

# LA PORTE INDEPENDENT SCHOOL DISTRICT



## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2019



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

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

# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
June 30, 2019**

**LA PORTE INDEPENDENT SCHOOL DISTRICT**

**1002 San Jacinto Street, La Porte, Texas 77571**

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**Prepared By The LPISD Business Office**

**Lloyd W. Graham  
Superintendent of Schools**

**Rhonda Cumbie  
Chief Financial Officer**

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

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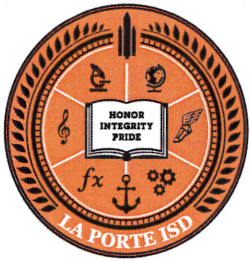
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## ***INTRODUCTORY SECTION***

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# La Porte Independent School District

1002 San Jacinto Street  
La Porte, Texas 77571

Lloyd W. Graham  
Superintendent of Schools

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

November 12, 2019

Ms. Kathy Green, President,  
Members of the Board of Trustees, and  
Citizens of the La Porte Independent School District

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, 2019. The CAFR 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 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. 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 Belt Harris Pechacek, LLLP, 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, 2019 are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2019, are fairly

presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Awards section of this report. The results of the District's Single Audit for the fiscal year ended June 30, 2019 provided no instances of material weaknesses in the internal control structures or material violations of applicable laws and regulations.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the District**

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

The District occupies 55 square miles in Southeast Harris County. Included in its boundaries are the cities of La Porte, Shoreacres, Morgan's Point, and a small section of southeast Deer Park and Pasadena. Established for the 1915-1916 school year, the District 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 2018-2019 fiscal year, the District operated one traditional 9th-12<sup>th</sup> grade high school, one alternative 9th-12th grade high school, two junior high schools, one 6th grade campus, and seven elementary schools. The District serves approximately 7400 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 the District**

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 serves as a framework for developing a coherent set of competencies for all District students.

The goals for improvement, which grew out of a comprehensive needs assessment and the work of the District Board 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 largest industries surrounding the District include and are presented in descending order, manufacturing, construction, and educational services. The local economy is subject to volatility in the price of hydrocarbons. La Porte (the “City”) adjoins the Barbours Cut Terminal, operated by the Port of Houston and the largest of its terminals allotted to handle standardized cargo containers. The La Porte area has an estimated population of 35,423, the most recent update from the US Census Bureau for year-end 2018 and a 0.1% increase from 2017. Additionally, Texas Work Force Commission and Texas Labor Market Information for year-end 2018 reported the City has seen less than a 1.5% unemployment rate decrease. While primarily industrial in nature, the City has an active and thriving family and business component. It provides easy access to many educational and cultural advantages of the greater Houston/Galveston metropolitan areas. The commercial/industrial growth and the overall economic health of the area have dramatically increased in recent years. Increased property values and growth in the District’s tax base easily demonstrate this. The strong collaborative ties with the chamber of commerce, the business community, other local governmental entities in the area, and San Jacinto College, the District is continuing to make new inroads in building support and targeting resources to achieve the greatest impact for all of our students.

In the past ten years, the District and the surrounding areas have been impacted by several natural disasters which negatively impacted District enrollment and growth. While enrollment numbers have steadily decreased and projected numbers do not reflect significant change, the District remains active in promoting what La Porte has to offer. Our 2014 Bond Project provided our children with updated facilities across the District. The projects included, a new replacement elementary campus and sixth grade campus, major additions/reconstruction at La Porte High School, significant renovations to elementary and junior high campuses, additions/improvements to technology, maintenance and transportation, and many other District-wide improvements.

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 the TEA's 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 TEA 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 TEA. 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. Activities of the general fund, child nutrition fund and debt service fund are included in the annually appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function within each individual fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, they are generally re-appropriated as part of the next year's budget. The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditures categories, revenues, and other sources and uses require Board approval.

**Significant Financial Activities** – The District's total tax base in 2018-19 was over \$10.19 billion, an increase of 3.77% from the previous year. The tax rates per \$100 of assessed value for the past five years are shown on the following table.

Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
M&O	1.04	1.04	1.04	1.04	1.17
I&S	0.41	0.41	0.38	0.34	0.21

## ***Major Indicators***

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

**Test Scores** – Under the State accountability system, STAAR (State of Texas Assessments of Academic Readiness) testing, the District as a whole met the State’s expectations for the 2018-2019 school year. This is the seventh consecutive year that the State has awarded ratings as part of the STAAR accountability system. The District and all campuses have met the state’s standards since the inception of the program. Additionally, districts and campuses may receive distinctions in recognition of outstanding achievement towards performance index goals. Six District campuses were recognized with distinctions in one or more areas. La Porte Elementary earned five, Leo A. Rizzuto Elementary earned four distinctions, followed by Jennie Reid and College Park Elementary with two distinctions. Earning one distinction each were Heritage and Lomax Elementary schools.

**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 94.3%.

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

**Public Support** – Pursuant to voter approval of a \$260 million bond authorization on August 12, 2015, the District sold \$72,545,000 in bonds. Additionally, another \$43,385,000 in bonds was sold on June 7, 2016. At the end of the 2018-19 school year, all construction projects were 100% complete except for La Porte High School’s Parking Lot Project and Lomax Elementary and Administration Building Security Vestibules which began this summer. This bond has allowed the District to make substantial improvements resulting in improved student and staff morale, as well as creating an attractive environment to draw future families and students to the La Porte community.

## **Awards and Acknowledgments**

### **Financial Reporting Awards**

The TEA has awarded the District a rating of “Superior” for the year ended June 30, 2018. This is the fifteenth year of the State’s financial accountability rating system for school districts (“School FIRST”). The District has received the highest possible rating for the past fifteen years. The rating is based upon an analysis of staff and student data reported for the 2017-2018 school year and budgetary and actual financial data for the fiscal year ended June 30, 2018. 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 CAFR for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 CAFR 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 CAFR for the fiscal year ended June 30, 2018. The District believes that the current CAFR continues to conform to the standards for which this award is granted and we will again submit the report for review.

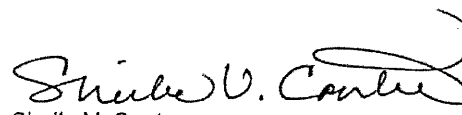
**Acknowledgments** – As we come to the completion of construction, we would like to express appreciation to all the stakeholders of the community for voting for the 2014 \$260 million bond referendum. We would also like to express appreciation to the Board for its concern for providing fiscal accountability to patrons of our District and for its leadership in the development of one of the best educational operations within the State. Countless hours have been devoted to this District by teachers, principals, and supporting staff and thanks is extended to the entire District Team that has worked so hard to provide the high-quality, cost-efficient education to the students we serve. Additionally, the preparation of this report was accomplished through much time and effort on the part of the District Finance department, and special appreciation is expressed to them.



Lloyd Graham  
Superintendent



Rhonda Cumbie  
Chief Financial Officer



Sheila V. Cantu  
Director of Finance

CERTIFICATE OF BOARD

La Porte Independent School District  
Name of School District

Harris  
County

101-916  
Co. Dist. Number

We, the undersigned, clarify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such school district on the 19<sup>th</sup> day of November, 2019.

  
Signature of Board Secretary

  
Signature of Board President

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

(attach list as necessary)

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## *Principal Officials and Advisors*

### Board of Trustees

Trustee	Office	Completed Years of Service	Term Expires May	Occupation
Kathy Green	President	15	2020	Retired Training Coordinator
Lee Wallace	Vice President	9	2021	Retired GB Biosciences
Dennis Slate	Secretary	2	2020	Retired Police Officer
David Janda	Trustee	7	2021	Teacher
Lois Rogerson	Trustee	6	2020	Retired Teacher
Dee Anne Thomson	Trustee	9	2022	Warehouse Operations Manager
Charlcya Wheeler	Trustee	15	2022	Retired

### Administrative Officials

Official	Position	Years of Service	
		Total	District
Lloyd W. Graham	Superintendent	30	11
Rhonda Cumbie	Chief Financial Officer	22	11
Dr. Linda Wadleigh	Deputy Superintendent	34	19
Mike Clausen	Deputy Superintendent	50	50
Danette Tilley	Executive Director, Secondary Education	30	15
Jewel Whitfield	Executive Director, Elementary Education	22	19
Angela Garza-Viator	Executive Director, Human Resources	21	21
Sheila V. Cantu	Director of Finance	18	10
Terri Cook	Public Information Officer, Director-Public Relations	19	11

### Consultants and Advisors

#### **Belt Harris Pechacek, LLLP.**

Independent Auditors

3210 Bingle Rd, Suite 300 • Houston, Texas 77055

#### **Hunton, Andrews Kurth, L.L.P.**

Bond Counsel

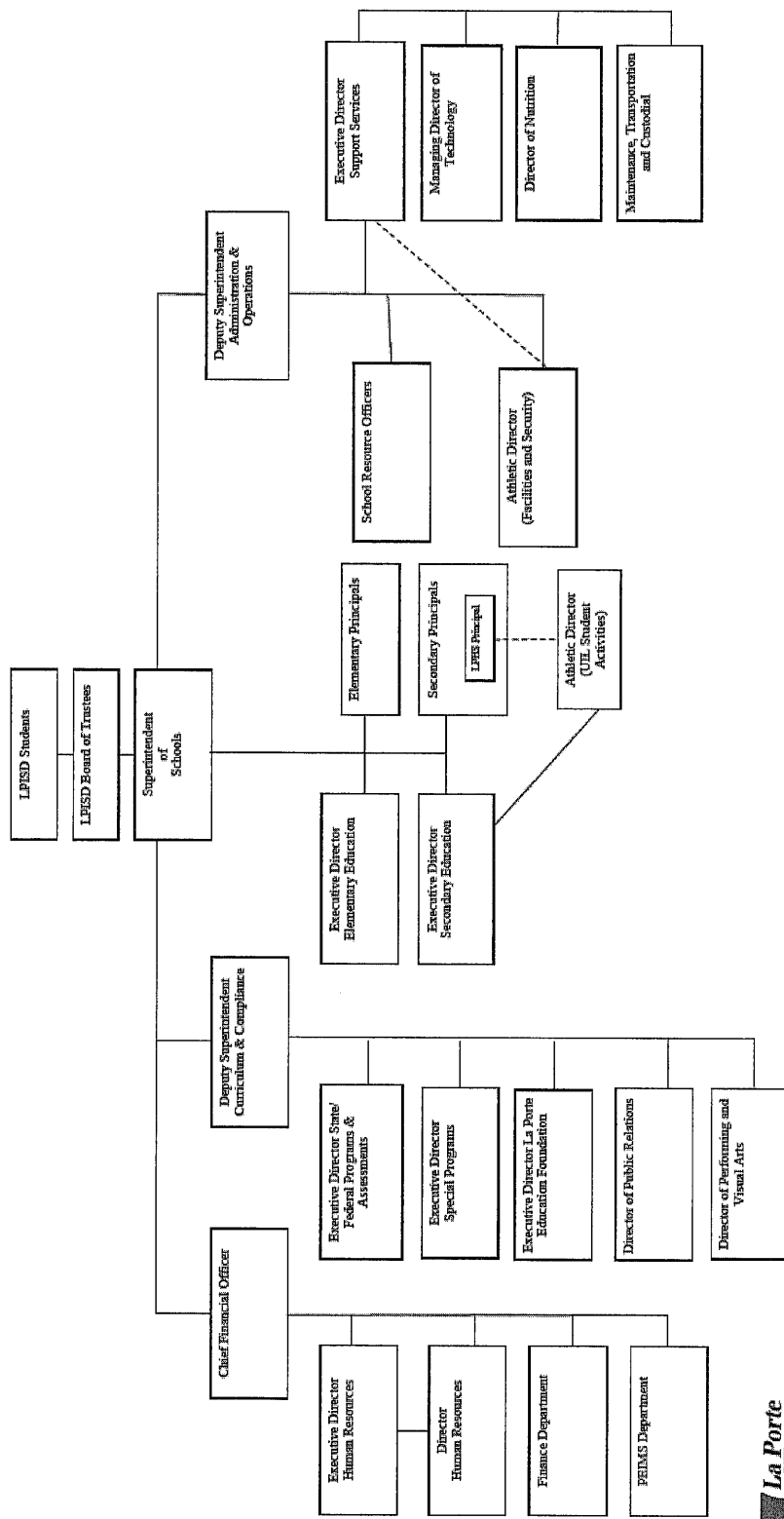
600 Travis, Suite 4200 • Houston, Texas 77010

#### **SAMCO Capital Markets, Inc.**

Financial Advisor

11111 Katy Freeway #820 • Houston, Texas 77079

# La Porte Independent School District Organizational Chart





Government Finance Officers Association

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

Presented to

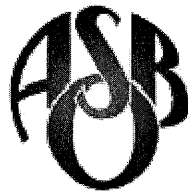
**La Porte Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO



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**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

---

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

**La Porte Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



---

**Tom Wohlleber, CSR**  
President

---

**Siobhán McMahon, CAE**  
Chief Operating Officer



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## ***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Trustees of  
La Porte Independent School District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Porte Independent School District (the "District"), as of and for the year ended June 30, 2019, 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.

### **Auditors' 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 auditors' 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 District'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 District'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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension and other postemployment benefits liability, and schedules of District contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information, statistical section, and the schedule of required responses to selected school first indicators are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the schedule of required responses to selected school first indicators, and statistical section 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 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

*BELT HARRIS PECHACEK, LLP*

Belt Harris Pechacek, LLP  
*Certified Public Accountants*  
Houston, Texas  
November 12, 2019



***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***





# LA PORTE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2019

As the management of La Porte Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. 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 District's total combined net position at June 30, 2019 was \$33,725,795.
- For the fiscal year ended June 30, 2019, the District's general fund reported a total fund balance of \$40,356,727, of which \$1,330,676 is nonspendable for inventories and prepaid items, \$2,156,054 is committed for insurance and compensated absences and \$36,869,997 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds, the debt service fund, and the capital projects fund) reported combined ending fund balances of \$66,032,356, a decrease of \$7,319,928 in comparison with the prior year. The decrease in governmental funds was primarily due to decreases of \$7,427,662, \$5,248,548, and \$91,899 in the debt service fund, capital projects fund, and nonmajor governmental funds, respectively, and an increase of \$5,448,141 in the general fund.
- The District's long term debt decreased by \$15,465,000 or 4.6 percent during the fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term*, as well as what remains for future spending.
- The *proprietary fund* statements provide information about services provided to parties inside the District. The proprietary funds include the internal service funds used to account for the District's self-insured workers' compensation insurance program and its print shop.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the fiduciary resources belong. These funds include student activity funds as well as the District's trust fund that is maintained for student scholarships.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended June 30, 2019

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

*Governmental Activities* – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

The government-wide financial statements can be found after the MD&A.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended June 30, 2019

The District has the following kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* – The District maintains one proprietary fund type. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for workers' compensation self-insurance claims and fees, as well as activity in the District's print shop. The internal service funds are included within *governmental activities* in the government-wide financial statements.
- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$33,725,795 at June 30, 2019. Table 1 focuses on net position while Table 2 shows the revenues and expenses that changed the net position balance during the fiscal year ended June 30, 2019. The District reported a decrease of \$3,281,464 in combined net position from the prior year. A decrease in property tax revenue, along with increasing expenses due to chapter 41 recapture payments, contributed to this decrease. The large change in operating grants and contributions is primarily due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions*, in the prior year. The new valuation methods in GASB 75 resulted in an extremely unusual fluctuation for entities that participated in the TRS state-wide OPEB plan. GASB's guidance provides for changes in actuarial assumptions to be treated as a current period expense. The reduction in benefit terms as approved by the 84th Texas legislative session resulted in a reduction in benefit terms and therefor resulted in a negative current period expense and contra revenue for 2018.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended June 30, 2019

**Table 1**

**Net Position**

Description	Governmental Activities		Total Change
	2019	2018	2019-2018
Current assets	\$ 88,462,729	\$ 97,736,528	\$ (9,273,799)
Capital assets	356,437,747	366,663,245	(10,225,498)
<b>Total Assets</b>	<b>444,900,476</b>	<b>464,399,773</b>	<b>(19,499,297)</b>
Deferred charge on refunding	7,143,454	8,118,998	(975,544)
Deferred outflows - pensions	14,436,552	5,244,305	9,192,247
Deferred outflows - OPEB	3,936,131	363,027	3,573,104
<b>Total Deferred Outflows of Resources</b>	<b>25,516,137</b>	<b>13,726,330</b>	<b>11,789,807</b>
Current liabilities	23,478,109	25,961,890	(2,483,781)
Long-term liabilities	401,833,950	401,834,775	(825)
<b>Total Liabilities</b>	<b>425,312,059</b>	<b>427,796,665</b>	<b>(2,484,606)</b>
Deferred inflows - pensions	1,566,661	2,484,214	(917,553)
Deferred inflows - OPEB	9,812,098	10,837,965	(1,025,867)
<b>Total Deferred Inflows of Resources</b>	<b>11,378,759</b>	<b>13,322,179</b>	<b>(1,943,420)</b>
<b>Net Position:</b>			
Net investment in			
capital assets	31,956,441	30,910,969	1,045,472
Restricted	6,796,928	14,810,662	(8,013,734)
Unrestricted	(5,027,574)	(8,714,372)	3,686,798
<b>Total Net Position</b>	<b>\$ 33,725,795</b>	<b>\$ 37,007,259</b>	<b>\$ (3,281,464)</b>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended June 30, 2019

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Total Change
	2019	2018	2019-2018
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,766,660	\$ 1,381,671	\$ 384,989
Operating grants and contributions	9,574,383	(4,549,099)	14,123,482
General revenues:			
Property taxes	127,123,586	129,406,203	(2,282,617)
Grants and contributions not restricted for specific programs	11,823,223	5,701,540	6,121,683
Investment earnings	1,829,958	1,238,456	591,502
Other revenue	8,719,292	1,066,686	7,652,606
<b>Total Revenue</b>	<b>160,837,102</b>	<b>134,245,457</b>	<b>26,591,645</b>
<b>Expenses:</b>			
Instruction	58,059,849	38,856,109	19,203,740
Instructional resources and media services	371,144	348,770	22,374
Curriculum/instructional staff development	985,087	693,000	292,087
Instructional leadership	1,155,213	615,858	539,355
School leadership	4,852,010	2,853,808	1,998,202
Guidance, counseling, and evaluation services	3,960,798	1,824,276	2,136,522
Social work services	268,286	228,045	40,241
Health services	1,002,204	591,858	410,346
Student (pupil) transportation	3,068,613	2,383,859	684,754
Food services	4,567,997	3,250,726	1,317,271
E data process	2,726,363	2,122,573	603,790
General administration	3,339,518	2,707,853	631,665
Plant maintenance & operations	11,491,142	10,070,631	1,420,511
Security and monitoring services	1,933,772	1,243,185	690,587
Data processing services	2,896,056	2,435,287	460,769
Community services	28,609	20,614	7,995
Debt service - interest	12,473,266	13,000,225	(526,959)
Bond issuance costs and fees	8,000	8,000	-
Contracted instructional services between schools	46,925,331	33,224,648	13,700,683
Payments to fiscal agent/member districts of SSA	128,845	111,516	17,329
Payments to juvenile justice alternative education programs	59,400	19,800	39,600
Payments to tax increment fund	2,779,617	1,141,045	1,638,572
Other intergovernmental charges	1,037,446	993,774	43,672
<b>Total Expenses</b>	<b>164,118,566</b>	<b>118,745,460</b>	<b>45,373,106</b>
<b>Change in Net Position</b>	<b>(3,281,464)</b>	<b>15,499,997</b>	<b>(18,781,461)</b>
Beginning net position	37,007,259	21,507,262	15,499,997
<b>Ending Net Position</b>	<b>\$ 33,725,795</b>	<b>\$ 37,007,259</b>	<b>\$ (3,281,464)</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending June 30, 2019, the District's governmental funds reported a combined fund balance of \$66,032,356. This compares to a combined fund balance of \$73,352,284 at June 30, 2018. The fund balance in the general fund increased due to an increase in property tax collections as a result of a change in the allocation of the overall property tax rate which increased maintenance and operations and decreased debt service taxes. The fund balance in the debt service fund decreased due to debt service payments exceeding interest and sinking property tax collections as a result of the change in allocation of property tax rates. The fund balance in

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**For the Year Ended June 30, 2019**

the capital projects fund decreased as a result of continued capital improvements and completion of projects in the District.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2019, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded budgeted revenues by \$2,775,766 and the budgeted expenditures exceeded actual expenditures by \$2,875,142. The positive variance in revenues was primarily due to greater federal program revenue than originally anticipated. The positive variance in expenditures is primarily due to less plant maintenance and operations expenditures, as well as instructional expenditures than anticipated.

