%	54.7	%	56.5
%65 and Over	%	8.1	%	10.3	%	13
Persons Per Household		2.85		2.78		2.59
<u>Income:</u>						
Median Family Income	\$	51,444	\$	49,646	\$	51,914
% Below Poverty Level	%	16.8	%	16.8	%	13.8
Per Capita Income	\$	26,788	\$	24,870	\$	27,334
<u>Housing:</u>						
% Owner Occupied	%	64.8	%	64.8	%	66.6
Owner Occupied Median Value	\$	128,642	\$	105,779	\$	170,000
Median Gross Rent	\$	737	\$	661	\$	808
Occupied Housing Units		1,598,698		9,977,436		131,704,730

Source: United States Census Bureau

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

Year Ended June 30 (August 31*)		Harris County				Percent Unemployed County	Percent Unemployed State
		Civilian Labor Force	Total Unemployment	Personal Income* (in Thousands)	Per Capita Personal* Income		
2006	*	1,874,936	94,471	172,397,186	45,279	5.0%	4.9%
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	230,462,963	53,141	4.9%	5.1%
2015		2,233,078	103,637	230,462,963	53,141	4.6%	4.4%

* Personal & per capital information is only available through 2013 therefore the same data was used through 2015

Source: Texas Workforce Commission (TRACER System) & U.S. Department of Commerce, Bureau of Economic Analysis

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

Employer	2014		2006	
	Employees	Percentage of Total Employment	Approximate Range of Number of Employees	Percentage of Total Employment
La Porte Independent School District	1,049	5.52%	1,000	5.96%
City of La Porte	381	2.00%	368	2.19%
Mistras Group Inc	500	2.63%	-	
International Plant Svcs LLC	376	1.98%	-	
Sulzer Turbo Svcs Houston Inc	330	1.74%	-	
A&L Industrial Services Inc	300	1.58%	300	1.79%
CCC Group Inc	300	1.58%	300	1.79%
Evergreen Environmental Svcs LLC	275	1.45%	-	
Pfeiffer Holdings LLC	271	1.42%	-	
Contech Control Services Inc	250	1.31%	-	
Total	4,032		1,968	
Total City of La Porte Employment	19,019		16,788	

Source: City of La Porte Comprehensive Annual Financial Report for the Year Ended September 30, 2014.
Current year ended September 30, 2015 is not available

Note: Employment data prior to 2006 was not available

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Teachers	470.1	464.0	461.8	467.00	495.40	506.40	507.90	501.80	480.20	477.80
Professional Support	94.4	90.0	89.1	87.40	107.10	105.60	113.80	110.30	92.80	84.80
Campus Administration (School Leadership)	30.0	30.0	30.0	29.10	28.80	31.00	30.80	32.00	29.00	38.00
Central Administration	10.0	10.0	11.0	11.00	13.00	13.00	12.00	10.00	10.90	5.00
Educational Aides	110.2	105.6	103.0	107.90	110.30	106.80	102.60	105.30	111.30	109.00
Auxiliary Staff	293.7	291.5	292.8	301.00	318.90	403.20	320.90	383.30	356.50	354.70
Total Employees	1,008.4	991.1	987.7	1,003.4	1,073.5	1,166.0	1,088.0	1,142.7	1,080.7	1,069.3

Sources:
Texas Education Agency Website - AEIS report
and TAPR

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

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Student	Percentage Change	Government Wide Expenses**	Cost Per Student	Percentage Change	Teaching Staff	Student Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2006	7,807	\$ 83,318,392	\$ 10,672	-0.42%	\$ 94,807,414	\$ 12,144	3.26%	478	16	34%
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	37%
2009	7,914	91,067,652	11,507	7.16%	108,529,002	13,714	13.01%	508	16	43%
2010	7,847	90,225,734	11,498	-0.08%	109,922,967	14,008	2.15%	506	16	40%
2011	7,816	88,981,366	11,385	-0.99%	106,563,566	13,634	-2.67%	495	16	45%
2012	7,768	83,621,658	10,765	-5.44%	103,594,578	13,336	-2.19%	482	16	47%
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%

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 Statement of Activities Schedule

Source: Nonfinancial information from district records

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

Fiscal Year	Minimum Salary	Maximum Salary	Region Average Salary	Statewide Average Salary
2006	\$ 37,100	\$ 53,600	\$ 43,852	\$ 41,744
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

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.