### **CAPITAL ASSETS**

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year ended June 30, 2019, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At June 30, 2019, the District had a total of \$356,437,747 invested in capital assets (net of accumulated depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$2,785,541 invested during the fiscal year ended June 30, 2019.

More detailed information about the District's capital assets can be found in the notes to the financial statements.

### **LONG-TERM DEBT**

At year end, the District had \$341,038,095 in general obligation bonds outstanding versus \$358,587,198 last year.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

### **MAJOR INITIATIVES**

The District continued its partnership with San Jacinto College (the "College") and the La Porte San Jacinto College Center (the "College Center") where students may receive dual enrollment credit while attending La Porte High School. The goal of the College Center is to provide opportunities for students to earn college credit and/or industry certification. The District and the College instituted the Accelerated College Education (ACE) dual credit program where eligible students can graduate with an Associate degree in addition to a high school diploma. In 2019, 34 students graduated with an Associate degree. The District anticipates 51 graduates in 2020 and 56 graduates in 2021.

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**For the Year Ended June 30, 2019**

The District provided purposeful professional development prior to the beginning of the school year for teachers, administrators, counselors, other professional staff, and paraprofessional staff. Instructional workshop topics included: Lead4ward; English Language Arts/Reading (ELAR); new Texas Essential Knowledge and Skills (TEKS) training; Houghton Mifflin Harcourt (HMH) ELAR product training and collaboration; Science, Technology, Engineering, Math-scopes (STEM-scopes) science collaboration; English as a Second Language (ESL) opportunities; co-teach strategies; emotional poverty in all demographics; how to reduce anger, anxiety and violence in the classroom (gifted and talented credit awarded); and restorative practices. In addition, classroom teachers self-selected twenty-four hours of personalized professional development in support of Texas Teacher Evaluation and Support System (T-TESS) professional development goals.

Pursuant to House Bill 5 (HB5), the District now offers the following license/certification programs that align with the career pathways embedded in the HB5 endorsement graduation plans:

### Business and Industry Endorsement

Agricultural Science Animal Pathway (Hunter Education, Veterinarian Technician) Agricultural Science Mechanical Pathway (Occupational Safety and Health Administration (OSHA), National Center for Construction Education and Research (NCCER))

Architecture and Construction (OSHA, NCCER)

Arts, Audio/Visual and Communications Animation/Graphic Design (Adobe)

Arts, Audio/Visual and Communications Audio Video Production (Adobe)

Business Management and Finance (Microsoft Office)

Hospitality Culinary Arts (ServSafe)

Manufacturing Welding (OSHA, NCCER)

Marketing (OSHA)

Transportation Automotive Collision (Automotive Service Excellence (ASE))

Transportation Automotive Technology (ASE)

Transportation Maritime (NCCER, Coast Guard)

### Public Services Endorsement

Education and Training Child Development (OSHA)

Health Science (Red Cross CPR, Phlebotomy, Pharmacy Technician, First Aid, EKG)

### Science, Technology, Engineering, and Mathematics (STEM) Endorsement

Engineering (Project Lead the Way)

The District increased course offerings that support students' attainment of endorsement and distinguished achievement plans. Construction of the new career and technical education building mentioned previously allowed for this expansion. Within the STEM pathway, Computer Automated Drafting (CAD) was offered and the District initiated the process for implementing Project Lead the Way in 2016-2017. In the Health Science pathway, 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 Principals of Education students to visit the campus weekly to mentor/tutor students and assist teachers. In the Audio/Visual pathway, Sports Broadcasting was offered, and the students are live broadcasting and streaming District athletic events.

The District has successfully sustained a Districtwide Student Technology Initiative (STI), in which notebook devices are actively used by students, grades K-12. Each year, additional devices are purchased as needs arise. Student access to STI devices has supported the District's transition to digital instructional materials in English language arts, mathematics, science, and social studies.



# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**For the Year Ended June 30, 2019**

The Texas Education Agency's (TEA) 2019 accountability ratings show that the District received an overall rating of "B", with a score of 85, and six campuses earned at least one distinction for achievement, school progress, and closing (academic success) gaps among various racial, ethnic, and socioeconomic groups. Distinctions are based on performance relative to other campuses across Texas with similar type, size, grade span, and student demographics, according to the TEA.

Letter grades and overall scores given to the District campuses include the following: La Porte High School, B, 81; La Porte ISD Academy of Viola DeWalt High School, B, 83; La Porte Junior High, C, 75; Lomax Junior High, C, 79; James H. Baker Sixth Grade Campus, C, 79; Bayshore Elementary, C, 78; College Park Elementary, B, 85; Heritage Elementary, B, 85; Jennie Reid Elementary, B, 82; La Porte Elementary, A, 92; Lomax Elementary, B, 89; and Leo A. Rizzuto Elementary, A, 94. All campuses met TEA standards for the 2018-2019 school year.

La Porte Elementary School earned five distinctions: academic achievement in English language arts/reading, academic achievement in science, postsecondary readiness, top 25 percent in comparative closing the gaps. Leo A. Rizzuto Elementary School received four distinctions: academic achievement in mathematics, postsecondary readiness, top 25 percent in comparative academic growth, and top 25 percent in comparative closing the gaps.

Jennie Reid Elementary School was awarded distinctions for academic achievement in science and postsecondary readiness, and College Park Elementary School earned distinctions for postsecondary readiness and top 25 percent in comparative closing the gaps. Heritage Elementary School received a distinction for top 25 percent in comparative closing the gaps, and Lomax Elementary School earned a distinction for academic achievement in science.

The Academy of Viola DeWalt High School (the "Academy") offers specialized learning environments and innovative instructional programs that provide opportunities for at-risk students, as well as students who prefer a smaller, more structured learning environment. Students at the Academy may participate in District extra-curricular activities such as athletics, band, choir, orchestra, Junior Reserve Officers' Training Corps, Future Farmers of America, and more at La Porte High School. The Academy is evaluated by alternative education accountability provisions and is not eligible for distinctions.

The La Porte Independent School District Early Childhood Center (ECC), located at Heritage Elementary School, opened on August 28, 2019. The ECC offers full-scale early childhood education and childcare for children ages 6 weeks to 5 years. The ECC provides services for families who live within the District, and for the children and grandchildren of District employees. The curriculum focuses on literacy skills, vocabulary, math concepts, and social and emotional skills.

### **ECONOMIC FACTORS AND FUTURE BUDGETS AND TAX RATES**

House Bill 3 (HB3) was passed by the 86<sup>th</sup> Texas Legislature in 2019. HB3 can be broken down into four major policy areas: supports teachers and rewards teacher excellence, focuses on learning and improving student outcomes, increases funding and equity, and reduces and reforms property taxes and recapture.

The first major policy area supports teachers and rewards teacher excellence. The State increased the minimum salary schedule; however, this did not have an impact on the District because the District's minimum salary is well above the State's. HB3 requires districts to allocate 30 percent of their year-over-year budget increase toward full-time employee compensation increases, and 75 percent of this total must go to teachers, counselors, nurses, and librarians.

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**For the Year Ended June 30, 2019**

The second major policy area focuses on learning and improving student outcomes. This provides for prioritizing early literacy, including pre-K; improving college, career, and military readiness; increasing support for special education; and expanding learning opportunities. The District has provided full day pre-K for more than 10 years.

The third major policy area focuses on increasing funding and equity. This increases funding for low-income students, with more money in the highest poverty areas. Also, there are a variety of formula changes so that property wealth matters far less than ever before, with District funding being determined almost entirely on student need.

The fourth and final major policy area reduces and reforms property taxes and recapture. Property taxes for the District are compressed to \$0.97 for maintenance and operations during the 2019 tax year; however, pursuant to Texas tax code § 26.08(a), due to the ongoing disaster declarations issued by Governor Abbott for Hurricane Harvey (including the one on September 28, 2019), the disaster declaration issued by Governor Abbott due to Tropical Storm Imelda on September 19, 2019, and the decline in enrollment and attendance rates due to these weather events, which thereby necessitated a decreased expenditure of money to respond to the disasters, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurred, the District adopted a maintenance and operations tax rate of \$1.04.

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

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

For fiscal year (FY) 2020, the District anticipates a peak enrollment of 7,230 students, which is down from FY 2019. The District's pre-Hurricane Ike average daily attendance (ADA) was 7,670, while FY 2019 ADA was 6,798 and is anticipated to be close to 6,700 for FY 2020. Decreased enrollment equates to decreased revenue, and the District was able to increase the maintenance and operations (M&O) compressed tax rate by 7 cents for 2019 to help meet the needs of students. The property tax rate for 2018-19 was \$1.38 per \$100 of assessed value with \$1.17 for maintenance and operations and \$0.21 for debt service; the 2019-2020 rate is \$1.28 per \$100 of assessed value with \$1.04 for maintenance and operations and \$0.24 for debt service.

The District currently has eight Chapter 313 agreements, as well as one under consideration. Under a Chapter 313 agreement, for the purpose of M&O 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 M&O taxable value to a floor that generates \$100 per student in 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 the District's case, the payment would come directly to the District and be outside of the current school funding system and not subject to recapture or equalization payments to the State. The Chapter 313 agreements are not factored into the District budget until they are approved, constructed, and assessed. These agreements are a major contributing factor to the District's increased base.

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**For the Year Ended June 30, 2019**

The District continues to incur a significant cost in property and casualty insurance due to the location of the District on Galveston Bay. The District has \$200 million of property in AE flood zones close to Galveston Bay and \$100 million in coverage. This coverage costs the District \$1.8 million annually of the M&O tax collections, which are then recaptured. Escalating insurance market conditions remain a concern. The District also has costs to maintain two recovery storm shelters and has routine shelter in place drills. Between summer 2008 and summer 2017, the District spent \$348 million for replacement and renovation of educational facilities with storm mitigation at the forefront of design and investment.

The District has 1,180 faculty and staff comprised of the following: 40 employees in central administration departments; 537 teachers, librarians, counselors, and nurses; 267 other school leadership and support staff; 113 maintenance employees; 105 cafeteria workers; and 118 employees in transportation for the 2019-2020 budget. The District's Board of Trustees (the "Board") approved a 4 percent general pay increase with 4.5 percent for classroom teachers with six or more years' experience. The Board also approved a salary stipend of \$1,200 for each classroom teacher and \$1,250 performance incentive for all classroom teachers. The beginning teacher salary increased to \$55,200. This is all aligned with the first major policy of HB3.

The 2019 preliminary certified taxable property value as reported by the Harris and Chambers County Appraisal Districts totaled \$10,754,656,164, which is approximately 7.6 percent higher than the 2018 preliminary certified taxable values. The certified values that the District received after the budget was adopted for both Harris and Chambers County Appraisal Districts totaled \$10,785,811,782, of which \$1,117,225,210 is from Chapter 313 participants.

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

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

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

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at 1002 San Jacinto St., La Porte, Texas 77571, or by calling (281) 604-7048.

## ***BASIC FINANCIAL STATEMENTS***

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION - EXHIBIT A-1

June 30, 2019

<b>Data Control Codes</b>		<b>1 Governmental Activities</b>
	<b><u>Assets</u></b>	
1110	Cash and cash equivalents	\$ 80,007,663
1120	Investments	2,000,000
1220	Property taxes receivable	3,640,076
1230	Allowance for uncollectible taxes	(1,099,200)
1240	Due from other governments	2,352,284
1250	Accrued interest	23,823
1267	Due from fiduciary funds	6,809
1290	Other receivables	65,003
1300	Inventories	107,796
1410	Prepays	1,358,475
		<u>88,462,729</u>
	Capital assets:	
1510	Land	10,520,373
1520	Buildings and improvements, net	336,524,236
1530	Equipment and vehicles, net	9,390,003
1580	Construction in progress	3,135
		<u>356,437,747</u>
1000	<b>Total Assets</b>	<u>444,900,476</u>
	<b><u>Deferred Outflows of Resources</u></b>	
1700	Deferred charge on refunding	7,143,454
1705	Deferred outflows - pensions	14,436,552
1710	Deferred outflows - OPEB	3,936,131
	<b>Total Deferred Outflows of Resources</b>	<u>25,516,137</u>
	<b><u>Liabilities</u></b>	
2110	Accounts payable	1,690,432
2140	Interest payable	4,917,953
2160	Accrued liabilities	2,731,239
2177	Due to fiduciary funds	1,887
2180	Due to other governments	13,885,686
2300	Unearned revenue	250,912
		<u>23,478,109</u>
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	15,508,072
2502	Long-term liabilities due in more than one year	386,325,878
		<u>401,833,950</u>
2000	<b>Total Liabilities</b>	<u>425,312,059</u>
	<b><u>Deferred Inflows of Resources</u></b>	
2605	Deferred inflows - pensions	1,566,661
2610	Deferred inflows - OPEB	9,812,098
	<b>Total Deferred Inflows of Resources</b>	<u>11,378,759</u>
	<b><u>Net Position</u></b>	
3200	Net investment in capital assets	31,956,441
	Restricted for:	
3850	Debt service	5,899,452
3890	Grant funds	897,476
3900	Unrestricted	(5,027,574)
3000	<b>Total Net Position</b>	<u>\$ 33,725,795</u>

See Notes to Financial Statements.

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES - EXHIBIT B-1

For the Year Ended June 30, 2019

Data Control Codes	Functions/Programs	1  Expenses	Program Revenues		Net (Expense)
			3  Charges for Services	4  Operating Grants and Contributions	6  Primary Gov. Governmental Activities
	<b>Governmental Activities</b>				
11	Instruction	\$ 58,059,849	\$ 129,935	\$ 4,142,814	\$ (53,787,100)
12	Instructional resources				
12	and media services	371,144	13,002	7,036	(351,106)
13	Curriculum/instructional				
13	staff development	985,087	5,143	270,907	(709,037)
21	Instructional leadership	1,155,213	-	256,267	(898,946)
23	School leadership	4,852,010	10,310	190,289	(4,651,411)
31	Guidance, counseling, and				
31	evaluation services	3,960,798	5,449	1,250,311	(2,705,038)
32	Social work services	268,286	-	1,999	(266,287)
33	Health services	1,002,204	80	35,510	(966,614)
34	Student (pupil) transportation	3,068,613	1,411	52,658	(3,014,544)
35	Food services	4,567,997	1,303,054	3,028,483	(236,460)
36	Extracurricular activities	2,726,363	290,255	58,555	(2,377,553)
41	General administration	3,339,518	6,618	63,468	(3,269,432)
51	Plant maintenance & operations	11,491,142	551	146,864	(11,343,727)
52	Security and monitoring services	1,933,772	530	20,890	(1,912,352)
53	Data processing services	2,896,056	141	35,491	(2,860,424)
61	Community services	28,609	181	12,841	(15,587)
72	Debt service - interest	12,473,266	-	-	(12,473,266)
73	Bond issuance costs and fees	8,000	-	-	(8,000)
91	Contracted instructional services				
91	between schools	46,925,331	-	-	(46,925,331)
93	Payments to fiscal agent/member				
93	districts of SSA	128,845	-	-	(128,845)
95	Payments to juvenile justice				
95	alternative education programs	59,400	-	-	(59,400)
97	Payments to tax increment fund	2,779,617	-	-	(2,779,617)
99	Other intergovernmental charges	1,037,446	-	-	(1,037,446)
	<b>Total Governmental Activities</b>	<u>\$ 164,118,566</u>	<u>\$ 1,766,660</u>	<u>\$ 9,574,383</u>	<u>(152,777,523)</u>
	<b>General Revenues</b>				
MT	Property taxes, levied for general purposes				105,918,780
DT	Property taxes, levied for debt service				21,204,806
GC	Grants and contributions not restricted				
GC	for specific programs				11,823,223
IE	Investment earnings				1,829,958
MI	Miscellaneous local and intermediate revenue				5,987,237
GA	Gain on sale of capital assets				2,732,055
TR				<b>Total General Revenues</b>	<u>149,496,059</u>
CN				<b>Change in Net Position</b>	<u>(3,281,464)</u>
NB	Beginning net position				<u>37,007,259</u>
NE				<b>Ending Net Position</b>	<u>\$ 33,725,795</u>

See Notes to Financial Statements.



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET

### GOVERNMENTAL FUNDS - EXHIBIT C-1

June 30, 2019

Data Control Codes		199	599	699	Total
		General	Debt Service	Capital Projects	Nonmajor Funds
	Assets:				
1110	Cash and cash equivalents	\$ 53,315,339	\$ 10,810,250	\$ 7,719,514	\$ 6,352,338
1120	Investments	-	-	2,000,000	-
1220	Property taxes receivable	2,922,444	717,632	-	-
1230	Allowance for uncollectibles	(871,900)	(227,300)	-	-
1240	Due from other governments	1,694,392	7,155	-	650,737
1250	Accrued interest	11,357	-	12,466	-
1260	Due from other funds	607,554	-	7,119	17,924
1267	Due from fiduciary funds	6,658	-	-	151
1290	Other receivables	622	-	64,381	-
1300	Inventories	26,859	-	720	38,864
1410	Prepaid items	1,303,817	-	53,021	-
1000	Total Assets	\$ 59,017,142	\$ 11,307,737	\$ 9,857,221	\$ 7,060,014
	Liabilities:				
2110	Accounts payable	\$ 547,169	\$ -	\$ 345,128	\$ 797,874
2150	Payroll deductions and withholdings	583,223	-	-	-
2160	Accrued wages payable	1,465,354	-	-	148,929
2170	Due to other funds	76,918	-	45,017	520,830
2177	Due to fiduciary funds	1,887	-	-	-
2180	Due to other governments	13,885,320	-	-	321
2300	Unearned revenue	50,000	-	-	200,912
2000	Total Liabilities	16,609,871	-	390,145	1,668,866
	Deferred Inflows of Resources:				
2600	Unavailable revenue - property taxes	2,050,544	490,332	-	-
	Fund Balances:				
3410	Nonspendable - inventories	26,859	-	720	38,864
3430	Nonspendable - prepaid items	1,303,817	-	53,021	-
3450	Restricted - grants	-	-	-	897,476
3470	Restricted - capital acquisitions				
3470	and contractual obligations	-	-	9,413,335	-
3480	Restricted - debt service	-	10,817,405	-	-
3520	Committed - compensated absences	1,156,054	-	-	25,177
3540	Committed - self-insurance	1,000,000	-	-	-
3545	Committed - student				
3545	achievement and safety	-	-	-	4,429,631
3600	Unassigned	36,869,997	-	-	-
3000	Total Fund Balances	40,356,727	10,817,405	9,467,076	5,391,148
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 59,017,142	\$ 11,307,737	\$ 9,857,221	\$ 7,060,014

See Notes to Financial Statements.

**98**  
**Total**  
**Governmental**  
**Funds**

---

\$	78,197,441
	2,000,000
	3,640,076
	(1,099,200)
	2,352,284
	23,823
	632,597
	6,809
	65,003
	66,443
	1,356,838
\$	<u>87,242,114</u>

\$	1,690,171
	583,223
	1,614,283
	642,765
	1,887
	13,885,641
	<u>250,912</u>
	<u>18,668,882</u>

	<u>2,540,876</u>
--	------------------

	66,443
	1,356,838
	897,476

	9,413,335
	10,817,405
	1,181,231
	1,000,000

	4,429,631
	<u>36,869,997</u>
	<u>66,032,356</u>

\$	<u>87,242,114</u>
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**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R**  
**June 30, 2019**

Total fund balances for governmental funds	\$	66,032,356
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Amounts reported for governmental activities in the Statement of Net Position are difference because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - nondepreciable	10,523,508	
Capital assets - depreciable	345,914,239	
		356,437,747

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		2,540,876
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Internal service fund		1,329,341
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Some liabilities, including bonds payable and the net pension and net OPEB liability are not reported as liabilities in the governmental funds.

Accrued interest	(4,917,953)	
Deferred outflows - pensions	14,436,552	
Deferred inflows - pensions	(1,566,661)	
Deferred outflows - OPEB	3,936,131	
Deferred inflows - OPEB	(9,812,098)	
Deferred charges on refunding	7,143,454	
Noncurrent liabilities due in one year	(15,508,072)	
Noncurrent liabilities due in more than one year	(386,325,878)	
		(392,614,525)

<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>33,725,795</b>
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See Notes to Financial Statements.

**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - EXHIBIT C-2**

For the Year Ended June 30, 2019

Data Control Codes		199	599	699	Total
		General	Debt Service	Capital Projects	Nonmajor Funds
<b><u>Revenues</u></b>					
5700	Local and intermediate sources	\$ 111,963,242	\$ 21,634,749	\$ 1,512,207	\$ 2,061,978
5800	State program revenues	8,473,704	272,828	-	976,984
5900	Federal program revenues	3,076,691	-	-	5,618,773
5020	<b>Total Revenues</b>	<u>123,513,637</u>	<u>21,907,577</u>	<u>1,512,207</u>	<u>8,657,735</u>
<b><u>Expenditures</u></b>					
Current:					
0011	Instruction	41,204,195	-	310,232	2,602,108
0012	Instructional resources and media services	342,011	-	-	13,032
0013	Curriculum and instructional staff development	676,863	-	-	246,658
0021	Instructional leadership	824,068	-	-	204,223
0023	School leadership	4,469,733	-	-	35,598
0031	Guidance, counseling, and evaluation services	2,490,355	-	-	1,059,649
0032	Social work services	264,097	-	-	-
0033	Health services	927,231	-	-	308
0034	Student transportation	2,796,118	-	213,386	1,411
0035	Food service	-	-	-	4,218,728
0036	Extracurricular activities	1,629,216	-	-	296,829
0041	General administration	3,007,982	-	108,668	6,618
0051	Plant maintenance and operations	8,101,005	-	2,849,832	44,335
0052	Security and monitoring services	1,587,102	-	794,399	2,634
0053	Data processing services	1,533,809	-	874,927	2,039
0061	Community services	15,577	-	-	13,014
Debt services:					
0071	Principal on long-term debt	-	15,465,000	-	-
0072	Interest on long-term debt	-	13,862,199	-	-
0073	Issuance costs and fees	-	8,000	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	1,609,311	-
Intergovernmental:					
0091	Contracted instructional services				
0091	between schools	46,925,331	-	-	-
0093	Payment related to shared service arrangements	128,845	-	-	-
0095	Payments to juvenile justice				
0095	alternative education programs	59,400	-	-	-
0097	Payments to tax increment fund	2,779,617	-	-	-
0099	Other intergovernmental charges	1,037,446	-	-	-
6030	<b>Total Expenditures</b>	<u>120,800,001</u>	<u>29,335,199</u>	<u>6,760,755</u>	<u>8,747,184</u>
1100	<b>Excess (Deficiency) of Revenues</b>				
	<b>Over (Under) Expenditures</b>	<u>2,713,636</u>	<u>(7,427,622)</u>	<u>(5,248,548)</u>	<u>(89,449)</u>
<b><u>Other Financing Sources (Uses)</u></b>					
7951	Sale of real or personal property	2,732,055		-	-
7915	Transfers in	2,450	-	-	-
8911	Transfers (out)	-	-	-	(2,450)
7080	<b>Total Other Financing Sources (Uses)</b>	<u>2,734,505</u>	<u>-</u>	<u>-</u>	<u>(2,450)</u>
1200	<b>Net Change in Fund Balances</b>	<u>5,448,141</u>	<u>(7,427,622)</u>	<u>(5,248,548)</u>	<u>(91,899)</u>
0100	Beginning fund balances	34,908,586	18,245,027	14,715,624	5,483,047
3000	<b>Ending Fund Balances</b>	<u>\$ 40,356,727</u>	<u>\$ 10,817,405</u>	<u>\$ 9,467,076</u>	<u>\$ 5,391,148</u>

See Notes to Financial Statements.

<p>98</p> <p><b>Total</b></p> <p><b>Governmental</b></p> <p><b>Funds</b></p>	
\$	137,172,176
	9,723,516
	8,695,464
	<u>155,591,156</u>
	44,116,535
	355,043
	923,521
	1,028,291
	4,505,331
	3,550,004
	264,097
	927,539
	3,010,915
	4,218,728
	1,926,045
	3,123,268
	10,995,172
	2,384,135
	2,410,775
	28,591
	15,465,000
	13,862,199
	8,000
	1,609,311
	46,925,331
	128,845
	59,400
	2,779,617
	1,037,446
	<u>165,643,139</u>
	<u>(10,051,983)</u>
	2,732,055
	2,450
	(2,450)
	<u>2,732,055</u>
	(7,319,928)
	73,352,284
\$	<u><u>66,032,356</u></u>

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**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES - EXHIBIT C-3**

For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ (7,319,928)

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 and reported as depreciation expense.

Depreciation	(13,011,339)
Capital outlay	2,785,541

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (82,376)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	15,465,000
Accrued interest	280,374
Amortization of loss on refunding	(975,544)
Amortization of premiums	2,084,103

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(84,118)
Change in net pension liability	(12,344,654)
Deferred inflows - pensions	917,553
Deferred outflows - pensions	9,192,247
Change in net OPEB liability	(5,119,506)
Deferred inflows - OPEB	1,025,867
Deferred outflows - OPEB	3,573,104
Net on-behalf contributions for GASB 68 and 75 - revenues	5,591,204
Net on-behalf contributions for GASB 68 and 75 - expenses	(5,591,204)

Some revenues/expenditures reported in governmental funds are not recognized as revenues/expenses in the Statement of Activities.

Fund level on-behalf adjustment - revenues	(2,997,345)
Fund level on-behalf adjustment - expenses	2,997,345

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

332,212

<b>Change in Net Position of Governmental Activities</b>	<b>\$ (3,281,464)</b>
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See Notes to Financial Statements.



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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUNDS - EXHIBIT D-1

June 30, 2019

<b>Data Control Codes</b>		<b>Internal Service</b>
	<b><u>Assets</u></b>	
	Current assets:	
1110	Cash and cash equivalents	\$ 1,810,222
1260	Due from other funds	57,909
1300	Inventories, at cost	41,353
1410	Prepaid items	1,637
1000	<b>Total Assets</b>	<b>1,911,121</b>
	<b><u>Liabilities</u></b>	
	Current liabilities:	
2110	Accounts payable	261
2170	Due to other funds	47,741
2180	Due to other governments	45
2200	Accrued expenses	533,733
	<b>Total Liabilities</b>	<b>581,780</b>
	<b><u>Net Position</u></b>	
3900	Unrestricted	1,329,341
3000	<b>Total Net Position</b>	<b>\$ 1,329,341</b>

See Notes to Financial Statements.

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**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS - EXHIBIT D-2**  
For the Year Ended June 30, 2019

<u>Data Control Codes</u>		<u>Internal Service Funds</u>
<b><u>Operating Revenues</u></b>		
5700	Charges for services	\$ 796,180
5020		<u>796,180</u>
	<b>Total Operating Revenues</b>	
<b><u>Operating Expenses</u></b>		
6100	Payroll costs	66,034
6200	Professional and contracted services	365,871
6300	Supplies and materials	33,264
6400	Other operating costs	1,207
6030		<u>466,376</u>
	<b>Total Operating Expenses</b>	
	<b>Operating Income</b>	<u>329,804</u>
<b><u>Nonoperating Revenues</u></b>		
7020	Earnings on investments	2,408
8030		<u>2,408</u>
	<b>Total Nonoperating Revenues</b>	
1300		332,212
	<b>Change in Net Position</b>	
0100	Beginning net position	<u>997,129</u>
3300		<u><u>\$ 1,329,341</u></u>
	<b>Ending Net Position</b>	

See Notes to Financial Statements.



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS - EXHIBIT D-3

For the Year Ended June 30, 2019

	<b>Internal Service</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash received from user charges	\$ 796,180
Cash payments for insurance claims	(333,901)
Cash payments for other operating expenses	(140,508)
<b>Net Cash Provided by Operating Activities</b>	<b>321,771</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Proceeds from earnings on investments	2,408
<b>Net Cash Provided by Investing Activities</b>	<b>2,408</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>324,179</b>
Beginning cash and cash equivalents, beginning of year	1,486,043
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 1,810,222</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income	\$ 329,804
<b>Effect of increases and decreases in current assets and liabilities</b>	
Increase in due from other funds	(2,558)
Decrease in other receivables	178
Increase in inventory	(486)
Decrease in prepaid items	1,317
Decrease in accounts payable	(1,131)
Increase in due to other funds	15,389
Decrease in due to other governments	(2)
Decrease in accrued liabilities	(20,740)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 321,771</b>

See Notes to Financial Statements.

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION

### FIDUCIARY FUNDS - EXHIBIT E-1

June 30, 2019

<b>Data Control Codes</b>		<b>820 Trust</b>	<b>865 Student</b>
	<b><u>Assets</u></b>		
1110	Cash and cash equivalents	\$ 257,155	\$ 186,453
1267	Due from others	-	1,887
1000	<b>Total Assets</b>	<b>257,155</b>	<b>188,340</b>
	<b><u>Liabilities</u></b>		
2110	Account payable	15,637	2,367
2177	Due to others	151	6,658
2180	Due to other governments	-	2,085
2190	Due to student groups	30,153	177,230
2000	<b>Total Liabilities</b>	<b>45,941</b>	<b>188,340</b>
	<b><u>Net Position</u></b>		
3800	Held in trust for private purpose	211,214	-
	<b>Total Net Position</b>	<b>\$ 211,214</b>	<b>\$ -</b>

See Notes to Financial Statements.



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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUNDS - EXHIBIT E-2

For the Year Ended June 30, 2019

<u>Data Control Codes</u>			<u>820 Trust</u>
	<u>Additions</u>		
5740	Gift and contributions		\$ 138,702
	<b>Total Additions</b>		<u>138,702</u>
	<u>Deductions</u>		
6399	Administrative costs		148,138
	<b>Total Deductions</b>		<u>148,138</u>
	<b>Change in Net Position</b>		(9,436)
	Beginning net position		<u>220,650</u>
	<b>Ending Net Position</b>		<u><u>\$ 211,214</u></u>

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

La Porte Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

#### B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately.

#### C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For the Year Ended June 30, 2019**

The District reports the following governmental funds:

### **General Fund**

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

### **Debt Service Fund**

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

### **Capital Projects Fund**

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

### **Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the District's business-type activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses includes costs of material, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The proprietary fund type used by the District includes the following:

### **Internal Service Funds**

These funds are used to account for and report revenue and expenses related to services provided to parties inside the District on a cost-reimbursement basis. These funds account for the District's group health insurance benefits and workers' compensation risk management as well as activity in the District's print shop. Because the principal users of the internal service funds are

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

the District's governmental activities, this fund type is included in the governmental activities column of the governmental-wide financial statements.

### **Fiduciary Funds**

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following types of fiduciary funds:

#### **Agency Funds**

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

#### **Trust Funds**

The trust funds are custodial in nature and are accounted for using the accrual basis of accounting. These funds are used to account for the District's student scholarships.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal services funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 requirements imposed by the provider have been met.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the District.

### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### **2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (PFIA), Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Government investment pools and commercial paper

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

### 3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

### 4. Capital Assets

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

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.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings and improvements	20 to 65 years
Equipment and Vehicles	5-20 years

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

### 6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

### 7. Compensated Absences

Twelve-month employees with less than ten years of service accrue .834 days of vacation each month between July 1 and June 30. Twelve-month employees with great than 10 years of service accrue 1.25 vacation days each month between July 1 and June 30. Employees may accrue up to a maximum of 35 vacation days. Earned vacation time shall be paid to an employee who voluntarily separates from employment.

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

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 owed under this policy.

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For the Year Ended June 30, 2019**

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

### **8. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **9. Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For the Year Ended June 30, 2019**

does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **11. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities 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.

### **12. Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

### **13. Encumbrances**

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

### **14. Pensions**

The fiduciary net position of the Teacher Retirement System ("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.

### **15. Other Postemployment Benefits**

The fiduciary net position of the Teacher Retirement System of Texas' (TRS) Texas Public School Retired Employees Group Insurance Program ("TRS-Care") 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 other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

### G. Revenues and Expenditures/Expenses

#### 1. Program Revenues

Amounts reported as *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 or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District adopts annual appropriations type budgets for the general fund, national school breakfast and lunch program special revenue fund, and the debt service fund using the same method of accounting as for financial reporting, as required by law. The remaining special revenue funds (primarily federal grant programs) utilize a managerial type budget. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which require an increase in total budgeted appropriations must be approved by the Board through formal a 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 at the organization level within each function of operations. The finance department reviews closely the expenditures 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.

The official school budget was prepared for adoption for budgeted governmental fund types by July 1, 2018. The budget was formally adopted by the Board at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the TEA through inclusion in the annual financial and compliance report.

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

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

Cash and investments as of June 30, 2019 consisted of the following:

	Cash & Investments
Deposits with financial institutions	\$ 8,997,606
Investments	73,453,665
<b>Total</b>	<b>\$ 82,451,271</b>

As of June 30, 2019, the District had the following investments:

<u>Investments</u>	<u>Amount</u>	<u>Percent of Total Investments</u>	<u>Weighted Average Maturity (Days)</u>	<u>Rating</u>
Investments measured at amortized cost:				
LoneStar Corporate Overnight Fund	\$ 16,589,443	23%	39	AAAm
LoneStar Governemnt Overnight Fund	8,158,063	11%	26	AAAm
Texpool Investment Pool	6,351,116	9%	36	AAAm
Texpool PRIME	9,524,372	13%	42	AAAm
TexasTERM Cooperative Pool	2,580,886	3%	34	AAAm
Texas CLASS Investment Pool	10,915,412	14%	51	AAAm
Texas CLASS Government	14,334,373	20%	57	AAAm
Investments measured at cost:				
Certificates of Deposit	5,000,000	7%	147	N/A
<b>Total Investments</b>	<b>\$ 73,453,665</b>			

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The District's policy requires that investment pools must be rated no lower than 'AAA' or 'AAAm'. As of June 30, 2019, the District's investments credit ratings met acceptable levels required by legal guidelines prescribed by both the PFIA and the District's investment policy.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the District's deposits may not be returned in the event of a bank failure. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of June 30, 2019, fair market values of pledged securities and FDIC coverage exceeded bank balances.

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For the Year Ended June 30, 2019**

*Custodial credit risk – investments.* For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight 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. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

### **Texas CLASS**

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at [www.texasclass.com](http://www.texasclass.com).