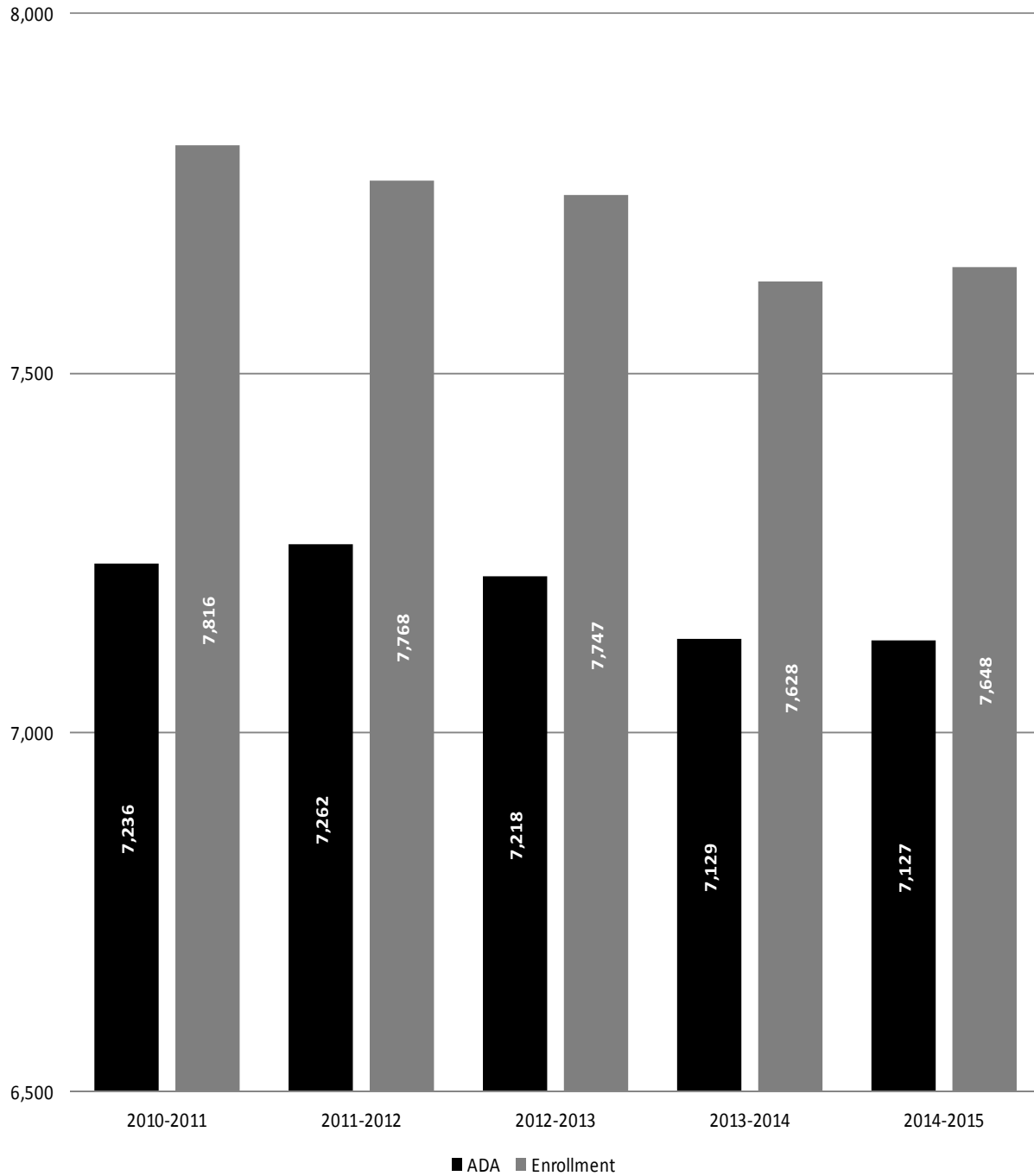
SCHEDULE 19
LA PORTE INDEPENDENT SCHOOL DISTRICT
ATTENDANCE DATA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Enrollment	Average Daily Attendance		
		Amount	Percent Increase (Decrease)	Percent of Membership
2006	7,807	7,413	1.66%	94.96%
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%