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For the Year Ended June 30, 2019**

### **Lone Star**

The Lone Star Investment Pool (“Lone Star”) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (“TASB”), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star’s assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board’s eleven members are Lone Star participants by either being employees or elected officials of a Participant. Lone Star has established an advisory board composed of both Pool members and nonmembers. Lone Star is rated AAA by Standard and Poor’s and operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has three different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

### **TexasTERM**

The Texas Term Local Government Investment Pool (“TexasTERM”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of the TexasTERM is the same as the fair value of the TexasTERM shares. Investment options include TexasDAILY, a money market portfolio, that is rated AAAM by Standard and Poor’s, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured Certificate of Deposit’s from banks throughout the United States.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

### B. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,520,373	\$ -	\$ -	\$ 10,520,373
Construction in progress	18,190,975	1,417,438	19,605,278	3,135
Total capital assets not being depreciated	<u>28,711,348</u>	<u>1,417,438</u>	<u>19,605,278</u>	<u>10,523,508</u>
Other capital assets:				
Buildings and improvements	415,599,536	19,632,130	-	435,231,666
Equipment and vehicles	25,264,761	1,341,251	-	26,606,012
Total other capital assets	<u>440,864,297</u>	<u>20,973,381</u>	<u>-</u>	<u>461,837,678</u>
Less accumulated depreciation for:				
Buildings and improvements	87,285,639	11,421,791	-	98,707,430
Equipment and vehicles	15,626,461	1,589,548	-	17,216,009
Total accumulated depreciation	<u>102,912,100</u>	<u>13,011,339</u>	<u>-</u>	<u>115,923,439</u>
Other capital assets, net	<u>337,952,197</u>	<u>7,962,042</u>	<u>-</u>	<u>345,914,239</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 366,663,545</u>	<u>\$ 9,379,480</u>	<u>\$ 19,605,278</u>	<u>356,437,747</u>
			Less associated debt	(341,038,095)
			Plus unspent bond proceeds	9,413,335
			Plus deferred charge on refunding	<u>7,143,454</u>
			<b>Net Investment in Capital Assets</b>	<u>\$ 31,956,441</u>

Depreciation was charged to governmental functions as follows:

	<b>Governmental Activities</b>
11 Instruction	\$ 10,768,216
12 Instructional resources/media services	1,424
21 Instructional leadership	17,905
23 School leadership	1,050
33 Health services	760
34 Student (pupil) transportation	160,778
35 Food services	112,967
36 Extracurricular activities	691,433
41 General administration	83,304
51 Plant maintenance and operations	710,927
52 Security and monitoring services	42,118
53 Data processing services	420,457
<b>Total Depreciation Expense</b>	<u>\$ 13,011,339</u>



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

Construction in progress and remaining commitments, as of June 30, 2019 were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Security upgrades	\$ 5,000,000	\$ 3,135	\$ 4,996,865

### C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	\$ 335,450,000	\$ -	\$ 15,465,000	\$ 319,985,000 *	\$ 15,385,000
Bond premiums	23,137,198	-	2,084,103	21,053,095 *	-
	<u>358,587,198</u>	<u>-</u>	<u>17,549,103</u>	<u>341,038,095</u>	<u>15,385,000</u>
Other liabilities:					
Compensated absences	1,097,113	202,333	118,215	1,181,231	123,072
Net pension liability	16,241,030	12,344,654	-	28,585,684	-
Net OPEB liability	25,909,434	5,119,506	-	31,028,940	-
<b>Total Governmental Activities</b>	<u>\$ 401,834,775</u>	<u>\$ 17,666,493</u>	<u>\$ 17,667,318</u>	<u>\$ 401,833,950</u>	<u>\$ 15,508,072</u>
Long-term liabilities due in more than one year				<u>\$ 386,325,878</u>	
*Debt associated with capital assets				<u>\$ 341,038,095</u>	

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities as well as for renovations and repairs to existing facilities as needed.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the bonds in an irrevocable trust for all future debt service payments on the refunded bonds. Accordingly the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. There were no defeased bonds outstanding as of June 30, 2019.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

Bonded debt payable as of June 30, 2019 is as follows:

Description	Interest Rate Payable	Final Maturity	Original Amounts Issued	Amounts Outstanding 06/30/18	Retired Current Year	Amounts Outstanding 06/30/19
Unlimited Tax School Building Bonds Series 2016.	2.00-5.00%	2039	\$ 43,385,000	\$ 36,765,000	\$ 985,000	\$ 35,780,000
Unlimited Tax Refunding Bonds Series 2016.	2.50-5.00%	2031	\$ 21,370,000	21,370,000	1,185,000	20,185,000
Unlimited Tax School Building Bonds Series 2015.	2.00-5.00%	2039	\$ 72,545,000	59,765,000	3,125,000	56,640,000
Unlimited Tax Refunding Bonds Series 2015.	3.00-5.00%	2031	\$ 67,760,000	64,870,000	3,150,000	61,720,000
Unlimited Tax Refunding Bonds Series 2014.	2.00-4.00%	2031	\$ 6,090,000	2,770,000	100,000	2,670,000
Unlimited Tax School Building Bonds Series 2014.	1.50-5.00%	2039	\$ 99,675,000	85,410,000	2,530,000	82,880,000
Unlimited Tax Refunding Bonds Series 2012.	2.00-5.00%	2031	\$ 40,685,000	39,390,000	1,160,000	38,230,000
Unlimited Tax Schoolhouse Bonds Taxable Series 2010B (BABs).	3.52-4.64%	2027	\$ 18,880,000	18,880,000	-	18,880,000
Unlimited Tax Schoolhouse Bonds Series 2010A (Tax-Exempt).	2.00-4.00%	2020	\$ 7,780,000	3,030,000	735,000	2,295,000
Unlimited Tax Refunding Bonds, Series 2010.	2.25-5.00%	2021	\$ 19,500,000	3,200,000	2,495,000	705,000
<b>Totals</b>				<u>\$ 335,450,000</u>	<u>\$ 15,465,000</u>	<u>\$ 319,985,000</u>

The annual requirements to amortize debt issues outstanding at year end were as follows:

Year Ended June 30	Principal	Interest	Total Requirements
2020	\$ 15,385,000	\$ 13,187,399	\$ 28,572,399
2021	15,340,000	12,466,599	27,806,599
2022	15,315,000	11,747,020	27,062,020
2023	15,825,000	11,017,725	26,842,725
2024	16,370,000	10,344,053	26,714,053
2025-2029	90,270,000	40,668,731	130,938,731
2030-2034	77,565,000	24,003,394	101,568,394
2035-2039	73,915,000	9,969,682	83,884,682
	<u>\$ 319,985,000</u>	<u>\$ 133,404,603</u>	<u>\$ 453,389,603</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

### D. 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 therefore is not obligated for minimum future rental payments as of June 30, 2019.

Rental expenditures for the fiscal year ended June 30, 2019 totaled to \$249,719.

### E. Interfund Transactions

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year. The composition of interfund balances as of year end were as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 514,796
General	Internal service	47,741
General	Capital projects	45,017
Internal service	Nonmajor governmental	6,034
Capital projects	General	7,119
Nonmajor governmental	General	17,924
Internal service	General	51,875
	<b>Total</b>	<u><u>\$ 690,506</u></u>

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and transferred to finance various programs accounted for in other funds. The following is a summary of the District’s interfund transfers for the fiscal year ended June 30, 2019.

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Nonmajor governmental	General	\$ 2,450
	<b>Total</b>	<u><u>\$ 2,450</u></u>

## IV. OTHER INFORMATION

### A. 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 purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

In addition, the District is a member of the Texas Association of School Boards Joint Account Self-Insurance (the “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.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

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

Settled claims have not exceeded the aggregate coverage in any year the plan has been in effect. Insurance coverage has not been reduced for the year from the prior year. Accrued claims payable of \$533,733 as of June 30, 2019, 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 Plan claims liability amount for the fiscal year ended June 30, 2019 are as follows:

	2019	2018
Liability, beginning of year	\$ 554,473	\$ 533,295
Current year claims charges and estimates	198,971	395,971
Claim payments	(219,711)	(374,793)
<b>Liability, End of Year</b>	<b>\$ 533,733</b>	<b>\$ 554,473</b>

### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

### C. 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.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## *NOTES TO FINANCIAL STATEMENTS, Continued*

For the Year Ended June 30, 2019

### **D. Defined Benefit Pension Plan**

#### **Teacher Retirement System**

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

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

##### Pension Plan Fiduciary Net Position

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

##### 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% (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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

##### Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

### Contribution Rates

	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
NECE (State)	6.8%	6.8%
Employers	6.8%	6.8%

	<u>Measurement Year (2018)</u>	<u>Fiscal Year (2019)</u>
Employer contributions	\$ 1,749,522	\$ 1,800,737
Member contributions	\$ 4,119,754	\$ 4,125,544
NECE on-behalf contributions	\$ 2,414,618	\$ 2,502,509

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

As the NECE for public education and junior colleges, the State of Texas contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS 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 TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

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

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

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

### Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	6.907%
Long-term expected investment rate of return	7.25%
Municipal bond rate	3.69%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.3%
Salary increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

### Discount Rate

The single discount rate used to measure the TPL was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from TRS members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

Best estimates of arithmetic real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2018 are summarized below:

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Return**  
**As of August 31, 2018**

	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>	<b>Expected Contribution to Long-Term Portfolio Returns *</b>
<b>Global Equity</b>			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
<b>Stable Value</b>			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Returns	0.0%	0.0%	0.0%
Hedge Funds (Stable Value)	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
<b>Real Return</b>			
Global Inflation-Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy and Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation	0.0%		2.3%
Alpha	0.0%		-0.8%
<b>Total</b>	<b>100.0%</b>		<b>7.1%</b>

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

### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the NPL:

	<b>1% Decrease in Discount Rate (5.907%)</b>	<b>Current Discount Rate (6.907%)</b>	<b>1% Increase in Discount Rate (7.907%)</b>
District's proportionate share of the net pension liability	<u>\$ 43,142,651</u>	<u>\$ 28,585,684</u>	<u>\$ 16,800,955</u>



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

### Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$28,585,684 for its proportionate share of the TRS's NPL. 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 NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 28,585,684
State's proportionate share that is associated with the District	39,477,362
<b>Total</b>	<b><u>\$ 68,063,046</u></b>

The NPL was measured as of August 31, 2017 and rolled forward to August 31, 2018, and the TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The District's proportion of the NPL was based on the District's contributions to the pension plan relative to the contributions of all employers to TRS for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the District's proportion of the collective NPL was 0.0519339%, which was an increase of 0.001144% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the TPL since the prior measurement period.

- The TPL as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions, including rates of salary increase for individual participants, were updated based on the same experience study.
- The discount rate changed from 8.000% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.00% to 7.25%.
- The change in the long-term assumed rate of return, combined with the change in the single discount rate, was the primary reason for the increase in the NPL.

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 FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$3,907,207 and revenue of \$3,907,207 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 178,180	\$ (701,380)
Changes in actuarial assumptions	10,306,516	(322,079)
Difference between projected and actual investment earnings	-	(542,393)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,436,748	(809)
Contributions paid to TRS subsequent to the measurement date	1,515,108	-
<b>Total</b>	<b>\$ 14,436,552</b>	<b>\$ (1,566,661)</b>

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

Year Ended June 30	Pension Expense
2020	\$ 3,037,226
2021	1,895,800
2022	1,583,881
2023	1,887,994
2024	1,780,989
Thereafter	1,168,893
<b>Total</b>	<b>\$ 11,354,783</b>

### E. Defined Other Postemployment Benefit Plans

#### Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined benefit OPEB plan that has a special funding situation. TRS-Care is administered through a trust by the TRS Board of Trustees (the "Board"). It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

#### OPEB Plan Fiduciary Net Position

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

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

Components of the net OPEB liability of TRS-Care as of August 31, 2018 are as follows:

Total OPEB liability	\$ 50,729,490,103
Less: plan fiduciary net position	798,574,633
<b>Net OPEB Liability</b>	<b>\$ 49,930,915,470</b>
Net position as a percentage of total OPEB liability	1.57%

### Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits, TRS-Care 2 and TRS-Care 3 (the "Optional Health Insurance"). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in TRS. The Board is granted the authority to establish basic and optional group insurance coverage for participants, as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments.

The premium rates for the Optional Health Insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

#### **TRS-Care Plan Premium Rates** **Effective January 1, 2018 - December 31, 2018**

	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree*	\$ 135	\$ 200
Retiree and spouse	\$ 529	\$ 689
Retiree* and children	\$ 468	\$ 408
Retiree and family	\$ 1,020	\$ 999

*\*or surviving spouse*

### Contributions

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

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

Texas Insurance Code, section 1575.202 establishes the State's contribution rate, which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate, which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to TRS-Care by type of contributor:

	Contribution Rates	
	Fiscal Year	
	2018	2019
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	Measurement Year (2018)	Fiscal Year (2019)
Employer contributions	\$ 428,703	\$ 431,500
Member contributions	\$ 347,771	\$ 348,260
NECE on-behalf contributions	\$ 638,735	\$ 669,731

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

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$182.6 million in fiscal year 2018. The 85<sup>th</sup> Texas Legislature, House Bill 30 provided an additional \$212 million in one-time supplemental funding for fiscal year 2018-19 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2019, 2018, and 2017, the subsidy payments received by TRS-Care on behalf of the District were \$206,420, \$208,880, and \$240,612, respectively.

### Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

- A change was made in the measurement date of the total OPEB liability for the TRS 2018 fiscal year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This was the first year the roll-forward procedures were used.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

- The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the TRS pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability; and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in the OPEB valuation were identical to those used in the respective TRS pension valuation.
- The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale.
- Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees were used. The initial prescription drug trend rate was 11.00% for all retirees. The first-year trend rate increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

Additional actuarial methods and assumptions are as follows:

Valuation date	8/31/2017 rolled forward to 8/31/2018
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.69%. Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal funds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.
Aging factors	Based on plan-specific experience
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65.
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases*	3.05% to 9.05%, including inflation
Ad hoc postemployment benefit changes	None

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

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

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.5%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

### Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because TRS-Care is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the net OPEB liability if the discount rate used was one percent less than and one percent greater than the discount rate that was used in measuring the net OPEB liability:

	<b>1% Decrease in Discount Rate (2.69%)</b>	<b>Current Discount Rate (3.69%)</b>	<b>1% Increase in Discount Rate (4.69%)</b>
District's proportionate share of the net OPEB liability	<u>\$ 36,935,099</u>	<u>\$ 31,028,940</u>	<u>\$ 26,356,787</u>

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent less than or one percent higher than the assumed healthcare cost trend rate:

	<b>1% Decrease in Healthcare Cost Trend</b>	<b>Current Healthcare Cost Trend</b>	<b>1% Increase in Healthcare Cost Trend</b>
District's proportionate share of the net OPEB liability	<u>\$ 25,770,040</u>	<u>\$ 31,028,940</u>	<u>\$ 37,955,024</u>

### OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs

At June 30, 2019, the District reported a liability of \$31,028,940 for its proportionate share of TRS-Care’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability,

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended June 30, 2019

the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	31,028,940
State's proportionate share that is associated with the District		46,296,733
<b>Total</b>	<b>\$</b>	<b><u>77,325,673</u></b>

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2017 through August 31, 2018.

At the August 31, 2018 measurement date, the District's proportion of the collective net OPEB liability was 0.0621437 percent, which was an increase of 0.0025637% as of August 31, 2017.

### Changes Since the Prior Actuarial Valuation

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

- Adjustments were made for retirees that were known to have discontinued their healthcare coverage in fiscal year 2018. This change increased the total OPEB liability.
- The healthcare trend rate assumption was updated to reflect the anticipated return of the HIF in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability by \$2.3 billion.

The following are changes in benefit terms since the prior measurement date effective September 1, 2017 by the 85th Texas Legislature:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicaid Adventure plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed TRS-Care to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2019

- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during plan years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,683,997 and revenue of \$1,683,997 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual economic experience	\$ 1,646,590	\$ (489,682)
Changes in actuarial assumptions	517,789	(9,322,416)
Difference between projected and actual investment earnings	5,427	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,404,818	-
Contributions paid to TRS subsequent to the measurement date	361,507	-
<b>Total</b>	<b>\$ 3,936,131</b>	<b>\$ (9,812,098)</b>

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

<b>Year Ended June 30</b>	<b>OPEB Expense</b>
2020	\$ (1,046,466)
2021	(1,046,466)
2022	(1,046,466)
2023	(1,047,492)
2024	(1,048,079)
Thereafter	(1,002,505)
<b>Total</b>	<b>\$ (6,237,474)</b>

### F. Unemployment Compensation

During the year ended June 30, 2019, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.



# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For the Year Ended June 30, 2019**

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the unemployment compensation pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

### **G. Tax Abatements**

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

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

For the fiscal year ended June 30, 2019, the District has foregone collecting property taxes totaling approximately \$12.4 million resulting from the M&O tax rate of \$1.17 per \$100 of taxable value. The qualified property per the agreements had a taxable value of approximately \$1.3 billion and was limited to a taxable value of \$210,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues.

***REQUIRED SUPPLEMENTARY INFORMATION***

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**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1**

For the Year Ended June 30, 2019

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 108,370,130	\$ 111,038,642	\$ 111,963,242	\$ 924,600
5800	State program revenues	8,381,951	8,185,806	8,473,704	287,898
5900	Federal program revenues	1,266,000	1,513,423	3,076,691	1,563,268
5020	<b>Total Revenues</b>	<u>118,018,081</u>	<u>120,737,871</u>	<u>123,513,637</u>	<u>2,775,766</u>
	<b>Expenditures</b>				
0011	Instruction	42,016,819	41,661,735	41,204,195	457,540
0012	Instructional resources	452,511	402,348	342,011	60,337
0013	Curriculum and staff development	726,267	738,368	676,863	61,505
0021	Instructional leadership	927,378	866,492	824,068	42,424
0023	School leadership	4,497,502	4,501,293	4,469,733	31,560
0031	Guidance, counseling, and				
0031	evaluation services	2,927,493	2,699,408	2,490,355	209,053
0032	Social work services	313,966	303,966	264,097	39,869
0033	Health services	910,295	932,853	927,231	5,622
0034	Student (pupil) transportation	3,146,492	3,096,493	2,796,118	300,375
0036	Extracurricular activities	1,818,364	1,743,070	1,629,216	113,854
0041	General administration	3,391,644	3,240,946	3,007,982	232,964
0051	Plant maintenance and operations	8,539,436	8,839,436	8,101,005	738,431
0052	Security and monitoring services	2,066,559	1,991,560	1,587,102	404,458
0053	Data processing services	1,570,714	1,586,414	1,533,809	52,605
0061	Community services	44,600	38,300	15,577	22,723
	<b>Intergovernmental:</b>				
0091	Contracted instructional services				
0091	between schools	44,689,195	47,000,000	46,925,331	74,669
0093	Shared service arrangements	155,998	155,998	128,845	27,153
0095	Payments to juvenile justice				
0095	alternative education programs	59,400	59,400	59,400	-
0097	Payments to tax increment fund	1,700,714	2,779,617	2,779,617	-
0099	Other intergovernmental charges	1,000,000	1,037,446	1,037,446	-
6030	<b>Total Expenditures</b>	<u>120,955,347</u>	<u>123,675,143</u>	<u>120,800,001</u>	<u>2,875,142</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,937,266)</u>	<u>(2,937,272)</u>	<u>2,713,636</u>	<u>5,650,908</u>
	<b>Other Financing (Uses)</b>				
7912	Sale of real or personal property	-	-	2,732,055	2,732,055
7915	Transfers in	-	-	2,450	2,450
7080	<b>Total Other Financing Source</b>	<u>-</u>	<u>-</u>	<u>2,734,505</u>	<u>2,734,505</u>
1200	<b>Net Change in Fund Balance</b>	<u>(2,937,266)</u>	<u>(2,937,272)</u>	<u>5,448,141</u>	<u>8,385,413</u>
0100	Beginning fund balance	<u>34,908,586</u>	<u>34,908,586</u>	<u>34,908,586</u>	<u>-</u>
3000	<b>Ending Fund Balance</b>	<u>\$ 31,971,320</u>	<u>\$ 31,971,314</u>	<u>\$ 40,356,727</u>	<u>\$ 8,385,413</u>

**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2**  
**For the Year Ended June 30, 2019**

	Measurement Year*			
	2018	2017	2016	2015
District's proportion of the net pension liability	0.0519339%	0.0507900%	0.0504400%	0.0513500%
District's proportionate share of the net pension liability (asset)	\$ 28,585,684	\$ 16,241,030	\$ 19,059,283	\$ 18,151,082
State's proportionate share of the net pension liability associated with the District	39,477,362	23,985,725	29,292,219	27,003,832
<b>Total</b>	<b>\$ 68,063,046</b>	<b>\$ 40,226,755</b>	<b>\$ 48,351,502</b>	<b>\$ 45,154,914</b>
District's covered payroll**	\$ 53,503,293	\$ 52,116,034	\$ 50,779,368	\$ 47,658,971
District's proportionate share of the net pension liability as a percentage of its covered payroll	53.43%	31.16%	37.53%	38.09%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%

\* Only five years' worth of information is currently available.

**Notes to Required Supplementary Information:**

*Changes in Assumptions:* There were no changes in assumptions that affected measurement of the total pension liability during the measurement period.

The TPL, as of August 31, 2018, was developed using a roll-forward method from the August 31, 2017 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.

The discount rate changed from 8.000 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.

The long-term assumed rate of return changed from 8.00 percent to 7.25 percent.

The change in the long-term assumed rate of return, combined with the change in the single discount rate, was the primary reason for the increase in the net pension liability.

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

Measurement
Year
2014
0.0353100%

\$ 9,433,339

23,350,382
<u>\$ 32,783,721</u>

\$ 46,141,521

20.44%

83.25%

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF DISTRICT CONTRIBUTIONS

### TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3

Last 10 Fiscal Years\*

	Fiscal Year			
	2019	2018	2017	2016
Contractually required contribution	\$ 1,800,737	\$ 1,739,592	\$ 1,603,245	\$ 1,520,457
Contributions in relations to the contractually required contribution	1,800,737	1,739,592	1,603,245	1,520,457
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,578,488	\$ 53,503,293	\$ 51,900,186	\$ 50,468,268
Contributions as a percentage of covered payroll	3.36%	3.25%	3.09%	3.01%

*\*Only five years of information currently available. The District will build this schedule over the next five years.*

<b>Fiscal Year</b>	
<b>2015</b>	
\$	895,354
	895,354
\$	-
\$	46,141,521

1.94%



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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE

### SHARE OF THE NET OPEB LIABILITY

#### TEXAS PUBLIC SCHOOL RETIRED EMPLOYEE GROUP INSURANCE PROGRAM (TRS-CARE)

#### EXHIBIT G-4

For the Year Ended June 30, 2019

	Measurement Year*	
	2018	2017
District's proportion of the collective net OPEB liability	0.0621437%	0.0595800%
District's proportionate share of the collective net OPEB liability	\$ 31,028,940	\$ 25,909,434
State's proportionate share of the collective net OPEB liability associated with the District	46,296,733	41,428,528
<b>Total</b>	<b>\$ 77,325,673</b>	<b>\$ 67,337,962</b>
District's covered payroll**	\$ 53,503,293	\$ 52,116,034
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.99%	49.71%
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%

\* Only two years' worth of information is currently available.

#### Notes to Required Supplementary Information:

##### Changes in Assumptions:

Adjustments were made for retirees that were known to have discontinued their healthcare coverage in fiscal year 2018. This change increased the total OPEB liability.

The healthcare trend rate assumption was updated to reflect the anticipated return of the HIF in 2020. This change increased the total OPEB liability.

Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.

The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the total OPEB liability by \$2.3 billion.

##### Changes in Benefits:

Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.

Created a single Medicare Adventure plan and Medicare prescription drug plan for all Medicare-eligible participants.

Allowed TRS-Care to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.

Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.

Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during plan years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF CONTRIBUTIONS

### TEXAS PUBLIC SCHOOL RETIRED EMPLOYEE GROUP INSURANCE PROGRAM (TRS-CARE)

#### EXHIBIT G-5

For the Year Ended June 30, 2019

		Fiscal Year*	
		2019	2018
Statutorily required contributions		\$ 431,500	\$ 411,241
Contributions in relations to the statutorily required contributions		431,500	411,241
Contribution Deficiency (Excess)		\$ -	\$ -
District's covered payroll		\$ 53,578,488	\$ 53,503,293
Contributions as a percentage of covered payroll		0.81%	0.77%

\* Only two years' worth of information is currently available.



***SUPPLEMENTARY  
INFORMATION***



## ***NONMAJOR GOVERNMENTAL FUNDS***

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

#### Fund 211 ESEA Title I Part A.

Provide supplemental funds to help improve teaching and learning in high-poverty schools in particular for children most at-risk of meeting challenging state academic standards.

#### Fund 224 IDEA Part B Formula

Funds to operate educational programs for children with disabilities.

#### Fund 225 IDEA Part B Preschool

Funds to operate educational programs for preschool children with disabilities.

#### Fund 226 IDEA Part B Supplement

Funds to support regional day school programs for the deaf, private residential placements, priority projects and other emerging needs for children with disabilities.

#### Fund 240 National School Breakfast & Lunch Program

Funds used for food service when the service is subsidized with federal reimbursement revenues from the United States Department of Agriculture (USDA).

#### Fund 244 Career and Technical Basic Grant

Funds to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.

#### Fund 255 ESEA Title II Part A

Funds used to improve student academic achievement by improving teacher and principal quality and increasing the number of highly qualified teachers, principals, and assistant principals.

#### Fund 263 Title III Part A

Funds granted to improve the education of children with limited English proficiency by helping the children learn English and meet challenging academic achievement standards.

#### Fund 272 Medicaid Administration Claims

Funds allocated to districts to reimburse eligible administrative costs for activities that implement the Medicaid state plan.

#### Fund 289 Federally Funded Special Revenue

Funds for drug and violence prevention, character education, community service projects, conflict resolution and peer mediation programs, and other activities.

#### Fund 397 Advanced Placement Incentives

Funds to award campuses for Advanced Placement examinations.

#### Fund 410 State Instructional Materials

Funds for instructional materials to include textbooks, software, supplemental materials, DVDs, online services, open-source materials, and other means of conveying information electronically.

#### Fund 429 State Funded Special Revenue

Funds from the state for disaster relief and Funds provided by the state through the sale of specialty license plates for public school libraries and to strengthen campus reading programs.

#### Fund 461 Campus Activity

Funds for transactions related to the principals' activity funds.

#### Fund 481 La Porte Education Foundation

Funds from the La Porte Education Foundation for grants awarded to teachers for innovative programs.

#### Fund 483 Local Grants and Donations

Funds from local businesses and grants for specific purposes.

#### Fund 484 SHAC-EKG Grant

Funds to allow EKGs for UIL student participants.



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS - EXIBHIT H-1 (Page 1 of 2)

June 30, 2019

		211	224	225	226
Data Control Codes		ESEA Title I Part A Imp. Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA-B Supplement
<b><u>Assets</u></b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	99,676	353,321	3,393	69,817
1260	Due from other funds	-	9	-	-
1267	Due from fiduciary funds	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1000	<b>Total Assets</b>	<b>\$ 99,676</b>	<b>\$ 353,330</b>	<b>\$ 3,393</b>	<b>\$ 69,817</b>
<b><u>Liabilities</u></b>					
2110	Accounts payable	\$ 11,185	\$ -	\$ -	\$ -
2160	Accrued wages payable	18,276	54,997	1,081	-
2170	Due to other funds	70,215	298,333	2,312	69,817
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	<b>Total Liabilities</b>	<b>99,676</b>	<b>353,330</b>	<b>3,393</b>	<b>69,817</b>
<b><u>Fund Balances</u></b>					
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - grants	-	-	-	-
3520	Committed -	-	-	-	-
3520	compensated absences	-	-	-	-
3545	Committed - student	-	-	-	-
3545	achievement and safety	-	-	-	-
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 99,676</b>	<b>\$ 353,330</b>	<b>\$ 3,393</b>	<b>\$ 69,817</b>

<b>240</b> <b>National Sch.</b> <b>Breakfast/</b> <b>Lunch Program</b>	<b>244</b> <b>Career and</b> <b>Technical Basic</b> <b>Grant</b>	<b>255</b> <b>ESEA Title II</b> <b>Part A</b> <b>Training and</b> <b>Recruiting</b>	<b>263</b> <b>Title III Part A</b> <b>English</b> <b>Language</b> <b>Acquisition</b>	<b>272</b> <b>Medicaid</b> <b>Administ.</b> <b>Claiming</b> <b>Program</b>	<b>289</b> <b>Federally</b> <b>Funded Special</b> <b>Rev. Funds</b>
\$ 1,005,829	\$ -	\$ -	\$ -	\$ -	\$ 7,769
24,217	4,853	14,080	19,090	56,877	5,413
17,654	-	-	-	-	-
151	-	-	-	-	-
38,864	-	-	-	-	-
<u>\$ 1,086,715</u>	<u>\$ 4,853</u>	<u>\$ 14,080</u>	<u>\$ 19,090</u>	<u>\$ 56,877</u>	<u>\$ 13,182</u>
\$ 7,161	\$ 4,853	\$ -	\$ 11,356	\$ -	\$ -
61,338	-	4,226	-	2,224	2,409
8,254	-	9,854	7,734	43,505	-
-	-	-	-	-	-
59,593	-	-	-	-	10,773
<u>136,346</u>	<u>4,853</u>	<u>14,080</u>	<u>19,090</u>	<u>45,729</u>	<u>13,182</u>
38,864	-	-	-	-	-
886,328	-	-	-	11,148	-
25,177	-	-	-	-	-
-	-	-	-	-	-
<u>950,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,148</u>	<u>-</u>
<u>\$ 1,086,715</u>	<u>\$ 4,853</u>	<u>\$ 14,080</u>	<u>\$ 19,090</u>	<u>\$ 56,877</u>	<u>\$ 13,182</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS - EXIBHIT H-1 (Page 2 of 2)

June 30, 2019

		397	410	429	461
Data Control Codes		Advanced Placement Incentives	State Instructional Materials	State Funded Special Revenue Fund	Campus Activity
<u>Assets</u>					
1110	Cash and cash equivalents	\$ -	\$ 866,159	\$ 3,894,598	\$ 532,323
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	261
1267	Due from fiduciary funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 866,159</u>	<u>\$ 3,894,598</u>	<u>\$ 532,584</u>
<u>Liabilities</u>					
2110	Accounts payable	\$ -	\$ 735,613	\$ -	\$ 24,533
2160	Accrued wages payable	-	-	-	4,378
2170	Due to other funds	-	-	-	10,305
2180	Due to other governments	-	-	-	321
2300	Unearned revenue	-	130,546	-	-
2000	Total Liabilities	<u>-</u>	<u>866,159</u>	<u>-</u>	<u>39,537</u>
<u>Fund Balances</u>					
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - grants	-	-		
3520	Committed -				
3520	compensated absences	-	-	-	-
3545	Committed - student				
3545	achievement and safety	-	-	3,894,598	493,047
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>3,894,598</u>	<u>493,047</u>
<u>Total Liabilities and Fund Balances</u>					
4000		<u>\$ -</u>	<u>\$ 866,159</u>	<u>\$ 3,894,598</u>	<u>\$ 532,584</u>

481	483	484	Total Nonmajor Special Revenue Funds (See Exhibit C- 1)
La Porte Education Foundation	Local Grants and Donations	SHAC-EKG Grant	
\$ 8,251	\$ 31,099	\$ 6,310	\$ 6,352,338
-	-	-	650,737
-	-	-	17,924
-	-	-	151
-	-	-	38,864
<u>\$ 8,251</u>	<u>\$ 31,099</u>	<u>\$ 6,310</u>	<u>\$ 7,060,014</u>
\$ -	\$ 440	\$ 2,733	\$ 797,874
-	-	-	148,929
501	-	-	520,830
-	-	-	321
-	-	-	200,912
<u>501</u>	<u>440</u>	<u>2,733</u>	<u>1,668,866</u>
-	-	-	38,864
-	-	-	897,476
-	-	-	25,177
<u>7,750</u>	<u>30,659</u>	<u>3,577</u>	<u>4,429,631</u>
<u>7,750</u>	<u>30,659</u>	<u>3,577</u>	<u>5,391,148</u>
<u>\$ 8,251</u>	<u>\$ 31,099</u>	<u>\$ 6,310</u>	<u>\$ 7,060,014</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF REVENUES, EXPENDITURES,

## AND CHANGES IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS - EXIBHIT H-2 (Page 1 of 2)

For the Year Ended June 30, 2019

		211	224	225	226
Data Control Codes		ESEA Title I Part A Imp. Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA-B Supplement
<b>Revenues</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	865,012	1,482,809	49,554	69,817
5020	<b>Total Revenues</b>	<u>865,012</u>	<u>1,482,809</u>	<u>49,554</u>	<u>69,817</u>
<b>Expenditures</b>					
0011	Instruction	765,504	342,974	49,554	45,817
0012	Instructional resources				
0012	and media services	-	-	-	-
0013	Curriculum and instructional				
0013	staff development	60,746	1,685	-	-
0021	Instructional leadership	1,935	170,058	-	-
0023	School leadership	19,423	-	-	-
0031	Guidance, counseling,				
0031	and evaluation services	10,979	968,092	-	24,000
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	6,425	-	-	-
6030	<b>Total Expenditures</b>	<u>865,012</u>	<u>1,482,809</u>	<u>49,554</u>	<u>69,817</u>
<b>Other Financing Sources (Uses)</b>					
8911	Transfers (out)	-	-	-	-
7080	<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	<b>Net Change in Fund Balances</b>	-	-	-	-
0100	Beginning fund balances	-	-	-	-
3000	<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240	244	255	263	272	289
National Sch. Breakfast/ Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Training and Recruiting	Title III Part A English Language Acquisition	Medicaid Administ. Claiming Program	Federally Funded Special Rev. Funds
\$ 1,303,054	\$ -	\$ -	\$ -	\$ -	\$ -
21,258	-	-	-	-	-
2,764,891	45,713	151,788	89,241	56,877	43,071
4,089,203	45,713	151,788	89,241	56,877	43,071
-	44,003	-	56,176	38,314	629
-	-	-	-	-	-
-	1,710	150,303	17,295	-	-
-	-	1,085	-	31,145	-
-	-	400	1,850	-	695
-	-	-	7,512	-	41,747
-	-	-	-	-	-
-	-	-	-	-	-
4,218,728	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
43,784	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,408	-	-
4,262,512	45,713	151,788	89,241	69,459	43,071
-	-	-	-	-	-
-	-	-	-	-	-
(173,309)	-	-	-	(12,582)	-
1,123,678	-	-	-	23,730	-
\$ 950,369	\$ -	\$ -	\$ -	\$ 11,148	\$ -

**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - EXIBHIT H-2 (Page 2 of 2)**  
**For the Year Ended June 30, 2019**

		397	410	429	461
Data Control Codes		Advanced Placement Incentives	State Instructional Materials	State Funded Special Revenue Fund	Campus Activity
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 560,787
5800	State program revenues	1,200	937,463	17,063	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	1,200	937,463	17,063	560,787
Expenditures					
0011	Instruction	-	936,873	14,584	129,935
0012	Instructional resources				
0012	and media services	-	-	30	13,002
0013	Curriculum and instructional				
0013	staff development	5,920	590	-	5,143
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	10,310
0031	Guidance, counseling,				
0031	and evaluation services	-	-	-	5,449
0033	Health services	-	-	-	80
0034	Student transportation	-	-	-	1,411
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	290,255
0041	General administration	-	-	-	6,618
0051	Plant maintenance and operations	-	-	-	551
0052	Security and monitoring services	-	-	-	530
0053	Data processing services	-	-	-	141
0061	Community services	-	-	-	181
6030	Total Expenditures	5,920	937,463	14,614	463,606
Other Financing Sources					
8911	Transfers (out)	-	-	(2,450)	-
7080	Total Other Financing (Uses)	-	-	(2,450)	-
1200	Net Change in Fund Balances	(4,720)	-	(1)	97,181
0100	Beginning fund balances	4,720	-	3,894,599	395,866
3000	Ending Fund Balances	\$ -	\$ -	\$ 3,894,598	\$ 493,047

<b>481</b>	<b>483</b>	<b>484</b>	<b>Total Nonmajor Special Revenue Funds (See Exhibit C- 2)</b>
<b>La Porte Education Foundation</b>	<b>Local Grants and Donations</b>	<b>SHAC-EKG Grant</b>	
\$ 158,890	\$ 34,957	\$ 4,290	\$ 2,061,978
-	-	-	976,984
-	-	-	5,618,773
158,890	34,957	4,290	8,657,735
155,737	22,008	-	2,602,108
-	-	-	13,032
-	3,266	-	246,658
-	-	-	204,223
-	2,920	-	35,598
1,870	-	-	1,059,649
-	228	-	308
-	-	-	1,411
-	-	-	4,218,728
-	460	6,114	296,829
-	-	-	6,618
-	-	-	44,335
-	2,104	-	2,634
-	1,898	-	2,039
-	-	-	13,014
157,607	32,884	6,114	8,747,184
-	-	-	(2,450)
-	-	-	(2,450)
1,283	2,073	(1,824)	(91,899)
6,467	28,586	5,401	5,483,047
\$ 7,750	\$ 30,659	\$ 3,577	\$ 5,391,148





## ***NONMAJOR INTERNAL SERVICE FUNDS***

### **Internal Service Funds**

Internal service funds are used to account for services provided to other departments of the District on a cost-reimbursement basis.

#### Fund 752 Print Shop

Transactions related to print shop services to other organizational units of the District and organizations outside the District.

#### Fund 753 Workers Compensation

Transactions related to self-insurance for workers' compensation.

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF NET POSITION

### PROPRIETARY FUNDS - EXHIBIT H-3

June 30, 2019

Data Control Codes		752	753	
		Print Shop	Workers' Compensation	Total Internal Service Funds
	<b><u>Assets</u></b>			
	Current assets:			
1110	Cash and cash equivalents	\$ -	\$ 1,810,222	\$ 1,810,222
1260	Due from other funds	2,080	55,829	57,909
1300	Inventories, at cost	41,353	-	41,353
1410	Prepaid items	1,637	-	1,637
		<u>45,070</u>	<u>1,866,051</u>	<u>1,911,121</u>
	<b><u>Liabilities</u></b>			
2110	Accounts payable	261	-	261
2170	Due to other funds	47,741	-	47,741
2180	Due to other governments	45	-	45
2200	Accrued liabilities	-	533,733	533,733
2000	<b>Total Liabilities</b>	<u>48,047</u>	<u>533,733</u>	<u>581,780</u>
	<b><u>Net Position</u></b>			
3900	Unrestricted	(2,977)	1,332,318	1,329,341
3000	<b>Total Net Position</b>	<u>\$ (2,977)</u>	<u>\$ 1,332,318</u>	<u>\$ 1,329,341</u>



**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET POSITION - PROPRIETARY FUNDS - EXHIBIT H-4**  
For the Year Ended June 30, 2019

		752	753	
<u>Data Control Codes</u>		<u>Print Shop</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds</u>
	<b><u>Operating Revenues</u></b>			
5700	Charges for services	\$ 140,508	\$ 655,672	\$ 796,180
5020	<b>Total Operating Revenues</b>	<u>140,508</u>	<u>655,672</u>	<u>796,180</u>
	<b><u>Operating Expenses</u></b>			
6100	Payroll costs	66,034	-	66,034
6200	Professional and contracted services	53,213	312,658	365,871
6300	Supplies and materials	33,264	-	33,264
6400	Other operating expense	1,207	-	1,207
6030	<b>Total Operating Expenses</b>	<u>153,718</u>	<u>312,658</u>	<u>466,376</u>
	<b>Operating Income (Loss)</b>	<u>(13,210)</u>	<u>343,014</u>	<u>329,804</u>
	<b><u>Nonoperating Revenues</u></b>			
7020	Earnings on investments	-	2,408	2,408
8030	<b>Total Nonoperating Revenues</b>	<u>-</u>	<u>2,408</u>	<u>2,408</u>
1300	<b>Change in Net Position</b>	(13,210)	345,422	332,212
0100	Beginning net position	<u>10,233</u>	<u>986,896</u>	<u>997,129</u>
3300	<b>Ending Net Position</b>	<u>\$ (2,977)</u>	<u>\$ 1,332,318</u>	<u>\$ 1,329,341</u>



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS - EXHIBIT H-5

For the Year Ended June 30, 2019

	752	753	
	Print Shop	Workers' Compensation	Total Internal Service Funds
<b><u>Cash Flows from Operating Activities</u></b>			
Cash received from user charges	\$ 140,508	\$ 655,672	\$ 796,180
Cash payments for insurance claims	-	(333,901)	(333,901)
Cash payments for other operating expenses	(140,508)	-	(140,508)
<b>Net Cash Provided by Operating Activities</b>	<b>-</b>	<b>321,771</b>	<b>321,771</b>
 Proceeds from earnings on investments	 -	 2,408	 2,408
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>2,408</b>	<b>2,408</b>
 <b>Net Increase in Cash and Cash Equivalents</b>	 -	 324,179	 324,179
 Cash and cash equivalents, beginning of year	 -	 1,486,043	 1,486,043
 <b>Ending Cash and Cash Equivalents</b>	 <b>\$ -</b>	 <b>\$ 1,810,222</b>	 <b>\$ 1,810,222</b>
 <b>Reconciliation of Operating Income (Loss) to</b>			
<b>Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (13,210)	\$ 343,014	\$ 329,804
<b>Effect of Increases and Decreases in Current</b>			
<b>Assets and Liabilities</b>			
Increase in due from other funds	(2,055)	(503)	(2,558)
Decrease in other receivables	178		178
Increase in inventory	(486)	-	(486)
Decrease in prepaid items	1,317	-	1,317
Decrease in accounts payable	(1,131)	-	(1,131)
Increase in due to other funds	15,389		15,389
Decrease in due to other governments	(2)		(2)
Decrease in accrued liabilities	-	(20,740)	(20,740)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ -</b>	<b>\$ 321,771</b>	<b>\$ 321,771</b>



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## ***FIDUCIARY FUNDS***

### **Agency Fund**

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

### **Fund 865 Student Activity**

Accounting for activity on behalf of various student groups and organizations.