Source: La Porte Independent School District's PEIMS Data

Average Daily Attendance & Enrollment

Last Five Fiscal Years



Unaudited
Source: District PEIMS Data

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

Building	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools										
Bayshore Elementary										
Square Footage	111,000	111,000	111,000	111,000	111,000	111,000	8,683	8,683	8,683	8,683
Capacity	750	750	750	750	750	750	750	525	525	525
Enrollment	522	530	577	561	532	340	375	450	397	476
College Park Elementary										
Square Footage	75,301	75,301	75,301	75,301	75,301	75,301	74,001	74,001	74,001	74,001
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	472	461	465	487	474	493	505	480	762	746
Heritage Elementary										
Square Footage	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	-	-
Enrollment	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	492	486	487	494	515	537	537	558	553	522
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	494	491	502	525	523	588	579	554	650	638
Lomax Elementary										
Square Footage	86,795	86,495	86,495	86,495	86,495	86,495	86,495	86,495	86,495	86,495
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	528	519	523	548	536	591	586	600	603	574
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	595	588	582	584	587	612	641	635	754	765
Intermediate Schools										
Baker 6th Grade Campus										
Square Footage	140,060	140,060	140,060	140,060	140,060	140,060	140,060	140,060	140,060	140,060
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	550	533	625	551	608	579	559	585	611	538
Junior High Schools										
La Porte Junior High School										
Square Footage	148,044	148,044	148,044	148,044	148,044	148,044	139,004	139,004	139,004	139,004
Capacity	725	725	725	725	725	725	600	600	600	600
Enrollment	554	555	536	566	553	540	594	622	621	624
Lomax Junior High School										
Square Footage	125,645	125,645	125,645	125,645	125,645	125,645	125,645	112,995	112,995	112,995
Capacity	780	780	780	780	780	780	780	630	630	630
Enrollment	605	608	611	628	581	578	612	573	531	551
High Schools										
La Porte High School										
Square Footage	504,652	504,652	504,652	502,332	502,332	502,332	502,332	484,547	471,261	471,261
Capacity	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,923	2,723	2,723
Enrollment	2,162	2,190	2,168	2,121	2,188	2,209	2,195	2,267	2,233	2,283
Alternative Schools										
DeWalt Alternative School										
Square Footage	37,796	37,796	37,796	37,796	37,796	37,796	37,796	37,796	37,796	37,796
Capacity	250	250	250	250	250	250	250	250	250	250
Enrollment	60	68	61	61	72	79	92	74	96	90
Total Square Footage	1,581,370	1,581,070	1,581,070	1,578,750	1,578,750	1,578,750	1,466,093	1,435,658	1,322,372	1,322,372
Total Capacity	10,278	10,278	10,278	10,278	10,278	10,278	10,153	9,778	8,828	8,828
Total Enrollment	7,629	7,628	7,747	7,768	7,816	7,847	7,914	7,940	7,811	7,807

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 throughout district

SCHEDULE 21
LA PORTE INDEPENDENT SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

Coverage	Limits/Values	Deductible	Agent	Company & Policy Number	Expiration Date	Annual Premium
Property - Building & Contents	Bldgs & Contents - \$100,000,000, A & V - \$10,000,000, Windstorm/Hail - 100,000,000	Property: \$50,000, Named Windstorm: 5% TIV per location w/ Min \$250K per occurrence, all others \$50,000	Lockton Companies, LLC	Multiple	3/6/2016	\$1,499,821
Flood	Buildings - \$500,000, Contents - \$500,000	\$ 1,250	Lockton Companies, LLC	Wright National Flood Insurance Company	4/20/2016	\$ 3,188
Boiler & Machinery	Total Limit per Breakdown - \$100,000,000	\$ 1,000	Lockton Companies, LLC	Hartford Steam & Boiler Inspection Co.	3/6/2016	\$ 9,657
Misc. Property - Underground Storage	1,000,000 Per Claim	\$ 25,000	Lockton Companies, LLC	Berkley Environmental/ CST152124014	7/1/2016	\$ 776
General Liability	\$1,000,000 per Occurrence Limit	\$ 500	William Gammon	TAPS	9/1/2016	\$ 4,845
Educators Legal Liability	\$1,000,000 per Occurrence Limit/\$1,000,000 Annual Aggregate	\$ 2,500	William Gammon	TAPS	9/1/2016	\$ 28,371
Vehicle Coverage	Fleet Liability - \$100,000 Liability Combined Single Limit, \$300,000 per accident limit, \$100,000 per accident Property Damage, \$1,000,000 out of state limit	\$ 500	William Gammon	TAPS	9/1/2016	\$ 73,829
Crime	\$100,000 & \$50,000 Limits	\$ 1,000	William Gammon	TAPS	9/1/2016	\$ 1,474

FEDERAL AWARDS SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

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, 2015, 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 16, 2015.