**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - EXHIBIT H-6**  
**AGENCY FUND**

For the Year Ended June 30, 2019

<b>Data Control Codes</b>		<b>Beginning Balance July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance June 30, 2019</b>
	<b><u>Assets</u></b>				
1110	Cash and cash equivalents	\$ 196,411	\$ 627,593	\$ 637,551	\$ 186,453
1267	Due from others	-	55,676	53,789	1,887
1290	Other receivables	28,769	-	28,769	-
1000	<b>Total Assets</b>	<u>225,180</u>	<u>683,269</u>	<u>720,109</u>	<u>188,340</u>
	<b><u>Liabilities</u></b>				
2110	Accounts payable	28,027	478,335	503,995	2,367
2177	Due to others	-	116,077	109,419	6,658
2180	Due to other governments	2,577	6,528	7,020	2,085
2190	Due to student groups	194,576	597,728	615,074	177,230
2000	<b>Total Liabilities</b>	<u>\$ 225,180</u>	<u>\$ 1,198,668</u>	<u>\$ 1,235,508</u>	<u>\$ 188,340</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1

For the Year Ended June 30, 2019

	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value For School Tax Purposes	Beginning Balance 7/1/18
Last Ten Years	Maintenance	Debt Service		
2010 and prior	Various	Various	Various	\$ 414,392
2011	\$ 1.0400	\$ 0.2850	\$ 5,789,629,020	108,141
2012	\$ 1.0400	\$ 0.3150	\$ 6,004,563,235	76,739
2013	\$ 1.0400	\$ 0.2900	\$ 6,208,701,705	94,744
2014	\$ 1.0400	\$ 0.2900	\$ 6,601,456,565	193,471
2015	\$ 1.0400	\$ 0.4100	\$ 7,047,165,791	324,735
2016	\$ 1.0400	\$ 0.4100	\$ 8,118,723,905	438,366
2017	\$ 1.0400	\$ 0.3800	\$ 9,431,612,882	466,171
2018	\$ 1.0400	\$ 0.3400	\$ 9,820,930,163	1,689,559
2019	\$ 1.1700	\$ 0.2100	\$ 10,199,854,026	-
<b>1000 Totals</b>				<b>\$ 3,806,318</b>

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

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collected	Debt Service Total Collected	Entire Year's Adjustments	Ending Balance 6/30/19
\$ -	\$ 11,584	\$ 3,166	\$ (108,556)	\$ 291,086
-	3,737	1,024	(983)	102,397
-	2,977	902	(3,788)	69,072
-	6,458	1,801	398	86,883
-	110,572	30,833	44,496	96,562
-	167,271	65,944	48,685	140,205
-	163,005	64,262	63,216	274,315
-	162,571	59,401	22,604	266,803
-	86,537	28,291	(1,115,012)	459,719
<u>128,005,460</u>	<u>105,203,331</u>	<u>20,949,923</u>	<u>828</u>	<u>1,853,034</u>
<u>\$ 128,005,460</u>	<u>\$ 105,918,043</u>	<u>\$ 21,205,547</u>	<u>\$ (1,048,112)</u>	<u>\$ 3,640,076</u>
	<u>\$ 2,779,617</u>	<u>\$ -</u>		

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**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2**  
**For the Year Ended June 30, 2019**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b><u>Revenues</u></b>				
5700	Local, intermediate, and out-of-state	\$ 1,525,000	\$ 1,525,000	\$ 1,303,054	\$ (221,946)
5800	State program revenues	24,000	24,000	21,258	(2,742)
5900	Federal program revenues	2,587,456	2,587,456	2,764,891	177,435
5020	<b>Total Revenues</b>	<u>4,136,456</u>	<u>4,136,456</u>	<u>4,089,203</u>	<u>(47,253)</u>
	<b><u>Expenditures</u></b>				
0035	Food service	4,510,704	4,532,855	4,218,728	314,127
0051	Plant maintenance and operations	56,000	56,000	43,784	12,216
6030	<b>Total Expenditures</b>	<u>4,566,704</u>	<u>4,588,855</u>	<u>4,262,512</u>	<u>326,343</u>
1200	<b>Net Change in Fund Balance</b>	(430,248)	(452,399)	(173,309)	279,090
0100	Beginning fund balance	1,123,678	1,123,678	1,123,678	-
3000	<b>Ending Fund Balance</b>	<u>\$ 693,430</u>	<u>\$ 671,279</u>	<u>\$ 950,369</u>	<u>\$ 279,090</u>



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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## BUDGETARY COMPARISON SCHEDULE

### DEBT SERVICE FUND - EXHIBIT J-3

For the Year Ended June 30, 2019

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
	<b><u>Revenues</u></b>				
5700	Local, intermediate, and out-of-state	\$ 20,655,000	\$ 20,655,000	\$ 21,634,749	\$ 979,749
5800	State program revenues	-	-	272,828	272,828
5020	<b>Total Revenues</b>	<u>20,655,000</u>	<u>20,655,000</u>	<u>21,907,577</u>	<u>1,252,577</u>
	<b><u>Expenditures</u></b>				
0071	Principal	15,465,000	15,465,000	15,465,000	-
0072	Interest	13,862,200	13,862,200	13,862,199	1
0073	Bond issuance costs and fees	20,000	20,000	8,000	12,000
6030	<b>Total Expenditures</b>	<u>29,347,200</u>	<u>29,347,200</u>	<u>29,335,199</u>	<u>12,001</u>
1200	<b>Net Change in Fund Balance</b>	(8,692,200)	(8,692,200)	(7,427,622)	1,264,578
0100	Beginning fund balance	18,245,027	18,245,027	18,245,027	-
3000	<b>Ending Fund Balance</b>	<u>\$ 9,552,827</u>	<u>\$ 9,552,827</u>	<u>\$ 10,817,405</u>	<u>\$ 1,264,578</u>

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## ***STATISTICAL SECTION***

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## ***STATISTICAL SECTION***

This part of the La Porte Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the District's overall financial health.

<b>Contents</b>	<b>Page</b>
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Financial Trends	130
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*These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.*

Revenue Capacity	140
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*These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.*

Debt Capacity	150
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*These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.*

Demographic and Economic Information	156
--------------------------------------	-----

*These schedules offer demographic and economic indicators to help the reader understand how the District's financial activities take place and to help make comparisons over time and with other governments.*

Operating Information	158
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*These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.*

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## NET POSITION BY COMPONENT - EXHIBIT L-1

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 47,802,639	\$ 50,203,269	\$ 59,397,384	\$ 61,780,754
Restricted	9,331,393	8,856,190	4,044,889	5,177,592
Unrestricted	15,439,706	7,787,870	14,213,315	7,598,907
<b>Total Governmental Activities Net Position</b>	<u><u>\$ 72,573,738</u></u>	<u><u>\$ 66,847,329</u></u>	<u><u>\$ 77,655,588</u></u>	<u><u>\$ 74,557,253</u></u>
Primary Government				
Net investment in capital assets	\$ 47,802,639	\$ 50,203,269	\$ 59,397,384	\$ 61,780,754
Restricted	9,331,393	8,856,190	4,044,889	5,177,592
Unrestricted	15,439,706	7,787,870	14,213,315	7,598,907
<b>Total Primary Government Net Position</b>	<u><u>\$ 72,573,738</u></u>	<u><u>\$ 66,847,329</u></u>	<u><u>\$ 77,655,588</u></u>	<u><u>\$ 74,557,253</u></u>

Source: La Porte Independent School District's Audit Reports

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 49,715,550	\$ 44,176,078	\$ 35,725,150	\$ 33,311,721	\$ 30,910,969	\$ 31,956,441
7,899,261	8,586,196	11,272,475	11,551,291	14,810,662	6,796,928
13,511,147	10,206,293	22,800,483	22,128,205	(8,714,372)	(5,027,574)
<u>\$ 71,125,958</u>	<u>\$ 62,968,567</u>	<u>\$ 69,798,108</u>	<u>\$ 66,991,217</u>	<u>\$ 37,007,259</u>	<u>\$ 33,725,795</u>
\$ 49,715,550	\$ 44,176,078	\$ 35,725,150	\$ 33,311,721	\$ 30,910,969	\$ 31,956,441
7,899,261	8,586,196	11,272,475	11,551,291	14,810,662	6,796,928
13,511,147	10,206,293	22,800,483	22,128,205	(8,714,372)	(5,027,574)
<u>\$ 71,125,958</u>	<u>\$ 62,968,567</u>	<u>\$ 69,798,108</u>	<u>\$ 66,991,217</u>	<u>\$ 37,007,259</u>	<u>\$ 33,725,795</u>



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## CHANGES IN NET POSITION - EXHIBIT L-2 (Page 1 of 2)

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities				
Instruction	\$ 30,595,268	\$ 43,789,099	\$ 41,910,445	\$ 41,356,893
Instructional resources and media services	1,188,805	825,891	727,755	501,443
Curriculum and staff development	659,289	671,220	585,541	641,689
Instructional leadership	1,128,163	1,026,317	994,257	1,142,625
School leadership	4,095,558	3,752,183	3,625,048	3,681,792
Guidance, counseling and evaluation services	2,711,579	2,432,240	2,130,352	2,253,409
Social work services	161,929	181,588	162,220	165,195
Health services	820,900	815,913	745,019	691,172
Student transportation	3,245,909	3,151,946	2,855,000	3,078,612
Food service	3,664,602	3,765,475	3,750,711	3,821,034
Cocurriculum/extracurricular activities	2,272,727	2,248,364	1,889,910	1,863,511
General administration	3,221,504	3,441,371	3,127,086	2,946,863
Plant maintenance and operations	2,879,643	9,498,226	9,276,851	10,146,172
Security and monitoring services	668,566	609,179	548,739	519,364
Data processing services	233,706	1,757,198	2,614,906	2,584,811
Community services	62,136	85,274	60,520	52,049
Interest on long-term debt	8,651,042	9,807,789	8,787,513	8,788,707
Facilities repairs and maintenance	25,858,090	1,432,410	784,746	232,769
Contracted instructional services	15,963,897	15,406,248	17,321,383	16,808,844
Payments related to SSAs	80,739	89,793	87,265	99,000
Payments to juvenile justice alternative ed. programs	18,900	20,790	19,620	19,620
Payments to tax increment fund	1,088,059	1,110,264	934,600	877,868
Other intergovernmental charges	651,956	644,788	655,091	660,402
<b>Total Governmental Activities Expenses</b>	<u>109,922,967</u>	<u>106,563,566</u>	<u>103,594,578</u>	<u>102,933,844</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Instruction	\$ 26,398	\$ 27,886	\$ 20,509	\$ 53,863
Student transportation	-	-	-	-
Food services	1,807,115	1,847,263	1,765,220	1,705,036
Extracurricular	131,114	111,767	155,870	134,466
General administration	-	-	-	-
Plant maintenance and operations	32,869	50,931	58,838	114,583
Operating grants and contributions	21,772,771	12,287,750	10,022,070	9,441,913
<b>Total Primary Government Program Revenues</b>	<u>\$ 23,770,267</u>	<u>\$ 14,325,597</u>	<u>\$ 12,022,507</u>	<u>\$ 11,449,861</u>
<b>Net (Expense)</b>				
Governmental activities	\$ (86,152,700)	\$ (92,237,969)	\$ (91,572,071)	\$ (91,483,983)
<b>Total Primary Government Net (Expense)</b>	<u>\$ (86,152,700)</u>	<u>\$ (92,237,969)</u>	<u>\$ (91,572,071)</u>	<u>\$ (91,483,983)</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 42,995,224	\$ 44,530,011	\$ 49,759,289	\$ 52,296,542	\$ 38,856,109	\$ 58,059,849
482,710	484,361	458,306	454,722	348,770	371,144
734,170	1,282,550	1,329,946	1,025,854	693,000	985,087
1,170,527	839,282	925,493	1,025,658	615,858	1,155,213
3,913,052	3,991,291	4,302,695	4,374,173	2,853,808	4,852,010
2,456,356	2,574,355	2,887,377	2,997,386	1,824,276	3,960,798
195,190	204,158	207,172	231,094	228,045	268,286
736,101	813,607	839,418	875,217	591,858	1,002,204
3,109,273	3,422,132	3,619,700	3,024,166	2,383,859	3,068,613
3,879,868	4,001,664	4,269,781	4,517,973	3,250,726	4,567,997
2,130,598	2,171,413	2,374,697	2,320,363	2,122,573	2,726,363
3,103,491	2,949,663	3,255,560	3,155,391	2,707,853	3,339,518
10,193,730	9,929,472	11,431,976	10,633,698	10,070,631	11,491,142
542,011	524,177	551,098	1,300,140	1,243,185	1,933,772
2,518,335	3,736,801	3,899,246	3,577,687	2,435,287	2,896,056
68,500	75,006	39,369	38,258	20,614	28,609
8,474,442	12,548,106	14,074,233	13,762,377	13,000,225	12,473,266
73,997	9,506	44,521	29,396	8,000	8,000
17,754,454	20,877,309	24,531,648	31,237,688	33,224,648	46,925,331
120,968	130,571	118,619	108,101	111,516	128,845
19,620	19,800	19,800	19,800	19,800	59,400
1,253,630	1,407,985	1,671,451	2,054,938	1,141,045	2,779,617
661,254	788,330	886,598	964,114	993,774	1,037,446
<u>106,587,501</u>	<u>117,311,550</u>	<u>131,497,993</u>	<u>140,024,736</u>	<u>118,745,460</u>	<u>164,118,566</u>
\$ 36,253	\$ 31,727	\$ 36,083	\$ 100,103	\$ 91,553	\$ 163,919
-	-	-	-	-	1,411
1,664,048	1,664,582	1,549,946	1,467,338	1,113,247	1,303,054
106,928	119,255	115,921	146,275	102,690	290,255
-	-	-	-	-	6,618
98,187	73,480	70,918	72,836	74,181	1,403
10,043,558	9,702,933	11,674,605	10,009,652	(4,549,099)	9,574,383
<u>\$ 11,948,974</u>	<u>\$ 11,591,977</u>	<u>\$ 13,447,473</u>	<u>\$ 11,796,204</u>	<u>\$ (3,167,428)</u>	<u>\$ 11,341,043</u>
\$ (94,638,527)	\$ (105,719,573)	\$ (118,050,520)	\$ (128,228,532)	\$ (121,912,888)	\$ (152,777,523)
<u>\$ (94,638,527)</u>	<u>\$ (105,719,573)</u>	<u>\$ (118,050,520)</u>	<u>\$ (128,228,532)</u>	<u>\$ (121,912,888)</u>	<u>\$ (152,777,523)</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## CHANGES IN NET POSITION - EXHIBIT L-2 (Page 2 of 2)

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>General Revenues</b>				
Governmental activities				
Property taxes				
Levied for general purposes	\$ 61,352,576	\$ 60,018,204	\$ 62,322,911	\$ 63,383,117
Levied for debt service	16,874,731	16,423,702	18,615,934	18,932,619
Investment earnings	341,475	148,288	139,912	134,986
Unrestricted grants and contributions	6,930,134	8,084,729	20,407,945	4,772,137
Miscellaneous	2,036,388	2,366,955	1,068,263	1,162,789
Transfers	(43,997)	-	(61,182)	-
Special items	-	(530,318)	(113,453)	-
<b>Total Primary Government</b>	<u>\$ 87,491,307</u>	<u>\$ 86,511,560</u>	<u>\$ 102,380,330</u>	<u>\$ 88,385,648</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 1,338,607	\$ (5,726,409)	\$ 10,808,259	\$ (3,098,335)
Implementation of GASB 68/71/75	-	-	-	-
<b>Total Primary Government</b>	<u>\$ 1,338,607</u>	<u>\$ (5,726,409)</u>	<u>\$ 10,808,259</u>	<u>\$ (3,098,335)</u>

Source: La Porte Independent School District's Audit Reports

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 67,863,048	\$ 79,067,056	\$ 85,819,764	\$ 94,533,779	\$ 96,468,292	\$ 105,918,780
20,270,780	23,617,432	33,374,353	35,688,808	32,937,911	21,204,806
96,660	90,049	488,351	897,470	1,238,456	1,829,958
3,182,174	3,286,104	3,046,813	5,962,210	5,701,540	11,823,223
1,576,588	2,351,123	2,257,067	2,853,468	1,066,686	5,987,237
-	(2,500)	-	-	-	-
-	-	(106,287)	(14,514,094)	-	2,732,055
<u>\$ 92,989,250</u>	<u>\$ 108,409,264</u>	<u>\$ 124,880,061</u>	<u>\$ 125,421,641</u>	<u>\$ 137,412,885</u>	<u>\$ 149,496,059</u>
\$ (1,649,277)	\$ 2,689,691	\$ 6,829,541	\$ (2,806,891)	\$ 15,499,997	\$ (3,281,464)
(1,782,018)	(10,847,082)	-	-	(45,483,955)	-
<u>\$ (3,431,295)</u>	<u>\$ (8,157,391)</u>	<u>\$ 6,829,541</u>	<u>\$ (2,806,891)</u>	<u>\$ (29,983,958)</u>	<u>\$ (3,281,464)</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## FUND BALANCES OF GOVERNMENTAL FUNDS - EXHIBIT L-3

Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ -	\$ 85,551	\$ 83,910	\$ 1,612,141
Committed	-	1,980,372	1,931,661	2,016,430
Assigned	-	-	44,651	-
Unassigned	-	21,746,547	33,127,599	29,565,826
Designated	2,900,127	-	-	-
Reserved	1,037,264	-	-	-
Unreserved	22,918,219	-	-	-
<b>Total General Fund</b>	<b>\$ 26,855,610</b>	<b>\$ 23,812,470</b>	<b>\$ 35,187,821</b>	<b>\$ 33,194,397</b>
All Other Governmental Funds				
Nonspendable				
Inventories	\$ -	\$ 54,749	\$ 53,679	\$ 48,189
Prepaid items	-	49,293	56,751	56,924
Restricted				
Grant funds	-	1,218,644	1,438,989	1,666,962
Capital acquisitions	-	29,148,114	20,684,431	12,691,463
Retirement of long-term debt	-	10,956,433	5,284,442	6,407,019
Committed				
Compensated absences	-	-	-	-
Local special revenue	-	5,055,950	5,123,908	4,595,283
Reserved				
Food service	8,618,103	-	-	-
Capital acquisitions	15,540,934	-	-	-
Retirement of long-term debt	11,314,332	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 35,473,369</b>	<b>\$ 46,483,183</b>	<b>\$ 32,642,200</b>	<b>\$ 25,465,840</b>

Source: La Porte Independent School District's Audit Reports

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,320,438	\$ 1,081,967	\$ 1,055,954	\$ 1,008,312	\$ 1,310,465	\$ 1,330,676
2,059,320	2,177,197	2,215,787	1,986,505	2,067,367	2,156,054
-	-	-	-	35,828	-
27,436,294	25,053,340	25,827,182	30,245,650	31,494,926	36,869,997
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 30,816,052</u>	<u>\$ 28,312,504</u>	<u>\$ 29,098,923</u>	<u>\$ 33,240,467</u>	<u>\$ 34,908,586</u>	<u>\$ 40,356,727</u>
\$ 25,697	\$ 51,812	\$ 32,204	\$ 22,999	\$ 14,580	\$ 39,584
57,768	567,936	291,682	96,400	63,389	53,021
1,888,968	2,043,567	1,775,411	1,437,143	1,103,082	897,476
8,195,876	87,578,978	97,351,152	31,925,319	14,652,235	9,413,335
8,774,566	10,236,018	14,209,608	14,883,619	18,245,027	10,817,405
-	-	29,415	26,820	29,746	25,177
4,603,191	4,387,056	4,390,052	4,342,599	4,335,639	4,429,631
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 23,546,066</u>	<u>\$ 104,865,367</u>	<u>\$ 118,079,524</u>	<u>\$ 52,734,899</u>	<u>\$ 38,443,698</u>	<u>\$ 25,675,629</u>

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - EXHIBIT L-4

Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Local and intermediate sources	\$ 89,127,430	\$ 81,473,480	\$ 84,896,434	\$ 86,324,262
State program revenues	19,865,831	11,450,986	19,455,261	6,882,569
Federal program revenues	8,468,030	8,168,383	7,216,160	6,784,709
<b>Total Revenues</b>	<b>117,461,291</b>	<b>101,092,849</b>	<b>111,567,855</b>	<b>99,991,540</b>
<b>Expenditures</b>				
Instruction	42,117,065	41,364,695	38,257,864	36,703,186
Instructional resources and media services	1,178,508	840,162	727,947	499,708
Curriculum and staff development	657,914	680,217	586,159	641,380
Instructional leadership	1,121,204	1,049,824	997,049	1,134,434
School leadership	4,068,569	3,839,423	3,633,863	3,668,061
Guidance, counseling and evaluation services	2,697,581	2,487,147	2,137,025	2,249,211
Social work services	161,289	184,084	162,440	164,796
Health services	816,045	835,669	747,347	691,033
Student transportation	2,995,348	2,981,265	3,804,994	2,835,617
Food service	3,641,157	3,824,108	3,862,600	3,870,741
Cocurriculum/extracurricular activities	1,921,559	1,920,415	1,531,135	1,490,065
General administration	3,318,237	3,138,540	2,733,142	2,922,056
Plant maintenance and operations	10,188,508	9,508,406	8,942,257	9,627,818
Security and monitoring services	670,124	615,768	550,351	519,360
Data processing services	2,521,175	1,428,274	2,817,503	2,249,310
Community services	56,962	80,101	55,661	46,876
Principal on long-term debt	7,430,000	7,290,000	7,725,000	8,210,000
Interest on long-term debt	8,772,064	9,565,232	9,787,163	8,653,933
Bond issuance costs and fees	513,883	291,512	405,182	4,850
Capital outlay	44,840,376	11,027,305	1,926,056	4,513,155
Other intergovernmental charges	17,803,551	17,271,883	19,017,959	18,465,734
<b>Total Expenditures</b>	<b>157,491,119</b>	<b>120,224,030</b>	<b>110,408,697</b>	<b>109,161,324</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(40,029,828)</b>	<b>(19,131,181)</b>	<b>1,159,158</b>	<b>(9,169,784)</b>
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	19,500,000	-	-	-
Capital-related debt issued (regular bonds)	29,480,000	26,660,000	40,685,000	-
Sale of real or personal property	-	-	-	-
Extraordinary item - insurance recovery	-	-	3,040,289	-
Transfers in	336,892	1,525	-	-
Premium or discount on issuance of bonds	1,745,271	437,855	4,008,196	-
Transfer out	(380,889)	(1,525)	(61,182)	-
Other uses	(20,974,388)	-	(51,297,093)	-
<b>Total Other Financing Sources (Uses)</b>	<b>29,706,886</b>	<b>27,097,855</b>	<b>(3,624,790)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (10,322,942)</b>	<b>\$ 7,966,674</b>	<b>\$ (2,465,632)</b>	<b>\$ (9,169,784)</b>
Debt service as a percentage of noncapital expenditures*	14.84%	15.70%	16.52%	16.12%

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

Source: La Porte Independent School District's Audit Reports

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 92,060,038	\$ 106,967,548	\$ 123,940,130	\$ 136,414,687	\$ 134,069,758	\$ 137,172,176
6,240,932	6,380,373	6,539,522	7,832,361	8,321,677	9,723,516
6,417,978	6,598,936	6,275,753	6,533,129	7,294,080	8,695,464
104,718,948	119,946,857	136,755,405	150,780,177	149,685,515	155,591,156
37,956,249	39,983,002	42,725,036	42,649,201	44,431,254	44,116,535
481,502	483,055	449,017	455,095	452,218	355,043
730,821	1,279,256	1,276,907	1,018,560	926,444	923,521
1,164,769	811,019	892,790	1,015,259	1,048,954	1,028,291
3,913,097	4,041,551	4,109,820	4,331,402	4,443,357	4,505,331
2,447,110	2,592,682	2,770,528	2,892,230	3,200,710	3,550,004
194,897	206,208	207,178	231,422	248,452	264,097
736,770	818,826	821,738	863,729	898,597	927,539
2,921,010	4,518,528	3,254,781	2,880,812	2,793,250	3,010,915
4,312,726	3,880,325	4,170,770	4,265,215	4,058,859	4,218,728
1,476,177	1,488,549	1,569,493	1,566,840	1,882,915	1,926,045
2,993,062	2,874,950	3,077,179	3,076,752	3,310,708	3,123,268
9,695,257	9,903,980	11,271,596	10,085,701	10,926,378	10,995,172
542,059	524,607	550,551	1,296,131	1,427,474	2,384,135
2,119,760	3,519,556	4,203,028	3,175,788	2,365,772	2,410,775
62,092	69,503	32,944	38,184	20,632	28,591
8,255,000	17,570,000	17,365,000	20,355,000	15,530,000	15,465,000
8,748,930	10,378,396	13,248,523	14,796,017	14,554,292	13,862,199
4,850	1,617,541	1,529,646	8,750	8,000	8,000
451,003	23,065,236	103,801,648	62,596,529	14,289,548	1,609,311
19,809,926	23,223,995	27,228,116	34,384,641	35,490,783	50,930,639
109,017,067	152,850,765	244,556,289	211,983,258	162,308,597	165,643,139
(4,298,119)	(32,903,908)	(107,800,884)	(61,203,081)	(12,623,082)	(10,051,983)
-	73,850,000	115,930,000	-	-	-
-	99,675,000	21,620,711	-	-	-
-	-	-	-	-	2,732,055
-	-	-	-	-	-
-	2,623	-	6,300	8,517	2,450
-	18,587,626	8,101,456	-	-	-
-	(5,123)	-	(6,300)	(8,517)	(2,450)
-	(80,390,465)	(23,850,707)	-	-	-
-	111,719,661	121,801,460	-	-	2,732,055
\$ (4,298,119)	\$ 78,815,753	\$ 14,000,576	\$ (61,203,081)	\$ (12,623,082)	\$ (7,319,928)
15.67%	22.78%	22.84%	23.54%	20.33%	18.01%



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## PROPERTY TAX RATES-DIRECT AND ALL OVERLAPPING GOVERNMENTS - EXHIBIT L-5

### Last Ten Years

		Fiscal Year			
		2010	2011	2012	2013
<b>School District</b>					
Maintenance and Operations	\$	1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
Debt Service		0.2850	0.2850	0.3150	0.2900
<b>District Total</b>	<b>\$</b>	<b>1.3250</b>	<b>\$ 1.3250</b>	<b>\$ 1.3550</b>	<b>\$ 1.3300</b>
<b>County</b>					
Chambers*		0.4968	0.4968	0.4968	0.4968
Harris		0.3892	0.3881	0.3912	0.4002
Harris County Department of Education		0.0058	0.0060	0.0066	0.0066
Harris County Flood Control District		0.0308	0.0292	0.0281	0.0281
Port of Houston Authority		0.0177	0.1640	0.0186	0.0195
San Jacinto Jr. College District		0.1634	0.1708	0.1856	0.1856
<b>Cities</b>					
Deer Park		0.7050	0.7050	0.7200	0.7200
La Porte		0.7100	0.7100	0.7100	0.7100
Morgan's Point		0.6460	0.6460	0.6460	0.6460
Pasadena		0.5620	0.5620	0.5916	0.5916
<b>Water Districts</b>					
Clear Lake City Water Authority		0.2800	0.2800	0.2800	0.2800

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

Rates are per \$100 of assessed valuation

Harris County Appraisal District - Chambers County Appraisal District

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

Source: Harris County Truth in Taxation Summary

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.1700
0.2900	0.4100	0.4100	0.3800	0.3400	0.2100
<u>\$ 1.3300</u>	<u>\$ 1.4500</u>	<u>\$ 1.4500</u>	<u>\$ 1.4200</u>	<u>\$ 1.3800</u>	<u>\$ 1.3800</u>
0.5221	0.5327	0.5403	0.5527	0.5425	0.5425
0.4146	0.4173	0.4192	0.4166	0.4180	0.4186
0.0064	0.0060	0.0054	0.0052	0.0052	0.0052
0.0283	0.0274	0.0273	0.0283	0.0283	0.0288
0.0172	0.0513	0.0134	0.0133	0.0126	0.0116
0.1856	0.1856	0.1758	0.1824	0.1833	0.1793
0.7200	0.7200	0.7144	0.7200	0.7200	0.7200
0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
0.6362	0.8191	0.8191	0.9118	0.8911	0.8883
0.5916	0.5769	0.5754	0.5754	0.5754	0.6154
0.2800	0.2800	0.2700	0.2700	0.2700	0.2700

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**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - EXHIBIT L-6**  
 Last Ten Years

<b>Year Ended June 30,</b>	<b>Real Property Assessed Actual Value</b>	<b>Personal Property Assessed Actual Value</b>	<b>Total Assessed Actual Value**</b>	<b>Total Direct Rate*</b>
2010	\$ 4,638,204,779	\$ 1,328,157,500	\$ 5,966,362,279	\$ 1.3250
2011	\$ 4,579,085,602	\$ 1,210,543,418	\$ 5,789,629,020	\$ 1.3250
2012	\$ 4,836,345,185	\$ 1,168,218,050	\$ 6,004,563,235	\$ 1.3550
2013	\$ 5,178,358,804	\$ 1,030,342,901	\$ 6,208,701,705	\$ 1.3300
2014	\$ 5,994,901,356	\$ 606,555,209	\$ 6,601,456,565	\$ 1.3300
2015	\$ 5,234,296,126	\$ 1,812,869,665	\$ 7,047,165,791	\$ 1.4500
2016	\$ 6,099,088,029	\$ 2,019,635,876	\$ 8,118,723,905	\$ 1.4500
2017	\$ 6,409,074,023	\$ 3,022,538,859	\$ 9,431,612,882	\$ 1.4200
2018	\$ 7,933,845,192	\$ 1,887,084,971	\$ 9,820,930,163	\$ 1.3800
2019	\$ 7,152,159,589	\$ 3,047,694,437	\$ 10,199,854,026	\$ 1.3800

\*Per \$100 of assessed value

\*\*Total Estimated Taxable Value is Net of Exemptions

Source: Goose Creek CISD Tax Services Tax Roll Summary Report

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## PRINCIPAL PROPERTY TAX PAYERS - EXHIBIT L-7

Current Year and Nine Years Ago

Property Tax Payer	2019			2010		
	Taxable Value	Rank	% of Total Taxable Value	Taxable Value	Rank	% of Total Taxable Value
Equistar Chemicals LP	\$ 628,004,998	1	19.80%	\$ 225,221,259	1	15.93%
Fairway Methanol LLC	576,639,169	2	18.18%	-	-	0.00%
Enterprise Products	407,947,605	3	12.86%	-	-	0.00%
Kuraray America Inc	397,465,169	4	12.53%	-	-	0.00%
Air Liquide	391,799,334	5	12.35%	189,729,701	2	13.42%
Albemarle Catalysts Co LP	179,658,046	6	5.66%	124,988,420	6	8.84%
Noltex LLC	162,365,659	7	5.12%	-	-	0.00%
HRUS Underwood LLC	160,217,832	8	5.05%	-	-	0.00%
Linde Gas North American LLC	139,655,321	9	4.40%	-	-	0.00%
Celanese LTD	127,741,323	10	4.03%	102,802,997	10	7.27%
Basell USA Inc	-	-	-	146,170,690	3	10.34%
Lyondell Chemical Co	-	-	-	139,292,330	4	9.85%
Evalca	-	-	-	126,193,423	5	8.93%
Conoco Phillips Co	-	-	-	124,574,367	7	8.81%
Kaneka Texas Corp.	-	-	-	122,344,984	8	8.66%
Dow Chemical	-	-	-	-	-	0.00%
Turbine Maintenance Group	-	-	-	112,251,681	9	7.94%
<b>Total</b>	<b>\$ 3,171,494,456</b>		<b>100.00%</b>	<b>\$ 1,413,569,852</b>		<b>100.00%</b>
Total taxable assessed value*	\$ 10,199,854,026			\$ 5,966,362,279		

\*Taxable assessed value is net exemptions

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

Source: Municipal Advisory Council of Texas

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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## PROPERTY TAX LEVIES AND COLLECTIONS - EXHIBIT L-8

Last Ten Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 79,056,217	\$ 77,853,757	98.48%	\$ 1,027,330	\$ 78,881,087	99.77%
2011	\$ 76,832,164	\$ 75,804,968	98.66%	\$ 923,816	\$ 76,728,784	99.86%
2012	\$ 81,347,826	\$ 80,319,639	98.74%	\$ 955,326	\$ 81,274,965	99.91%
2013	\$ 82,998,592	\$ 81,772,811	98.52%	\$ 1,139,296	\$ 82,912,107	99.89%
2014	\$ 87,683,942	\$ 86,946,201	99.16%	\$ 685,674	\$ 87,631,875	99.78%
2015	\$ 102,609,803	\$ 101,666,537	99.08%	\$ 851,746	\$ 102,518,283	99.68%
2016	\$ 117,701,618	\$ 116,785,513	99.22%	\$ 705,005	\$ 117,490,518	99.63%
2017	\$ 119,265,281	\$ 118,673,840	99.50%	\$ 347,242	\$ 119,021,082	99.61%
2018	\$ 123,396,019	\$ 121,706,460	98.63%	\$ 114,828	\$ 121,821,288	98.63%
2019	\$ 128,005,460	\$ 126,153,254	98.55%	-	\$ 126,153,254	98.55%

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



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## PROPERTY TAX COLLECTIONS - EXHIBIT L-9

Last Ten Years

Fiscal Year	Fiscal Year of Collection			
	2019	2018	2017	2016
2010	\$ 2,430	\$ 2,075	\$ 4,267	\$ 13,345
2011	\$ 4,777	760	6,813	(42,020)
2012	\$ 4,761	5,151	37,421	(92,518)
2013	\$ 3,878	8,538	(158,135)	328,527
2014	\$ 8,258	13,777	(108,665)	436,336
2015	\$ 141,404	35,687	147,276	435,568
2016	\$ 233,215	85,230	392,509	116,785,513
2017	\$ 227,266	125,270	118,673,840	
2018	\$ 114,828	121,706,460		
2019	\$ 126,153,254			

Fiscal Year of Collection					
2015	2014	2013	2012	2011	2010
\$ 18,078	\$ 47,993	\$ 64,029	\$ 104,661	\$ 768,105	\$ 77,853,757
41,477	64,415	201,740	645,870	75,804,968	
43,091	191,447	766,856	80,319,639		
171,646	780,461	81,772,811			
202,822	86,946,201				
101,666,537					

**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING - EXHIBIT L-10**  
**Last Ten Years**

	Fiscal Year			
	2010	2011	2012	2013
<b>Assessed Value</b>				
All property	\$ 5,966,362,279	\$ 5,789,629,020	\$ 6,004,563,235	\$ 6,208,701,705
<b>Net Bonded Debt</b>				
Gross bonded debt	\$ 205,584,949	\$ 224,932,491	\$ 215,893,135	\$ 207,007,460
Less debt service funds	11,314,332	10,956,433	5,284,442	6,407,019
<b>Total Net Bonded Debt</b>	<u>\$ 194,270,617</u>	<u>\$ 213,976,058</u>	<u>\$ 210,608,693</u>	<u>\$ 200,600,441</u>
<b>Ratio of Net Bonded Debt</b>				
To Assessed Value	3.26%	3.70%	3.51%	3.23%
<b>Average Daily Attendance (ADA)</b>	7,270	7,236	7,262	7,218
<b>Ratio of Net Bonded Debt</b>				
Per ADA	\$ 26,722	\$ 29,571	\$ 29,001	\$ 27,792
<b>Population</b>	36,776	37,275	37,845	34,654
<b>Net Bonded Debt</b>				
Per Capita	\$ 5,283	\$ 5,740	\$ 5,565	\$ 5,789

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 6,601,456,565	\$ 7,047,165,791	\$ 8,118,723,905	\$ 9,341,612,882	\$ 9,820,930,163	\$ 10,199,854,026
\$ 198,049,993	\$ 296,199,845	\$ 399,494,016	\$ 376,589,109	\$ 358,587,198	\$ 341,038,095
8,774,586	10,236,018	14,209,608	14,883,619	18,245,027	10,817,405
<u>\$ 189,275,407</u>	<u>\$ 285,963,827</u>	<u>\$ 385,284,408</u>	<u>\$ 361,705,490</u>	<u>\$ 340,342,171</u>	<u>\$ 330,220,690</u>
2.87%	4.06%	4.75%	3.87%	3.47%	3.24%
7,129	7,127	7,128	7,183	7,210	6,798
\$ 26,550	\$ 40,124	\$ 54,052	\$ 50,356	\$ 47,204	\$ 48,576
35,039	35,148	35,086	35,371	35,423	35,423
\$ 5,402	\$ 8,136	\$ 10,981	\$ 10,226	\$ 9,608	\$ 9,322