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 16, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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) *Circular A-133 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, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. 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 16, 2015

**LA PORTE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 section 510(a) or Circular A-133? ☐ Yes ☒ No

Identification of major programs:

10.555	National School Lunch Program
10.553	School Breakfast Program
10.555	USDA Donated Commodities

**LA PORTE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

SECTION I – SUMMARY OF AUDITORS’ RESULTS – CONTINUED

Federal Awards – Continued

- Dollar threshold used to distinguish between type
A and type B programs? \$300,000

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, 2015**

EXHIBIT K-1

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures and Indirect Costs
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education:			
*National School Lunch Program (240.00.5922)	10.555	71301101	\$ 1,721,390
*School Breakfast Program (240.00.5921)	10.553	71401101	597,422
Direct Program:			
*USDA Donated Commodities	10.555	101916	178,655
Total U.S. Department of Agriculture			2,497,467
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education:			
ESEA Title I Part A (211) Improving Basic Programs	84.010A	14610101101916	527
ESEA Title I Part A (211) Improving Basic Programs	84.010A	15610101101916	794,425
Total CFDA Number 84.010A			794,952
**IDEA - Part B, Formula (224)	84.027A	146600011019166600	690
**IDEA - Part B, Formula (224)	84.027A	156600011019166600	1,582,918
Total CFDA Number 84.027A			1,583,608
**IDEA - Part B, Preschool (225)	84.173A	146610011019166610	74
**IDEA - Part B, Preschool (225)	84.173A	156610011019166610	25,298
Total CFDA Number 84.173A			25,372
ESEA Title II, Part A (255)	84.367A	14694501101916	905
ESEA Title II, Part A (255)	84.367A	15694501101916	235,004
Total CFDA Number 84.367A			235,909
ESEA Title III, LEP (263)	84.365A	14671001101916	1,138
ESEA Title III, LEP (263)	84.365A	15671001101916	55,483
Total CFDA Number 84.365A			56,621
ESEA Title IV - Safe and Drug-Free Schools and Comm. Act (237)	84.186A	SF-14-J20-25509.01	9,333
ESEA Title IV - Safe and Drug-Free Schools and Comm. Act (237)	84.186A	SF-15-J20-25509.02	67,200
Total CFDA Number 84.186A			76,533
Career and Technology Education - Carl D. Perkins (244)	84.048A	15420006101916	74,056
Title VI - LEP Summer School (289)	84.369A	65991302	7,321
Total U.S. Department of Education			2,854,372
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Medicaid Administrative Claims (272.00.5932)	93.778	N/A	73,099
Total U.S. Department of Health and Human Services			73,099
<u>U.S. DEPARTMENT OF DEFENSE</u>			
JROTC (199.00.5949)	12.401	N/A	64,094
Total U.S. Department of DEFENSE			64,094
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Texas Division of Emergency Management:			
Public Assistance Grants (FEMA -1794 Hurricane IKE DR TX(199.00.5939)	97.036	74-60000130	200,115
Total U.S. Department of HOMELAND SECURITY			200,115
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,689,147

* Clustered programs as required by June 2015 Compliance Supplement (Child Nutrition Cluster)

** Clustered programs as required by June 2015 Compliance Supplement (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 assets, 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 *OMB Circular A-133 Compliance Supplement*.

**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 \$178,655 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	\$ 5,689,147
SHARS payments	<u>909,789</u>
Reconciled balance	<u><u>\$ 6,598,936</u></u>
Related expenditures on Exhibit C-3	
General fund	\$ 1,266,710
Non-major funds	<u>5,332,226</u>
	<u><u>\$ 6,598,936</u></u>

Awards and Acknowledgments

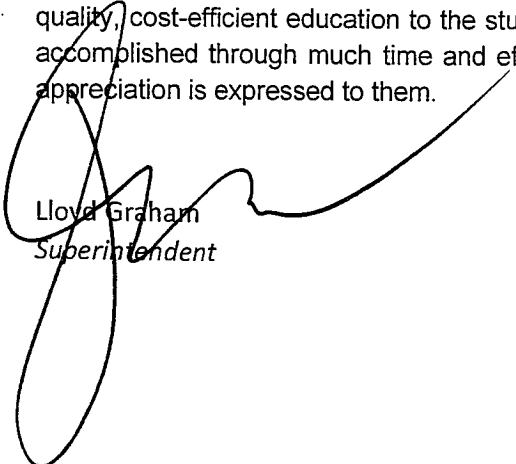
Financial Reporting Awards - Since the inception of School FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency, and for the thirteenth consecutive year the District has scored the highest possible rating available. For the year ended June 30, 2014 the TEA changed the highest rating from "Superior Achievement" to "Pass". The rating is based upon an analysis of staff and student data reported for the 2013-2014 school year and budgetary and actual financial data for the fiscal year ended June 30, 2014. 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 the District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. 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, 2014. 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 begin and 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 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

X

for the year ended June 30, 2015 at a meeting of the Board of Trustees of such school district on the 17th day of November, 2015.


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):