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## LEGAL DEBT MARGIN INFORMATION - EXHIBIT L-11

Last Ten Years

### Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 10,199,854,026
Debt limit (percent of 2018 - 2019 school year assessed value)*	10.00%
Maximum legal debt	1,019,985,403
Amount of debt applicable to debt limit**	319,985,000
<b>Legal Debt Margin</b>	<b>\$ 700,000,403</b>

\* 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

Fiscal Year	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
2010	\$ 596,636,228	\$ 190,350,668	\$ 406,285,560	31.90%
2011	\$ 578,962,902	\$ 210,078,567	\$ 368,884,335	36.29%
2012	\$ 600,456,324	\$ 203,560,558	\$ 396,895,766	33.90%
2013	\$ 620,870,171	\$ 194,227,981	\$ 426,642,190	31.28%
2014	\$ 660,145,657	\$ 183,605,414	\$ 476,540,243	27.81%
2015	\$ 704,716,579	\$ 263,598,982	\$ 441,117,597	37.40%
2016	\$ 811,872,391	\$ 357,125,392	\$ 454,746,999	43.99%
2017	\$ 934,161,288	\$ 336,096,381	\$ 598,064,907	35.98%
2018	\$ 982,093,016	\$ 317,204,973	\$ 664,888,043	32.30%
2019	\$ 1,019,985,403	\$ 319,985,000	\$ 700,000,403	31.37%



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - EXHIBIT L-12

As Of June 30, 2019

Governmental Unit	Debt Outstanding	Percentage Applicable*	Share of Overlapping Debt
Chambers County	\$ 45,395,000	*	\$ -
Harris County	\$ 2,050,758,022	2.26%	46,347,131
Harris County Department of Education	\$ 6,320,000	2.26%	142,832
Harris County Flood Control District	\$ 83,075,000	2.26%	1,877,495
Harris County Hospital District	\$ 57,300,000	2.26%	1,294,980
Port of Houston Authority	\$ 593,754,397	2.26%	13,418,849
San Jacinto Jr. College District	\$ 500,272,707	18.70%	93,550,996
City of Deer Park	\$ 72,565,000	29.76%	21,595,344
City of La Porte	\$ 35,830,000	93.52%	33,508,216
City of Morgan's Point	\$ 5,235,000	100.00%	5,235,000
City of Pasadena	\$ 166,120,000	5.30%	8,804,360
City of Shoreacres	\$ 4,500,000	100.00%	4,500,000
Clear Lake City Water Authority	\$ 111,000,000	10.73%	11,910,300
Subtotal, overlapping debt			\$ 242,185,504
District direct debt	\$ 341,038,095	100.00%	\$ 341,038,095
Total direct and overlapping debt			<u>\$ 583,223,599</u>
Population (District)			35,423
Per Capita Debt-Direct and Overlapping			<u>\$ 16,465</u>

Source: Municipal Advisory Council of Texas

\* The "Percentage Applicable" is determined by dividing the City's certified taxable value within the taxing jurisdiction by the certified taxable value of the taxing jurisdiction.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account.



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## DEMOGRAPHIC STATISTICS - EXHIBIT L-13

Last Ten Years

Population Information				
Year	Estimated Population	Land Area	Density Per Square Mile	Population Change
2010	36,776	55	669	7.0%
2011	37,275	55	678	1.3%
2012	37,845	55	688	1.5%
2013	34,654	55	630	-9.2%
2014	35,039	55	637	1.1%
2015	35,148	55	639	0.3%
2016	35,086	55	638	-0.2%
2017	35,371	55	643	0.8%
2018	35,423	55	644	0.1%
2019*	35,423	55	644	0.0%

\* Estimated population is only available through 2018, therefore, the same data was used for 2019

Source: United States Census Bureau

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

Source: United States Census Bureau

<b>Harris County</b>					
<b>Personal Income (in Thousands)</b>	<b>Population (Persons)</b>	<b>Per Capita Personal* Income</b>	<b>Total Unemployment</b>	<b>Percent Unemployed County</b>	<b>Percent Unemployed State</b>
\$ 186,858,066	4,107,854	\$ 45,487	171,777	8.3%	8.1%
\$ 209,326,788	4,180,816	\$ 50,154	165,513	7.8%	7.8%
\$ 224,617,980	4,262,689	\$ 52,805	143,053	6.6%	6.7%
\$ 230,462,963	4,353,517	\$ 53,141	132,300	6.0%	6.2%
\$ 252,694,912	4,452,695	\$ 56,896	110,802	4.9%	5.1%
\$ 252,694,912	4,551,362	\$ 56,896	103,637	4.6%	4.4%
\$ 249,989,494	4,617,041	\$ 55,088	119,025	5.3%	4.6%
\$ 249,989,500	4,652,980	\$ 55,088	108,287	4.7%	4.2%
\$ 249,989,500	4,652,980	\$ 55,088	108,287	4.4%	4.2%
\$ 247,482,118	4,652,980	\$ 53,188	100,473	4.4%	3.9%

\* Information is only available through 2018 therefore same data was used for 2019

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



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## PRINCIPAL EMPLOYERS - EXHIBIT L-14

Current Year and Nine Years Ago

2019			2010		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Equistar Chemicals	1,635	9.26%	La Porte ISD	1,230	7.45%
La Porte ISD	1,042	5.90%	Rockwood Service Corp.	700	4.24%
Dupont Chemical	545	3.09%	Longview Inspection Corp.	664	4.02%
J V Piping	440	2.49%	Quest Tru TEC	636	3.85%
Total Petrochemicals USA	409	2.32%	Oxy vinyls, LP	530	3.21%
City of La Porte	390	2.21%	City of La Porte	381	2.31%
Ineos	385	2.18%	Ineos	350	2.12%
Mobley Industrial	382	2.16%	Equistar Chemicals, LP	334	2.02%
Kateon Natie Houston	350	1.98%	Sulzer Hickham	330	2.00%
CCC Group Inc.	300	1.70%	Air Liquide	170	1.03%
<b>Total</b>	<b>5,878</b>		<b>Total</b>	<b>5,325</b>	
<b>Total City of La Porte Employment</b>	<b>17,651</b>			<b>16,518</b>	

Source: City of La Porte Comprehensive Annual Financial Report for the Year Ended September 30, 2018,  
Texas Workforce Commission ( Texas LMI)

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION - EXHIBIT L-15

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
<b><u>Governmental Activities:</u></b>				
Teachers	506.40	495.40	467.00	461.80
Professional support	105.60	107.10	87.40	89.10
Campus administration (school leadership)	31.00	28.80	29.10	30.00
Central administration	13.00	13.00	11.00	11.00
Educational aides	106.80	110.30	107.90	103.00
Auxiliary staff	403.20	318.90	301.00	292.80
<b>Total District Positions</b>	<b>1,166.00</b>	<b>1,073.50</b>	<b>1,003.40</b>	<b>987.70</b>

Source: Texas Education Agency Website - PEIMS

Fiscal Year					
2014	2015	2016	2017	2018	2019
464.00	470.07	495.46	495.00	500.63	488.81
90.00	94.43	101.45	101.42	92.54	96.50
30.00	30.00	29.02	30.00	31.79	31.00
10.00	10.00	8.00	10.89	11.62	12.00
105.57	110.23	117.28	120.56	130.56	138.50
291.54	293.70	289.03	283.99	293.95	292.13
991.11	1,008.43	1,040.24	1,041.86	1,061.09	1,058.94

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## OPERATING STATISTICS - EXHIBIT L-16

Last Ten Years

	Year			
	2010	2011	2012	2013
<b>Average Daily Attendance</b>	7,270	7,236	7,262	7,218
<b>Operating Expenditures*</b>	\$ 90,225,734	\$ 88,981,366	\$ 83,621,658	\$ 83,950,073
Cost per pupil	\$ 12,411	\$ 12,297	\$ 11,515	\$ 11,631
Percentage change	3.44%	-0.92%	-6.36%	1.00%
<b>Government-wide Expenses**</b>	\$ 108,529,002	\$ 109,922,967	\$ 106,563,566	\$ 103,594,578
Cost per pupil	\$ 14,928	\$ 15,191	\$ 14,674	\$ 14,352
Percentage change	-0.08%	1.76%	-3.40%	-2.19%
<b>Teaching Staff</b>	508	506	495	482
Pupils to teacher	16	16	16	16

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

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

Source: Nonfinancial information from District records

Year					
2014	2015	2016	2017	2018	2019
7,129	7,127	7,128	7,183	7,210	6,799
\$ 91,557,284	\$ 100,219,592	\$ 108,611,472	\$ 114,226,962	\$ 117,926,757	\$ 117,926,757
\$ 12,843	\$ 14,062	\$ 15,237	\$ 15,902	\$ 16,356	\$ 17,346
10.42%	9.49%	8.36%	4.36%	2.85%	6.05%
\$ 102,933,844	\$ 106,587,501	\$ 117,311,550	\$ 131,497,993	\$ 118,745,460	\$ 118,745,460
\$ 14,439	\$ 14,955	\$ 16,458	\$ 18,307	\$ 16,470	\$ 17,466
0.60%	3.58%	10.05%	11.23%	-10.04%	6.05%
461	464	470	495	501	501
16	16	16	16	15	14



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# LA PORTE INDEPENDENT SCHOOL DISTRICT

## TEACHER BASE SALARIES - EXHIBIT L-17

Last Ten Years

<b>Fiscal Year</b>	<b>Minimum Salary*</b>	<b>Maximum Salary*</b>	<b>Region Average Salary</b>	<b>Statewide Average Salary</b>
2010	\$ 44,900	\$ 68,315	\$ 50,129	\$ 48,263
2011	\$ 44,900	\$ 70,606	\$ 50,616	\$ 48,638
2012	\$ 44,900	\$ 71,607	\$ 50,383	\$ 48,375
2013	\$ 46,250	\$ 70,432	\$ 50,968	\$ 48,821
2014	\$ 48,950	\$ 72,795	\$ 52,222	\$ 49,692
2015	\$ 50,400	\$ 74,350	\$ 54,157	\$ 50,715
2016	\$ 51,600	\$ 76,120	\$ 55,580	\$ 51,892
2017	\$ 52,600	\$ 78,842	\$ 55,992	\$ 52,525
2018	\$ 53,100	\$ 79,590	\$ 57,076	\$ 53,334
2019	\$ 54,000	\$ 81,793	\$ 54,524	\$ 54,122

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

Sources: District Records

Texas Education Agency Website - PEIMS Standard Reports



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## ATTENDANCE DATA - EXHIBIT L-18

Last Ten Years

Fiscal Year	Total Enrollment	Average Daily Attendance		
		Amount	Percentage Increase (Decrease)	Percentage of Attendance
2010	7,847	7,270	-4.22%	92.64%
2011	7,816	7,236	-0.47%	92.57%
2012	7,768	7,262	0.36%	93.48%
2013	7,747	7,218	-0.60%	93.17%
2014	7,628	7,129	-1.23%	93.46%
2015	7,648	7,127	-0.02%	93.19%
2016	7,753	7,128	0.01%	91.94%
2017	7,713	7,183	0.77%	93.13%
2018	7,588	7,210	0.38%	95.02%
2019	7,384	6,799	-5.71%	92.07%

Source: Texas Education Agency Website - PEIMS (Snapshot) and Near Final SOF

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHOOL BUILDING INFORMATION - EXHIBIT L-19 (Page 1 of 2)

Last Ten Years

	Year			
	2010	2011	2012	2013
<b>Elementary</b>				
Bayshore Elementary				
Square feet	111,000	111,000	111,000	111,000
Capacity	750	750	750	750
Enrollment	340	532	561	577
College Park Elementary				
Square feet	75,301	75,301	75,301	75,301
Capacity	650	650	650	650
Enrollment	493	474	487	465
Heritage Elementary				
Square feet	100,000	100,000	100,000	100,000
Capacity	750	750	750	750
Enrollment	701	647	642	610
Jennie Reid Elementary				
Square feet	72,450	72,450	72,450	72,450
Capacity	600	600	600	600
Enrollment	537	515	494	487
La Porte Elementary				
Square feet	94,064	94,064	94,064	94,064
Capacity	700	700	700	700
Enrollment	588	523	525	502
Lomax Elementary				
Square feet	86,495	86,495	86,495	86,495
Capacity	700	700	700	700
Enrollment	591	536	548	523
Rizzuto Elementary				
Square feet	85,563	85,563	85,563	85,563
Capacity	750	750	750	750
Enrollment	612	587	584	582
<b>Intermediate</b>				
Baker 6th Grade Campus				
Square feet	140,060	140,060	140,060	140,060
Capacity	700	700	700	700
Enrollment	579	608	551	625

Year					
2014	2015	2016	2017	2018	2019
111,000	111,000	111,000	111,000	111,000	111,000
750	750	750	750	750	750
530	522	537	557	579	579
75,301	75,301	77,910	77,910	77,910	77,910
650	650	696	696	696	696
461	472	490	470	453	453
100,000	100,000	100,000	100,000	100,000	100,000
750	750	750	750	750	750
599	595	560	550	519	519
72,450	72,450	72,450	72,450	72,450	72,450
600	600	600	600	600	600
486	492	462	471	456	456
94,064	94,064	94,064	94,064	94,064	94,064
700	700	700	700	700	700
491	494	549	554	546	546
86,495	86,795	101,987	101,987	101,987	101,987
700	700	729	729	729	729
519	528	542	511	487	487
85,563	85,563	85,563	85,563	85,563	85,563
750	750	750	750	750	750
588	595	591	585	592	592
140,060	140,060	125,937	125,937	125,937	125,937
700	700	925	925	925	925
533	550	575	580	547	547

# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHOOL BUILDING INFORMATION - EXHIBIT L-18 (Page 2 of 2)

Last Ten Years

	Year			
	2010	2011	2012	2013
<b>Junior High Schools</b>				
La Porte Junior High School				
Square feet	148,044	148,044	148,044	148,044
Capacity	725	725	725	725
Enrollment	540	553	566	536
Lomax Junior High School				
Square feet	125,645	125,645	125,645	125,645
Capacity	780	780	780	780
Enrollment	578	581	628	611
<b>High School</b>				
La Porte High School				
Square feet	502,332	502,332	502,332	504,652
Capacity	2,923	2,923	2,923	2,923
Enrollment	2,209	2,188	2,121	2,168
<b>Alternative School</b>				
DeWalt Alternative School				
Square feet	37,796	37,796	37,796	37,796
Capacity	250	250	250	250
Enrollment	79	72	61	61
<b>Total Square Footage</b>	1,578,750	1,578,750	1,578,750	1,581,070
<b>Total Capacity</b>	10,278	10,278	10,278	10,278
<b>Total Enrollment</b>	7,847	7,816	7,768	7,747

Source: District records

Year					
2014	2015	2016	2017	2018	2019
148,044	148,044	153,200	153,200	153,200	153,200
725	725	725	725	725	725
555	554	549	595	568	568
125,645	125,645	125,645	125,645	125,645	125,645
780	780	780	780	780	780
608	605	612	597	609	609
504,652	504,652	591,126	633,140	633,140	633,140
2,923	2,923	2,923	3,100	3,100	3,100
2,190	2,162	2,218	2,176	2,083	2,083
37,796	37,796	37,796	37,796	37,796	37,796
250	250	250	250	250	250
68	60	54	57	60	60
1,581,070	1,581,370	1,676,678	1,718,692	1,718,692	1,718,692
10,278	10,278	10,578	10,755	10,755	10,755
7,628	7,629	7,739	7,703	7,499	7,499



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## ***COMPLIANCE SECTION***

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**INDEPENDENT AUDITORS' 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**

November 12, 2019

To the Board of Trustees of  
La Porte Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Porte Independent School District (the "District"), as of and for the year ended June 30, 2019, 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 12, 2019.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

**BELT HARRIS PECHACEK, LLLP**

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

November 12, 2019

To the Board of Trustees of  
La Porte Independent School District:

**Report on Compliance for Each Major Federal Program**

We have audited La Porte Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BELT HARRIS PECHACEK, LLP*

Belt Harris Pechacek, LLP  
Certified Public Accountants  
Houston, Texas

# **LA PORTE INDEPENDENT SCHOOL DISTRICT**

## ***SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS***

**For the Year Ended June 30, 2019**

### **A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

No prior year findings.





# LA PORTE INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

### A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of La Porte Independent School District (the "District").
2. No material weaknesses or significant deficiencies in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C of this schedule.
7. The programs included as major programs are:

**CFDA Number(s)**

10.553, 10.555

**Name of Federal Program or Cluster**

Child Nutrition Cluster

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did qualify as a low-risk auditee.

### B. FINDINGS –BASIC FINANCIAL STATEMENT AUDIT

*None Noted*

### C. FINDINGS – FEDERAL AWARDS AUDIT

*None Noted*



**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1**  
For the Year Ended June 30, 2019

(1)	(2)	(2A)	(3)
Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education			
ESEA Title I, Part A	84.010	18610101101916	\$ 27,832
ESEA Title I, Part A	84.010	19610101101916	837,179
IDEA B, Formula Grant*	84.027	186600011019166600	216,751
IDEA B, Formula Grant*	84.027	196600011019166600	1,266,058
IDEA B, High Cost Funds*	84.027	66001906	45,817
IDEA B, Capacity Grant*	84.027	10555001101916	24,000
IDEA B, Preschool*	84.173	186610011019166610	23,555
IDEA B, Preschool*	84.173	196610011019166610	25,999
Title III, Part A	84.365	18671001101916	11,356
Title III, Part A	84.365	19671001101916	77,885
Carl D. Perkins Basic Formula	84.048A	19420006101916	45,713
Title II, Part A, Supporting Effective Instruction	84.367	18694501101916	2,256
Title II, Part A, Supporting Effective Instruction	84.367	19694501101916	149,532
LEP Summer School	84.369	69551802	1,325
Title IV, Part A, Subpart 1	84.424	18680101101916	967
Title IV, Part A, Subpart 1	84.424	19680101101916	40,780
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>2,797,005</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education			
School Breakfast Programs*	10.553	806780706	657,000
National School Lunch*	10.555	806780706	1,817,765
USDA Commodities	10.565	806780706	290,126
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>2,764,891</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Medicaid Administrative Claims	93.778	N/A	56,877
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>56,877</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 5,618,773</b>
<i>* Indicates clustered program under OMB Compliance Supplement</i>			
		Federal revenue per SEFA	\$ 5,618,773
		IRS bond subsidy	257,565
		Junior ROTC	62,279
		SHARS	2,756,847
		C-2 Federal revenue	<b>\$ 8,695,464</b>

The accompanying notes are an integral part of this schedule.



**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2019

**NOTE 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of La Porte Independent School District, and is presented on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: INDIRECT COST RATE**

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



# LA PORTE INDEPENDENT SCHOOL DISTRICT

## *SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS - EXHIBIT K-2*

For the Year Ended June 30, 2019

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? - Was there an unmodified opinion in the annual financial report?	Yes
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls?	No
SF6	Was there any disclosures in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school District make timely payments to the Teacher Retirement System Texas Workforce Commission, Internal Revenue Service, and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program funds as a result of a financial hardship?	Yes
SF11	Net Pension Asset object (1920) at fiscal year end	<u>\$ -</u>
SF 12	Net Pension Liability object (2540) at fiscal year end	<u>\$ 28,585,684</u>